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# Corporate Governance

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# Corporate Governance Report

GRI 2, 3, 405

**Corporate governance refers to the entire system for managing and supervising a company. This includes its organization, values, corporate principles and guidelines as well as internal and external control and monitoring mechanisms. Effective and transparent corporate governance ensures that BASF is managed and supervised responsibly with a focus on value creation and sustainability. It fosters the confidence of our investors, the financial markets, our customers and other business partners, employees, other groups affiliated with our company (stakeholders) as well as the public in BASF.**

The fundamental elements of BASF SE's corporate governance system are: its two-tier management system, with a transparent and effective separation of company management and supervision between BASF's Board of Executive Directors and the Supervisory Board; the equal representation of shareholders and employee representatives on the Supervisory Board; and the shareholders' rights of co-administration and supervision at the Annual Shareholders' Meeting.

## Board of Executive Directors

### At a glance

- Responsible for company management and represents BASF SE in business with third parties
- Sets goals and strategic direction
- Strictly separate from the Supervisory Board

### Direction and management by the Board of Executive Directors

The Board of Executive Directors is responsible for managing the company and represents BASF SE in business undertakings with third parties. BASF's Board of Executive Directors is strictly separated from the Supervisory Board, which monitors the Board of Executive Directors' activities and decides on its composition. A member of the Board of Executive Directors cannot simultaneously

be a member of the Supervisory Board. As the central duty of company management, the Board of Executive Directors defines the corporate goals and strategic direction of the BASF Group as well as its individual business areas, including the sustainability strategy. In doing so, the Board ensures that the risks and opportunities associated with social and environmental factors for our company as well as the ecological and societal impacts of BASF's activities are systematically identified and evaluated. In addition to long-term economic goals, the corporate strategy appropriately takes environmental and social objectives into account, too. The corporate planning defined on this basis comprises financial and sustainability-related goals.

Furthermore, the Board of Executive Directors determines the company's internal organization and decides on the composition of management positions on the levels below the Board. It also manages and monitors BASF Group business by planning and setting the corporate budget, allocating resources and management capacities, monitoring and making decisions on significant individual measures, and supervising operational management.

The Board's actions and decisions are geared toward the company's best interests. It is committed to the goal of sustainably increasing the company's value and developing the company over the long term, taking into account environmental and social goals as well as economic targets. The Board's responsibilities include the preparation of the Consolidated and Separate Financial Statements of BASF SE and reporting on the company's financial and nonfinancial performance as well as half-year and quarterly reporting. It must

also ensure that the company's activities comply with the applicable legislation and regulatory requirements, as well as internal corporate directives (compliance). This includes the establishment of appropriate systems for control, compliance and risk management as well as embedding a company-wide compliance culture with undisputed standards.



Decisions that are reserved for the Board as a whole by law, through the Board of Executive Directors' Rules of Procedure or through resolutions adopted by the Board, are made and all important matters of the company are discussed at regularly held Board meetings called by the chair of the Board of Executive Directors. Board decisions are based on detailed information and analyses provided by the business areas and specialist units, and, if deemed necessary, by external consultants. The chair of the Board of Executive Directors leads the Board meetings. Board decisions can generally be made via a simple majority. In the case of a tied vote, the chair of the Board of Executive Directors gives the casting vote. However, the chair of the Board of Executive Directors cannot enforce a decision against the Board of Executive Directors' majority vote. The chair of the Board also does not have the right to veto. Outside of matters that are assigned to the entire Board for consultation and decision-making, all members of the Board of Executive Directors are authorized to make decisions individually in their designated areas of responsibility.

The Board of Executive Directors can set up Board committees to consult and decide on individual issues such as proposed material acquisition or divestiture projects or to prepare decisions to be

made by the entire Board. These must include at least three members of the Board of Executive Directors. For the preparation of important decisions, such as those on acquisitions, divestitures, investments and personnel, the Board has various commissions at the level below the Board. Independently of the affected business area, these committees thoroughly assess the planned measures and evaluate the associated opportunities and risks. Based on this information, they report and make recommendations to the Board.

The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to planning, business development, risk situation, risk management and compliance. Furthermore, the Board of Executive Directors coordinates the company's strategic orientation with the Supervisory Board.

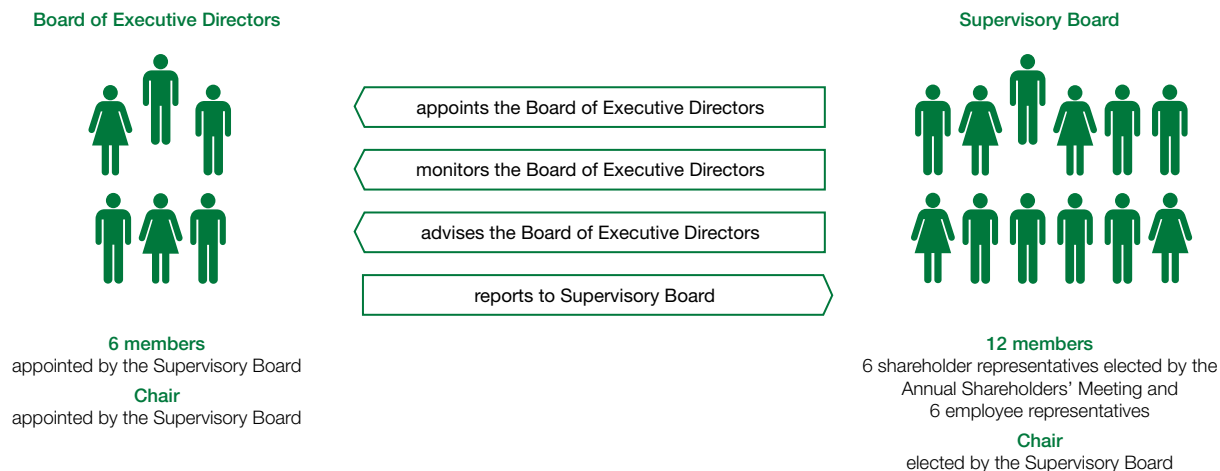
The Statutes of BASF SE and the Supervisory Board have defined certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases that require approval include the acquisition and disposal of enterprises and parts of enterprises, as well as the issue of bonds or comparable financial instruments. However, this is only necessary if the acquisition or disposal price or the amount of the issue in an individual case exceeds 3% of the equity reported in the most recent approved Consolidated Financial Statements of the BASF Group.

 For more information on risk management, see the Forecast report from page 157 onward  
 The members of the Board of Executive Directors, including their areas of responsibility and memberships in the supervisory bodies of other companies, are listed from page 182 onward.  
 For more information on the compensation of the Board of Executive Directors, see [basf.com/compensationreport](https://www.basf.com/compensationreport)

**Competence profile, diversity concept and succession planning for the Board of Executive Directors**

The Supervisory Board works hand in hand with the Board of Executive Directors to ensure long-term succession planning for the composition of the Board of Executive Directors. BASF aims to fill

**BASF SE's two-tier management system**



most Board positions with leaders from within the company. It is the task of the Board of Executive Directors to propose a sufficient number of suitable individuals to the Supervisory Board.

BASF's long-term succession planning is guided by the corporate strategy. It is based on systematic management development characterized by the following:

- Early identification of suitable leaders of different professional backgrounds, nationalities and genders
- Systematic development of leaders through the successful assumption of tasks with increasing responsibility, where possible in different business areas, regions and functions
- Desire to shape strategic and operational decisions and proven success in doing so, as well as leadership skills, especially under challenging business conditions
- Role model function in putting corporate values into practice

The aim is to enable the Supervisory Board to ensure a reasonable level of diversity with respect to education and professional

experience, cultural background, international representation, gender and age when appointing members of the Board of Executive Directors. Irrespective of these individual criteria, a holistic approach will ultimately determine a person's suitability for appointment to the Board of Executive Directors of BASF SE. Both systematic succession planning and the selection process aim to ensure that the Board of Executive Directors as a whole has the following profile, which serves as a diversity concept:

- Many years of leadership experience in scientific, technical and commercial fields
- International experience based on background and/or professional experience
- At least one female Board member
- A balanced age distribution to ensure the continuity of the Board's work and enable seamless succession planning

The first appointment of members of the Board of Executive Directors is for a term of no more than three years. The standard age limit for members of the Board of Executive Directors is 63. The

Supervisory Board determines the number of members on the Board of Executive Directors. It is guided by insights gained by BASF as a company with an integrated leadership culture and is determined by the needs arising from cooperation within the Board of Executive Directors. The Supervisory Board considers six to be an appropriate number of Board members given the current business composition, future responsibilities associated with development and the fundamental organizational structure of the BASF Group.

The current composition of the Board of Executive Directors meets the competence profile and the requirements of the diversity concept in full.

## Supervisory Board

### At a glance

- Appoints, monitors and advises Board of Executive Directors
- Four Supervisory Board committees
- Composition criteria: professional and personal qualifications, diversity, and independence

### Supervision of company management by the Supervisory Board

The Supervisory Board appoints the members of the Board of Executive Directors and supervises and advises the Board of Executive Directors on management issues. It must also be involved in making decisions that are of key importance for the company. This also includes the Board of Executive Directors' consideration of sustainability issues with regard to corporate governance. The Supervisory Board is also responsible for auditing BASF SE's and the Group's Annual Financial Statements. As members of the Supervisory Board may not simultaneously be on the Board of

Executive Directors, a high level of autonomy is already structurally ensured with regard to the supervision of the Board of Executive Directors.


In addition to the SE Regulation, the relevant legal basis for the size and composition of the Supervisory Board is provided by the Statutes of BASF SE and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement). The latter also includes the regulations applicable to BASF for implementing the statutory gender quota for the Supervisory Board. The German Codetermination Act does not apply to BASF SE as a European stock corporation (Societas Europaea, SE).


The Supervisory Board of BASF SE comprises 12 members. Six members are elected by the shareholders at the Annual Shareholders' Meeting via a simple majority. Six members are elected by the BASF Europa Betriebsrat (BASF Works Council Europe), the European employee representation body of the BASF Group. In accordance with the resolution of the Annual Shareholders' Meeting on June 18, 2020, the period of appointment for newly elected members of the Supervisory Board was reduced from five to four years; and the Statutes were amended accordingly. This ensures that the maximum membership duration of 12 years up to which a Supervisory Board member can be classified as independent corresponds to a total of three election terms in accordance with the German Corporate Governance Code.

Meetings of the Supervisory Board and its four committees are called by their respective chairs and independently, at the request of one of their members or the Board of Executive Directors. The shareholder and employee representatives of the Supervisory Board prepare for Supervisory Board meetings in separate preliminary discussions in each case. Resolutions of the Supervisory Board are passed by a simple majority vote of the participating Supervisory Board members. In the event of a tie, the vote of the chair of the Supervisory Board, who must always be a shareholder representative, shall be the casting vote. This resolution process is also applicable

for the appointment and dismissal of members of the Board of Executive Directors by the Supervisory Board. Resolutions can, as needed, also be made in writing or through electronic communication outside of the meetings, as long as no Supervisory Board member objects to this form of passing a resolution. The Supervisory Board meets regularly even without the Board of Executive Directors.

The Board of Executive Directors regularly informs the Supervisory Board about matters such as the course of business and expected developments, the financial position and results of operations, corporate planning, the implementation of the corporate strategy, including the sustainability strategy, business opportunities and risks, as well as risk and compliance management. The Supervisory Board has embedded the main reporting requirements in an information policy. The chair of the Supervisory Board is in regular contact with the Board of Executive Directors, especially with its chair, outside of meetings as well.

 A list of the members of BASF SE's Supervisory Board indicating which members are shareholder or employee representatives and their appointments to the supervisory bodies of other companies can be found from page 183 onward.

 Compensation of the Supervisory Board is described in the Compensation Report at [basf.com/compensationreport](https://basf.com/compensationreport)

The Statutes of BASF SE and the Employee Participation Agreement can be found at [basf.com/statutes](https://basf.com/statutes) and [basf.com/en/corporategovernance](https://basf.com/en/corporategovernance)

### Personnel Committee

#### Members

Dr. Kurt Bock\* (chair)  
 Prof. Dr. Stefan Asenkerschbaumer\* (since April 29, 2022)  
 Franz Fehrenbach (until April 29, 2022)  
 Sinischa Horvat\*  
 Michael Vassiliadis

#### Duties

– Prepares the appointment of members to the Board of Executive Directors by the Supervisory Board as well as the service contracts

\* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

- to be entered into with members of the Board of Executive Directors
- When making recommendations for appointments to the Board of Executive Directors, considers professional qualifications, international experience and leadership skills as well as long-term succession planning, diversity, and especially the appropriate consideration of women
- Prepares the resolutions made by the Supervisory Board with regard to the system and amount of compensation

## Audit Committee

### Members

Dame Alison Carnwath DBE\* (chair)

Tatjana Diether\*

Alessandra Genco\* (since April 29, 2022)

Anke Schäferkordt\* (until April 29, 2022)

Michael Vassiliadis

### Duties

- Prepares the negotiations and resolutions of the Supervisory Board for the approval of the Financial Statements, the Consolidated Financial Statements and the Management's Reports, including the Nonfinancial Statements and sustainability reporting, and discusses the quarterly statements and the half-year financial report with the Board of Executive Directors prior to their publication
- Deals with monitoring the accounting process, the annual audit, including sustainability reporting and its audit, the appropriateness and effectiveness of the internal control system, the risk management system, the internal auditing system and compliance management system as well as compliance issues
- Is responsible for business relations with the company's auditor: prepares the Supervisory Board's proposal to the Annual Shareholders' Meeting regarding the selection of an auditor, monitors the auditor's independence, defines the focus areas of the audit

together with the auditor, discusses the audit risk, audit strategy and audit plan with the auditor, negotiates auditing fees, evaluates the quality of the annual audit, and establishes the conditions for the provision of the auditor's nonaudit services; the chair of the Audit Committee regularly discusses this with the auditor outside of meetings as well and reports to the Committee on such discussions; the Audit Committee regularly consults with the auditor, even without the Chief Financial Officer or another member of the Board of Executive Directors.

- Deals with follow-up assessments of key acquisition and investment projects
- Is responsible for monitoring the internal process of identifying related party transactions and ensuring adherence to statutory approval and disclosure requirements; grants approval of related party transactions
- Is authorized to request any information that it deems necessary from the auditor or from the Board of Executive Directors and has a direct right to information from the heads of central departments such as Corporate Audit or Compliance; can also view all of BASF's business documents and examine these and all other assets belonging to BASF. The Audit Committee can also engage experts such as auditors or lawyers to carry out these inspections.

### Special expertise in the areas of the annual audit and accounting

The Audit Committee is comprised of two members with special knowledge and experience within the meaning of the German Corporate Governance Code (special expertise) in the areas of accounting and the annual audit. The chair of the Audit Committee, Dame Alison Carnwath DBE, has special expertise in the field of auditing, including sustainability reporting, and accounting expertise due to her studies in economics, her professional activities as an auditor and many years of work on audit committees of publicly listed and non-listed companies. Alessandra Genco, who has been a member of the Audit Committee since April 29, 2022, has deep expertise in accounting, including sustainability reporting, due to her studies in economics, her professional experience working for

financial institutions and her current role as chief financial officer of a publicly listed international company. Both closely monitor current developments in the sustainability reporting and auditing sector and actively contribute this expertise to the Supervisory Board and Audit Committee.

## Nomination Committee

### Members

Dr. Kurt Bock\* (chair)

Prof. Dr. Stefan Asenkerschbaumer\* (since April 29, 2022)

Prof. Dr. Thomas Carell\*

Dame Alison Carnwath DBE\*

Liming Chen\*

Franz Fehrenbach (until April 29, 2022)

Alessandra Genco\* (since April 29, 2022)

Anke Schäferkordt\* (until April 29, 2022)

### Duties

- Identifies suitable individuals for the Supervisory Board based on objectives for the composition decided on by the Supervisory Board
- Prepares the recommendations made by the Supervisory Board for the election of Supervisory Board members representing the shareholders by the Annual Shareholders' Meeting

\* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

## Strategy Committee

### Members

Dr. Kurt Bock\* (chair)  
 Prof. Dr. Stefan Asenkerschbaumer\* (since April 29, 2022)  
 Dame Alison Carnwath DBE\*  
 Tatjana Diether\* (since April 29, 2022)  
 Franz Fehrenbach (until April 29, 2022)  
 Waldemar Helber\* (until April 29, 2022)  
 Sinischa Horvat\*  
 Michael Vassiliadis

### Duties

- Handles the further development of the company's strategy
- Prepares resolutions of the Supervisory Board on the company's major acquisitions and divestitures


The Supervisory Board has not established a separate Sustainability Committee. The sustainability topic is of such pivotal importance to BASF with its economic success, environment and social-related aspects that the entire Supervisory Board regularly discusses it in detail as a cross-cutting issue. This also applies to the significant issue of reducing CO<sub>2</sub> emissions and the targeted conversion of business activities to CO<sub>2</sub>-free energy supply and production processes with a lower emission rate.

## Meetings and meeting attendance

In the 2022 business year, meetings were held as follows:

- The Supervisory Board met five times.
- The Personnel Committee met four times.
- The Audit Committee met five times.
- The Nomination Committee did not meet.
- The Strategy Committee did not meet.

All members attended all meetings of the Supervisory Board. The meetings of the Supervisory Board committees were also attended by all respective committee members. During the 2022 business year, the meetings of the Supervisory Board and its committees were held almost entirely as in-person meetings in compliance with appropriate safety measures with the additional option of virtual attendance via electronic communication. Only the Audit Committee held two of its five meetings as completely virtual meetings.

 For more information on the Supervisory Board's activities and resolutions in the 2022 business year, see the Report of the Supervisory Board from page 186 onward

 For an overview of meeting attendance, see [basf.com/supervisoryboard/meetings](https://basf.com/supervisoryboard/meetings)

The Rules of Procedure for the Supervisory Board and its committees can be found at [basf.com/supervisoryboard](https://basf.com/supervisoryboard)

## Competence profile, diversity concept and objectives for the composition of the Supervisory Board

One important concern of good corporate governance is to ensure that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board, are appropriately filled. In December 2017, the Supervisory Board agreed for the first time on objectives for the composition, the competence profile and the diversity concept of the Supervisory Board. These objectives and the competence profile have since been continuously updated in the implementation of legal requirements and further developed, taking into account the recommendations of the German Corporate Governance Code. The guiding principle for the composition of the Supervisory Board is to ensure qualified supervision and guidance for the Board of Executive Directors of BASF SE. For the election of shareholder representatives to the Supervisory Board, individuals shall be nominated to the Annual Shareholders' Meeting who can, based on their professional knowledge and experience, integrity, commitment, independence and character, successfully perform the work of a supervisory board member at an international chemical company.

## Competence profile

The following requirements and objectives (as amended in December 2022) are considered essential to the composition of 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, risk management, law and compliance
- Appropriate expertise within the body as a whole on sustainability issues that are of key importance for BASF
- At least one member with special knowledge and experience (special expertise) in accounting, including sustainability reporting
- At least one member with special knowledge and experience (special expertise) in the annual audit, including the audit of sustainability reporting
- At least one member with in-depth experience in innovation, research & development and technology
- At least one member with in-depth experience in the areas of digitalization, information technology, business models and start-ups
- At least one member with in-depth experience in the areas of human resources, society, communications and the media
- Specialist knowledge and experience in sectors outside of the chemical industry

The status of implementation of the Supervisory Board's competence profile is shown in the following qualifications matrix on page 174.

 For more information on the Supervisory Board's competence profile, see [basf.com/competence-profile/supervisoryboard](https://basf.com/competence-profile/supervisoryboard)

\* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

**The Supervisory Board's competence profile**

	Leadership experience in managing companies, associations and networks	Chemical sector and related value chains	Finance, accounting, financial reporting, risk management, law and compliance	Sustainability topics	Accounting and auditing, including sustainability reporting	Innovation, research & development and technology	Digitalization, IT, business models and start-ups	Human resources, society, communications and the media	Economic sectors other than the chemical industry
Dr. Kurt Bock	■	■	■	■	■		■	■	■
Prof. Dr. Stefan Asenkerschbaumer	■	■	■	■	■		■	■	■
Prof. Dr. Thomas Carell		■		■		■	■	■	■
Dame Alison Carnwath DBE	■	■	■	■	■ <sup>a</sup>		■	■	■
Liming Chen	■	■		■		■	■	■	■
Alessandra Genco	■		■	■	■ <sup>b</sup>	■	■		■
Sinischa Horvat	■	■				■	■	■	
Tatjana Diether	■	■			■	■		■	
André Matta	■	■					■	■	
Natalie Mühlenfeld	■	■	■					■	■
Michael Vassiliadis	■	■	■	■	■		■	■	■
Peter Zaman		■						■	

<sup>a</sup> Member with special knowledge of and experience in auditing, including sustainability auditing  
<sup>b</sup> Member with special knowledge of and experience in accounting and reporting, including sustainability reporting

**Diversity concept**

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. It takes the following composition criteria into account:

- 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

**Further composition objectives**

- **Character and integrity:** Members of the Supervisory Board must be personally reliable and have the knowledge and

experience required to diligently and independently perform the work of a supervisory board member.

- **Availability:** Each member of the Supervisory Board ensures that they invest the time needed to properly perform their role as a member of the Supervisory Board of BASF SE. The statutory limits on appointments and the recommendations of the German Corporate Governance Code must be complied with when accepting further appointments.
- **Age limit and period of membership:** Persons who have reached the age of 72 on the day of election by the Annual Shareholders' Meeting should generally not be nominated for election. Membership on the Supervisory Board should generally not exceed three regular statutory periods in office, which corresponds to 12 years.


- **Independence:** To ensure the independent monitoring and consultation of the Board of Executive Directors, the Supervisory Board should have an appropriate number of independent members on the board as a whole and an appropriate number of independent shareholder representatives. The Supervisory Board deems this to be the case if more than half of the shareholder representatives and at least eight members of the Supervisory Board as a whole can be considered independent. The Supervisory Board's assessment of independence is based on the assessment criteria in the current respective version of the German Corporate Governance Code. Among other things, this means that members of the Supervisory Board are no longer considered independent if they have been a member of the board for 12 years or longer. The Supervisory Board has additionally defined the following principles to clarify the meaning of independence: The independence of employee representatives is not compromised by their role as an employee representative or employment by BASF SE or a Group company. Prior membership

of the Board of Executive Directors of BASF SE does not preclude independence following the expiry of the statutory cooling-off period of two years. Material transactions between a Supervisory Board member or a related party or undertaking of the Supervisory Board member on the one hand, and BASF SE or a BASF Group company on the other, exclude a member of the Supervisory Board from being qualified as independent. A material transaction is defined as one or more transactions in a single calendar year with a total volume of 1% or more of the sales of the companies involved in each case. In the same way, if a Supervisory Board member or a related party or undertaking of a Supervisory Board member has a personal service or consulting agreement with BASF SE or one of its Group companies with an annual compensation of over 50% of the Supervisory Board compensation, they do not qualify as independent. Furthermore, if a Supervisory Board member or a related party of a Supervisory Board member holds more than 20% of the shares in a company in which BASF SE is indirectly or directly the majority shareholder, the necessary independence is also not met.

### Status of implementation

According to the Supervisory Board's own assessment, its current composition meets all of the requirements of the competence profile: 11 of the 12 current members, of which six are shareholder representatives and five are employee representatives, are considered independent based on the above criteria.

Only the employee representative Michael Vassiliadis is no longer considered independent as he has been a member of the Supervisory Board since August 2004, and therefore for over 12 years.

 For more information on the statutory minimum quotas for the number of women and men on the Supervisory Board, see the section on this page "Commitments to promote the participation of women in leadership positions at BASF SE"

The independent Supervisory Board members are named under Management and Supervisory Boards from page 183 onward.

## Compensation of the Board of Executive Directors and the Supervisory Board

The Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) and the assurance statement of the substantive and formal audit issued by the auditor, the effective compensation system for the Board of Executive Directors in accordance with section 87a AktG, as well as the most recent resolution of the Annual Shareholders' Meeting on the compensation of the Supervisory Board in accordance with section 113(3) AktG have been made publicly available on the BASF website at [basf.com/compensationreport](https://basf.com/compensationreport).

## Commitments to promote the participation of women in leadership positions at BASF SE


The supervisory board of a publicly listed European stock corporation (SE) that is composed of the same number of shareholder and employee representatives must, according to section 17(2) of the SE Implementation Act, consist of at least 30% women and 30% men. Since the 2018 Annual Shareholders' Meeting, the Supervisory Board of BASF SE comprises four women, of whom two are shareholder representatives and two are employee representatives, and eight men. The Supervisory Board's composition meets the statutory requirements.

Following the entry into force of the Act to Supplement and Amend the Regulations on Equal Participation of Women and Men in Management Positions in the Private and Public Sector (FüPoG) on August 12, 2021, if the management board of a listed company consists of more than three persons, at least one woman and one man must be members of the management board (section 76 (3a) AktG). BASF met this requirement in the reporting year. There have been two female Board members since the appointment of Dr. Melanie Maas-Brunner to the Board of Executive Directors, effective as of February 1, 2021. With six members of the Board of Executive Directors, this corresponds to a 33.3 percentage of women.

In compliance with legal requirements of the FüPoG, the Board of Executive Directors decided on target figures for the proportion of women at the two management levels below the Board of Executive Directors of BASF SE. For the target-attainment period from January 1, 2022, to December 31, 2026, the Board of Executive Directors resolved as targets the quotas achieved as of December 31, 2021: 20.0% for the proportion of women in the management level directly below the Board and 23.2% for the level below that.

BASF views the further development and promotion of women as a global duty independent of individual Group companies. For this purpose, it has committed to ambitious targets on a worldwide scale. The new target is to increase the proportion of women in leadership positions worldwide to 30% by 2030. BASF will continue to work systematically on expanding the percentage of women in its leadership team. To achieve this, global measures will be implemented and enhanced continuously.

 For more information on the percentage of women in leadership positions in the BASF Group worldwide, as well as the inclusion of diversity, including the promotion of women, see the section in the Management's Report under Employees on page 107 onward

 The Employee Participation Agreement relevant to the composition of the Supervisory Board in the version dated November 2015 is available at [basf.com/en/corporategovernance](https://basf.com/en/corporategovernance)

## Shareholders' rights

### At a glance

- Shareholders exercise rights of co-administration and supervision at the Annual Shareholders' Meeting
- One share, one vote

Shareholders exercise their rights of co-administration and supervision at the Annual Shareholders' Meeting, which usually takes place within the first five months of the business year. The Annual Shareholders' Meeting elects half of the members of the Supervisory Board (shareholder representatives) and, in particular, resolves on the formal discharge of the Board of Executive Directors and the Supervisory Board, the distribution of profits, capital measures, the



authorization of share buybacks, changes to the Statutes and the selection of the auditor.

Each BASF SE share represents one vote. All of BASF SE's shares are registered shares. Shareholders are obliged to have themselves entered with their shares into the company share register and to provide the information necessary for registration in the share register according to the German Stock Corporation Act. There are no registration restrictions and there is no limit to the number of shares that can be registered to one shareholder. Only the persons listed in the share register are entitled to vote as shareholders. Listed shareholders may exercise their voting rights at the Annual Shareholders' Meeting either personally, through a representative of their choice or through a company-appointed proxy authorized by the shareholders to vote according to their instructions. Individual instructions are only forwarded to the company on the morning of the day of the Annual Shareholders' Meeting. Voting rights can be exercised according to shareholders' instructions by company-appointed proxies until the beginning of the voting process during the Annual Shareholders' Meeting. There are neither voting caps to limit the number of votes a shareholder may cast nor special voting rights. BASF has fully implemented the principle of "one share, one vote." All shareholders entered in the share register are entitled to participate in the Annual Shareholders' Meetings, to have their say concerning any item on the agenda and to request information about company issues insofar as this is necessary to make an informed judgment about the item on the agenda under discussion. Registered shareholders are also entitled to file motions pertaining to proposals for resolutions made by the Board of Executive Directors and Supervisory Board at the Annual Shareholders' Meeting and to contest resolutions of the Meeting and have them evaluated for their lawfulness in court. Shareholders who hold at least €500,000 of the company's share capital, a quota corresponding to 390,625 shares, are furthermore entitled to request that additional items be added to the agenda of the Annual Shareholders' Meeting.

Given the particular circumstances of the COVID-19 pandemic, the 2022 Annual Shareholders' Meeting was again held as a virtual event without the physical presence of shareholders in accordance

with the specific legal framework of the statutory provisions on the holding of a virtual Annual Shareholders' Meeting pursuant to Article 2 Section 1(1) and (2) of the COVID-19 Act in the version amended by the Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens und zur Anpassung pandemiebedingter Vorschriften im Gesellschafts-, Genossenschafts-, Vereins- und Stiftungsrecht sowie im Miet- und Pachtrecht ["Act to further shorten the residual debt discharge process and to adapt pandemic-related provisions in corporate, cooperative, association and foundation legislation as well as in tenancy and lease legislation"] of December 22, 2020. To ensure legally compliant execution of this special Annual Shareholders' Meeting format, whereby shareholders participated solely via electronic communication, some of the aforementioned shareholder rights and options for action were limited or handled in an exceptional manner at this virtual meeting. In contrast, the 2023 Annual Shareholders' Meeting is planned to be held again as an in-person meeting, i.e., with the shareholders physically present at the meeting venue.

### Implementation of the German Corporate Governance Code (GCGC)

BASF advocates responsible corporate governance that focuses on sustainably increasing the value of the company. BASF SE follows all of the recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (Code 2022), the version in force at the time of submitting the Declaration of Conformity on December 15, 2022. Until then, BASF has complied with all recommendations of the German Corporate Governance Code in the version dated December 16, 2019 (Code 2020). In the same manner, BASF follows all of the nonobligatory suggestions of the German Corporate Governance Code.

 The joint Declaration of Conformity 2022 by the Board of Executive Directors and Supervisory Board of BASF SE is rendered on page **193**

 For more information on the Declaration of Conformity 2022, the implementation of the Code's suggestions and the German Corporate Governance Code, see [basf.com/en/corporategovernance](https://basf.com/en/corporategovernance)

### Disclosures according to section 315a of the German Commercial Code (HGB) and explanatory report of the Board of Executive Directors according to section 176(1) sentence 1 of the German Stock Corporation Act (AktG)

#### Share capital and shares

As of December 31, 2022, BASF SE's subscribed capital was €1,144,134,309.12 after the redemption of 24,623,765 repurchased own company shares in December 2022 (December 31, 2021: €1,175,652,728.23), divided into 893,854,929 registered shares with no par value (December 31, 2021: 918,478,694). Each share entitles the holder to one vote at the Annual Shareholders' Meeting. Restrictions on the right to vote or transfer shares do not exist. The same rights and duties apply to all shares. According to the Statutes, shareholders are not entitled to receive share certificates (issuance of share certificates). There are neither different classes of shares nor shares with preferential voting rights.

#### Appointment and dismissal of members of the Board of Executive Directors

The appointment and dismissal of members of the Board of Executive Directors is legally governed by the regulations in Article 39 of the SE Council Regulation, section 16 of the SE Implementation Act and sections 84 and 85 AktG as well as Article 7 of the Statutes of BASF SE. Accordingly, the Supervisory Board determines the number of members of the Board of Executive Directors (at least two), appoints the members of the Board of Executive Directors, and can nominate a chair, as well as one or more vice chairs. The members of the Board of Executive Directors are appointed for a maximum of five years. The maximum initial term of appointment is three years. Reappointments are permissible. The Supervisory Board can dismiss a member of the Board of Executive Directors if there is serious cause to do so. Serious cause includes, in particular, a gross breach of the duties pertaining to the Board of Executive Directors and a vote of no confidence by the Annual Shareholders' Meeting. The Supervisory Board decides on appointments and dismissals according to its own best judgment.

### Amendments to the Statutes

According to Article 59(1) of the SE Council Regulation, amendments to the Statutes of BASF SE require a resolution of the Annual Shareholders' Meeting adopted with at least a two-thirds majority of the votes cast, provided that the legal provisions applicable to German stock corporations under the German Stock Corporation Act do not stipulate or allow for larger majority requirements. In the case of amendments to the Statutes, section 179(2) of the German Stock Corporation Act requires a majority of at least three-quarters of the subscribed capital represented. Pursuant to Article 12(6) of the Statutes of BASF SE, the Supervisory Board is authorized to resolve on amendments to the Statutes that merely concern their wording. This applies in particular to the adjustment of the share capital and the number of shares after the redemption of repurchased BASF shares and after an issue of shares from authorized capital.

### Authorized capital

By way of a resolution of the Annual Shareholders' Meeting on May 3, 2019, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to increase, until May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470 million by issuing new shares against contributions in cash or in kind (authorized capital). A right to subscribe to the new shares shall be granted to shareholders. This can also be achieved by a credit institution acquiring the new shares with the obligation to offer these to shareholders (indirect subscription right). The Board of Executive Directors is authorized to exclude the statutory subscription right of shareholders to a maximum amount of a total of 10% of share capital in certain exceptional cases that are defined in Article 5(8) of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization does not exceed 10% of the shares currently in issue or, in eligible individual cases, to acquire companies or shares in companies in exchange for surrendering BASF shares.

### Conditional capital

By way of a resolution of the Annual Shareholders' Meeting on April 29, 2022, the share capital was increased conditionally by up to €117,565,184 by issuing up to 91,847,800 new shares. The contingent capital increase serves to grant shares to the holders of convertible bonds or warrants attached to bonds with warrants of BASF SE or a subsidiary, which the Board of Executive Directors is authorized to issue up to April 28, 2027, by way of a resolution of the Annual Shareholders' Meeting on April 29, 2022. A right to subscribe to the bonds shall be granted to shareholders. The Board of Executive Directors is authorized to exclude the shareholders' subscription right in certain exceptional cases – as defined in Article 5(9) of the BASF SE Statutes.

### Authorization of share buybacks

At the Annual Shareholders' Meeting on April 29, 2022, the Board of Executive Directors was authorized to purchase up to 10% of the shares in issue at the time of the resolution (10% of the company's share capital) until April 28, 2027. At the discretion of the Board of Executive Directors, the shares can be bought back via the stock exchange, via a public purchase offer addressed to all shareholders, via a public request to shareholders for the submission of offers to sell or by other means in accordance with section 53a AktG. The Board of Executive Directors is authorized to sell the repurchased company shares again (a) on a stock exchange, (b) through an offer directed to all shareholders, (c) with approval of the Supervisory Board, to third parties by means other than via the stock exchange or through an offer addressed to all shareholders in return for cash payment at a price that is not significantly lower than the stock exchange price of a BASF share at the time of the sale, or (d) with approval of the Supervisory Board, to third parties for contributions in kind, particularly in connection with the acquisition of companies, parts of companies or shares in companies (including increases in shareholdings) or within the scope of corporate mergers. In the cases specified under (c) and (d), the shareholders' subscription right is excluded. The Board of Executive Directors is furthermore authorized to retire the shares bought back and to reduce the share capital by the proportion of the share capital accounted for by the retired shares.

### Share buyback program 2022/2023

On January 4, 2022, BASF SE's Board of Executive Directors resolved on a share buyback program with a volume of up to €3 billion and with the company's own shares to be repurchased in the period from January 2022 until the end of 2023 (share buyback program). Based on the authorizations granted by the Annual Shareholders' Meetings on May 12, 2017 and April 29, 2022, altogether 24,623,765 treasury shares were acquired in the period from January 11, 2022 to November 30, 2022 in connection with the share buyback program. The purchase price for these own shares, including compensation payments to the respective banks, totaled €1,325,486,177.80. All own shares repurchased in connection with this share buyback program in 2022 were canceled, and the company's share capital was reduced pro rata by the amount attributable to the canceled shares. No own shares were acquired in December 2022 due to the intended redemption of shares.

### Rights during a change of control

Bonds issued by BASF SE and its subsidiaries grant the bearer the right to request early repayment of the bonds at nominal value if, after the date of issue of the bond, one person – or several persons acting together – hold or acquire a volume of BASF SE shares that corresponds to more than 50% of the voting rights (change of control), and one of the rating agencies named in the bond's terms and conditions withdraws its rating of BASF SE or the bond, or reduces it to a noninvestment grade rating within 120 days of the change of control event.

An exceptional change of control compensation awarded to outgoing members of the Board of Executive Directors has not existed since January 1, 2020, as of the introduction of the amended compensation system for the Board of Executive Directors, which was approved by the Annual Shareholders' Meeting on June 18, 2020. The general rule for severance payments granted for premature terminations of appointments to the Board of Executive Directors applies, which states that the maximum severance payment may not exceed the amount of two years' compensation;

however, this may not exceed the compensation for the remaining period of the contract.

By contrast, employees of BASF SE and its subsidiaries who are classified as senior executives will still receive a severance payment if their contract of employment is terminated by BASF within 18 months of a change of control event, provided the employee has not given cause for the termination. The employee whose service contract has been terminated in such a case will receive a maximum severance payment of 1.5 times the annual salary (fixed component) depending on the number of months that have passed since the change of control event. A change of control is assumed when a shareholder informs BASF of a shareholding of at least 25% of the BASF shares or the increase of such a holding. The remaining specifications stipulated in section 315a HGB refer to situations that are not applicable to BASF SE.

 For more information on bonds issued by BASF SE, see [basf.com/bonds](https://basf.com/bonds)

## Directors' and officers' liability insurance

BASF SE has taken out liability insurance that covers the activities of members of the Board of Executive Directors and the Supervisory Board (directors' and officers' liability insurance). This insurance policy provides for the level of deductibles of 10% of damages up to 1.5 times the fixed annual compensation for the Board of Executive Directors as prescribed by section 93(2) sentence 3 AktG.

## Share ownership by members of the Board of Executive Directors and the Supervisory Board

No member of the Board of Executive Directors or the Supervisory Board owns shares in BASF SE and related options or other derivatives that account for 1% or more of the share capital. Furthermore, the total volume of BASF SE shares and related financial instruments held by all members of the Board of Executive Directors and the Supervisory Board accounts for less than 1% of the shares issued by the company.

## Share dealings of the Board of Executive Directors and Supervisory Board

### (Obligatory reportable and publishable directors' dealings under Article 19(1) of the E.U. Market Abuse Regulation 596/2014 (MAR))

As legally stipulated by Article 19(1) MAR, all members of the Board of Executive Directors and the Supervisory Board as well as certain members of their families are required to disclose the purchase or sale of financial instruments of BASF SE (for example, shares, bonds, options, forward contracts, swaps) to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and to the company if transactions within the calendar year exceed the threshold of €20,000. In 2022, a total of 20 purchases by members of the Board of Executive Directors and the Supervisory Board and members of their families subject to disclosure were reported as directors' dealings, involving between 2 and 2,618 BASF shares or BASF ADRs (American Depositary Receipts). The price per share was between €47.50 and €57.85. The volume of the individual transactions was between €105.45 and €124,987.51. The disclosed securities transactions are published on BASF SE's website.

 For more information on securities transactions reported in 2022, see [basf.com/en/directorsdealings](https://basf.com/en/directorsdealings)

## Information on the auditor

The Annual Shareholders' Meeting of April 29, 2022, once again elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor of the BASF Group Consolidated Financial Statements and Separate Financial Statements of BASF SE for the 2022 business year, as well as the corresponding Management's Reports. KPMG member firms also audit the majority of BASF Group companies included in the Consolidated Financial Statements. KPMG has been the continuous auditor of BASF SE since the 2006 Financial Statements. A public call to tender was issued in 2015 to all auditors for the audit of the 2016 Consolidated and Separate Financial Statements, in line with the E.U. Regulation 537/2014 of April 16, 2014 (E.U. Statutory Audit Regulation). Based on the results of the tendering process, the Audit Committee recommended to the Supervisory Board that it once

again propose KPMG for election. Owing to the German Financial Market Integrity Strengthening Act (FISG), KPMG can only be proposed for election by the Annual Shareholders' Meeting as BASF's auditor without further tendering processes up to and including the 2023 business year. Dr. Axel Thümler has been the auditor responsible for the Consolidated Financial Statements since auditing the 2022 Financial Statements. Since the 2020 Financial Statements, the auditor responsible for the Separate Financial Statements has been Dr. Stephan Kaiser. The total fee paid to KPMG and auditing firms of the KPMG group by BASF SE and other BASF Group companies for non-audit services, in addition to the auditing fee, was €0.9 million in 2022. This represents around 4.0% of the fees for auditing the financial statements.

During its meeting on October 20, 2022, BASF SE's Supervisory Board, acting on the recommendation of the Audit Committee and after conducting a tendering process in line with the E.U. Statutory Audit Regulation, resolved to propose to the Annual Shareholders' Meeting in 2024 that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be elected as auditor for BASF SE's Annual Financial Statements and Consolidated Financial Statements for the 2024 business year. For the audit of the Annual Financial Statements and Consolidated Financial Statements 2023, the Supervisory Board intends to propose the current auditor KPMG AG Wirtschaftsprüfungsgesellschaft to be elected by the Annual Shareholders' Meeting in 2023 for the last time. It is legally required to change the auditor starting from the 2024 business year as KPMG will reach the maximum period for annual audits shortened by the Financial Market Integrity Strengthening Act when auditing the 2023 Financial Statements. The decision was preceded by a public and discrimination-free tendering process for the selection of a new auditor in line with the relevant provisions of the E.U. Statutory Audit Regulation. The selection process was conducted at an early stage in order to give the new auditor enough time to complete non-auditing services, in this way ensuring its independence and a seamless transition.

 For more information, see Note 32 on page 290

# Compliance

GRI 2, 3, 205, 206, 406, 418

**Our Group-wide Compliance Program aims to ensure adherence to legal regulations, the company’s internal guidelines and ethical business practices. Our Code of Conduct firmly embeds these mandatory standards into our employees’ day-to-day business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.**

## Compliance Program and Code of Conduct

### At a glance

>30,000

participants in compliance training

47

internal audits on adherence to our compliance standards

- Code of Conduct as the core of our Compliance Program
- Systematic further development of our compliance management system

We Care	We Earn Trust	We Play Fair	We Respect	We Protect
<ul style="list-style-type: none"> <li>– Our Code of Conduct</li> <li>– How We Make Decisions</li> <li>– We Always Speak Up</li> <li>– We Lead Integrity</li> </ul>	<ul style="list-style-type: none"> <li>– Anti-Corruption</li> <li>– Trade Control</li> <li>– Anti-Money Laundering</li> </ul>	<ul style="list-style-type: none"> <li>– Antitrust Laws</li> <li>– Gifts and Entertainment</li> <li>– Conflicts of Interest</li> </ul>	<ul style="list-style-type: none"> <li>– Human Rights, Labor and Social Standards</li> <li>– Environmental Protection, Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>– Sensitive Company Information</li> <li>– Personal Data</li> <li>– Digital Responsibility</li> <li>– Company Property</li> <li>– Accurate Books and Records</li> </ul>

BASF’s Compliance Program is based on our corporate values and voluntary commitments, as well as international standards. It describes our commitment to responsible conduct and expectations around how all BASF employees interact with business partners, officials, coworkers and the community. At the core of our Compliance Program is the global, standardized **Code of Conduct**. All employees and leaders are obligated to adhere to its guidelines, which cover topics ranging from corruption and antitrust laws to human rights, labor and social standards, conflicts of interest and trade control, and protection of data privacy.

The online version of our Code of Conduct is aimed at our employees and also offers user-friendly features such as case studies, FAQs and additional references. The internal online platform and the corresponding app provide our employees worldwide with up-to-date content such as videos and links to specialist units and guidelines as well as direct contact to subject specialists.

Other binding governance documents (policies, corporate requirements) are published on a digital platform that offers our employees an effective search function and context-based links to further information. The managing directors of BASF Group companies can find important information and assistance on ensuring compliance in their Group companies on an intranet page set up especially for them.

Abiding by compliance standards is the foundation of responsible leadership. This has also been embedded in our values. We are convinced that compliance with these standards will play a key role in securing our company’s long-term success. Our efforts are principally aimed at preventing violations from the outset.

We perform a **systematic risk assessment** to identify the risk of compliance violations, including corruption risks. These are conducted at divisional and Group company level. The regular

compliance audits performed by the Corporate Audit department are another source of information for the systematic identification of risks. These risks are documented in the relevant risk or audit report. The same applies to specific risk minimization measures as well as the time frame for their implementation.

One key element in violation prevention is **compulsory training and workshops** held as classroom or online courses. All employees are required within a prescribed time frame to take part in basic training, refresher courses and special tutorials dealing with, for example, antitrust legislation, taxes or trade control regulations. Newly appointed senior executives also receive special training on leading with integrity. Course materials and formats are constantly updated, taking into account the specific risks of individual target groups and business areas. In total, more than 30,000 participants worldwide received over 50,000 hours of compliance training in 2022.

For more information on the BASF Code of Conduct, see [basf.com/code-of-conduct](https://basf.com/code-of-conduct)

## Compliance culture at BASF

For corporate compliance to be a success, there must be an active culture of living these values and commitments within the company. The **principles embedded** in our Code of Conduct are established and recognized in our day-to-day business. We expect all employees to act in line with these principles. Our leaders play a key role here – they serve as an example of and communicate our values and culture both internally and externally. That is why special workshops on integrity as a leadership task were again held in 2022 for newly appointed senior executives.

## Monitoring adherence to our compliance principles

BASF's Chief Compliance Officer (CCO) reports directly to the Chairman of the Board of Executive Directors and manages the further development of our global compliance organization and our Compliance Management System. The CCO is supported in this task by the Corporate Compliance department and more than 100 compliance officers worldwide in the regions and countries as well as in the divisions, service units and in the Corporate Center. Material compliance topics are regularly discussed in the compliance committees established at global and regional level. The compliance organization reports to the Supervisory Board's Audit Committee in at least one of its meetings each year on the status of the Compliance Program as well as any major developments. In the event of significant incidents, the Audit Committee is immediately informed by the Board of Executive Directors.

We particularly encourage our employees to actively and promptly seek guidance if in doubt. They can consult their supervisors, specialist departments, such as the Legal department, and company compliance officers. The internal platform and the corresponding app also help employees to access advice by enabling direct contact. In addition, our employees can contact our compliance hotline – including anonymously – to report potential violations of laws or company guidelines. An independent external company has been contracted to manage this global hotline so that reported

cases are recorded and processed worldwide through one system. The central point of contact is a website that informs all employees worldwide about the hotline and the grievance procedure in their national language. In addition to local phone numbers, the website also offers an online contact option, which is available via PC or smartphone. The website is also available to the public. Each concern is documented according to specific criteria, properly investigated in line with standard internal procedures and answered as quickly as possible. The outcome of the investigation as well as any measures taken are documented accordingly and included in internal reports.

In 2022, 453 reports were received by our external hotlines (2021: 277). The information received related to all categories of our Code of Conduct, including respect in the workplace, corruption, handling of company property and environmental, health and safety issues. We carefully investigated all cases of suspected misconduct that came to our attention and, when necessary, took countermeasures on a case-by-case basis. These included, for example, improved control mechanisms, additional informational and training measures, clarification and expansion of the relevant internal regulations, as well as disciplinary measures as appropriate. Most of the justified cases related to violations of our principles on respect in the workplace and personal misconduct in connection with the protection of company property or inappropriate handling of conflicts of interests. In such isolated cases, we took disciplinary measures in accordance with uniform internal standards and also pursued claims for damages where there were sufficient prospects of success. In 2022, violations of our Code of Conduct led to termination of employment in a total of 34 cases (2021: 32). This relates to diverse employee groups, including executives.

BASF's **Corporate Audit department** monitors adherence to compliance principles, covering all areas in which compliance violations could occur. They check that employees uphold regulations and make sure that the established processes, procedures and monitoring tools are appropriate and sufficient to minimize potential risks or preclude violations in the first place. In 2022, 47 audits of this kind were performed Group-wide (2021: 77). Our

compliance management system itself is also regularly audited by the internal Corporate Audit department, most recently in December 2022. Overall, the audit results speak for the effectiveness of the compliance management system. As part of the comprehensive action plan developed last year for the continuous, systematic optimization of our compliance management system, we worked on strengthening key processes in 2022 and described the principles, core processes and roles in our system in detail in a revised internal policy, Compliance Management System (CMS), which was approved by the Board of Executive Directors in August 2022. A particular focus of our compliance activities in 2022 was the further development of our internal systems and processes in light of changes to supply chain law, including the German Supply Chain Due Diligence Act (SCA) (see page 111).

We monitor our business partners in sales for potential compliance risks based on the global **Guideline on Business Partner Due Diligence** using a checklist, a questionnaire and an internet-based analysis. The results are then documented. If business partners are not prepared to answer the questionnaire, we do not enter into a business relationship with them. A dedicated global Supplier Code of Conduct applies to our suppliers, which covers compliance with environmental, social and corporate governance standards, among other requirements. As part of our trade control processes, we also check whether persons, companies or organizations appear on sanction lists due to suspicious or illegal activities and whether there are business processes with business partners from or in countries under embargo. One focus of our activities in 2022 was on the continuous monitoring and implementation of the dynamically evolving sanctions law requirements in light of the war in Ukraine.

We support the United Nations' Guiding Principles on Business and Human Rights and are constantly working to enhance our internal guidelines and processes in keeping with these principles. For example, there is an internal **guideline to respect international labor and social standards** that is applicable throughout the Group. Outside of our company, too, we support respect for human rights and the fight against corruption. We are a founding member of the United Nations Global Compact. As a member of Transparency

International Deutschland and the Partnering Against Corruption Initiative (PACI) of the World Economic Forum, we assist in the implementation of these organizations' objectives.

We are committed to adhering to uniformly high standards and integrity regarding tax-related issues, as embedded in BASF's Code of Conduct and corporate values. To aid in the achievement of the U.N. SDGs and to meet our own standards for the creation of economic and social value, we contribute to public finances in accordance with legal requirements and our corporate values. In 2020, we developed and published the BASF tax principles, which are binding for all Group entities.

 For more information on the Supplier Code of Conduct and supplier assessments, see page 114 onward

 For more information on the Code of Conduct, see [basf.com/code-of-conduct](https://basf.com/code-of-conduct)

For more information on human rights and labor and social standards, see [basf.com/human\\_rights](https://basf.com/human_rights)

For more information on tax principles, see [basf.com/en/corporategovernance](https://basf.com/en/corporategovernance)

# Management and Supervisory Boards

GRI 2

## Board of Executive Directors

There were six members on the Board of Executive Directors of BASF SE as of December 31, 2022. On October 20, 2022, the Supervisory Board of BASF SE extended the appointment of Dr. Martin Bruder Müller as BASF's Chairman of the Board of Executive Directors until the end of the 2024 Annual Shareholders' Meeting; Bruder Müller's appointment was originally scheduled to end in 2023. In addition, the Supervisory Board has appointed Dr. Dirk Elvermann as the new Chief Financial Officer and Chief Digital Officer within the framework of long-term succession planning. He succeeds Dr. Hans-Ulrich Engel, whose mandate ends at the closing of the 2023 Annual Shareholders' Meeting. In addition, some of the responsibilities within the Board departments of Saori Dubourg and Michael Heinz were reallocated effective March 1, 2022.

The composition of the Board of Executive Directors and the responsibilities of individual members are as follows:

	<b>Responsibilities (as of February 20, 2023)</b>	<b>First appointed</b>	<b>Term expires</b>	<b>Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act</b>	<b>Comparable German and non-German supervisory bodies</b>
<b>Dr. Martin Bruder Müller</b> Chairman of the Board of Executive Directors Degree: Chemistry, 61 years old 35 years at BASF	Corporate Legal, Compliance & Insurance; Corporate Development; Corporate Communications & Government Relations; Corporate Human Resources; Corporate Investor Relations; Senior Project Net Zero Accelerator	2006	2024	Mercedes-Benz Group AG <sup>a</sup> (member of the Supervisory Board)  Mercedes-Benz AG (Mercedes-Benz Group AG group company) (member of the Supervisory Board)	–
<b>Dr. Hans-Ulrich Engel</b> Vice Chairman of the Board of Executive Directors Degree: Law, 63 years old 35 years at BASF	Corporate Finance; Corporate Audit; Corporate Taxes & Duties; Global Business Services; Global Digital Services; Global Procurement	2008	2023	Wintershall Dea AG (Chairman of the Supervisory Board) <sup>b</sup>  Wintershall AG (Chairman of the Supervisory Board) <sup>b</sup>	Nord Stream AG (member of the Shareholders' Committee)
<b>Saori Dubourg</b> Degree: Business, 51 years old 26 years at BASF	Monomers; Performance Materials; Petrochemicals; Intermediates; Europe	2017	2025	Wintershall Dea AG (member of the Supervisory Board) <sup>b</sup>	–
<b>Michael Heinz</b> Degree: MBA, 58 years old 39 years at BASF	Agricultural Solutions; Nutrition & Health; Care Chemicals; North America; South America	2011	2024	Wintershall Dea AG (member of the Supervisory Board) <sup>b</sup>	–
<b>Dr. Markus Kamieth</b> Degree: Chemistry, 52 years old 24 years at BASF	Catalysts; Coatings; Dispersions & Resins; Performance Chemicals; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia	2017	2025	–	–
<b>Dr. Melanie Maas-Brunner</b> Degree: Chemistry, 54 years old 26 years at BASF	Corporate Environmental Protection, Health, Safety & Quality; European Site & Verbund Management; Global Engineering Services; Group Research; BASF New Business	2021	2024	–	BASF Antwerpen NV (Chairwoman of the Administrative Council)

<sup>a</sup> Publicly listed

<sup>b</sup> Internal membership within the meaning of section 100(2) sentence 2 of the German Stock Corporation Act

## Supervisory Board

In accordance with the Statutes, the Supervisory Board of BASF SE comprises 12 members. The term of office of the Supervisory Board commenced following the Annual Shareholders' Meeting on May 3, 2019, in which the shareholder representatives on the Supervisory Board were elected. In accordance with the applicable article of the Statutes as of the date of election, it terminates upon conclusion of the Annual Shareholders' Meeting that resolves on the discharge of members of the Supervisory Board for the fourth complete business year after the term of office commenced; this is the Annual Shareholders' Meeting on April 25, 2024.

The Supervisory Board comprises the following members (as of February 20, 2023):

	<b>Member of the Supervisory Board since</b>	<b>Memberships of statutory supervisory boards in Germany</b>	<b>Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises</b>
<b>Dr. Kurt Bock, Heidelberg, Germany</b> * Chairman of the Supervisory Board of BASF SE Former Chairman of the Board of Executive Directors of BASF SE (until May 2018)	June 18, 2020	Bayerische Motoren Werke Aktiengesellschaft <sup>3</sup> (member)  Fuchs Petrolub SE <sup>3</sup> (until May 3, 2022) (chair)	–
<b>Prof. Dr. Stefan Asenkerschbaumer, Stuttgart, Germany</b> * Vice Chairman of the Supervisory Board of BASF SE Managing Partner, Robert Bosch Industrietreuhand KG (RBIK) Chairman of the Supervisory Board of Robert Bosch GmbH	April 29, 2022	Robert Bosch GmbH <sup>4</sup> (chair)	Stadler Rail AG <sup>3</sup> (independent, non-executive member of the Board of Directors since May 5, 2022)
<b>Sinischa Horvat, Limburgerhof, Germany</b> * <sup>2</sup> Vice Chairman of the Supervisory Board of BASF SE Chairman of the Works Council of BASF SE, Ludwigshafen Site, of the BASF Group Works Council, and of the BASF Works Council Europe	May 12, 2017	–	–
<b>Prof. Dr. Thomas Carell, Munich, Germany</b> * <sup>1</sup> Professor of Organic Chemistry at Ludwig-Maximilians-University Munich	May 3, 2019	–	–
<b>Dame Alison Carnwath DBE, Exeter, England</b> * <sup>1</sup> Senior Advisor, Evercore Partners	May 2, 2014	–	Zurich Insurance Group AG <sup>3</sup> (independent, non-executive member of the Board of Directors) Zürich Versicherungs-Gesellschaft AG (Zurich Insurance Group AG group company) <sup>4</sup> (independent, non-executive member of the Board of Directors) PACCAR Inc. <sup>3</sup> (independent member of the Board of Directors) Coller Capital Ltd. <sup>4</sup> (non-executive member of the Board of Directors) Broadwell Capital Limited <sup>4</sup> (non-executive member of the Board of Directors until June 6, 2022) Asda Group Limited <sup>4</sup> (non-executive member of the Board of Directors) EG Group Holdings Limited <sup>4</sup> (non-executive member of the Board of Directors and chair of the audit committee)

\* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

<sup>1</sup> Shareholder representative

<sup>2</sup> Employee representative

<sup>3</sup> Publicly listed

<sup>4</sup> Not publicly listed



Continued from previous page

	<b>Member of the Supervisory Board since</b>	<b>Memberships of statutory supervisory boards in Germany</b>	<b>Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises</b>
<b>Liming Chen, Beijing, China</b> <sup>*1</sup> World Economic Forum Greater China Chair	October 8, 2020	–	–  The following mandates each until July 1, 2022:  IBM China Investment Company Ltd. <sup>4</sup> (chair, intragroup membership) IBM (China) Company Ltd. <sup>4</sup> (chair, intragroup membership) IBM Global Services (DaLian) Company Limited <sup>4</sup> (chair, intragroup membership) IBM Solution and Services (ShenZhen) Company Ltd. <sup>4</sup> (chair, intragroup membership) IBM Financing and Leasing Company Ltd. <sup>4</sup> (chair, intragroup membership) IBM Factoring (China) Company Ltd. <sup>4</sup> (chair, intragroup membership) Inspur Power Commercial Systems Company Ltd. <sup>4</sup> (chair, intragroup membership)
<b>Tatjana Diether, Limburgerhof, Germany</b> <sup>*2</sup> Deputy Chairwoman of the Works Council of BASF SE, Ludwigshafen Site, and member of the BASF Works Council Europe	May 4, 2018	–	–
<b>Alessandra Genco, Rome, Italy</b> <sup>*1</sup> Chief Financial Officer of Leonardo SpA	April 29, 2022	–	Elettronica SpA <sup>4</sup> (controlled interest of Leonardo SpA)
<b>André Matta, Großkarlbach, Germany</b> <sup>*2</sup> Member of the Works Council of BASF SE, Ludwigshafen Site, and member of the BASF Works Council Europe	April 29, 2022	–	–
<b>Natalie Mühlenfeld, Düsseldorf, Germany</b> <sup>*2</sup> District Manager of the Mining, Chemical and Energy Industries Union for the Düsseldorf district	April 29, 2022	3M Deutschland GmbH <sup>4</sup> (member) Axalta Coating Systems Germany GmbH & Co. KG <sup>4</sup> (vice chair)	–
<b>Michael Vassiliadis, Hannover, Germany</b> <sup>*2</sup> Chairman of the Mining, Chemical and Energy Industries Union	August 1, 2004	Steag GmbH <sup>4</sup> (member) RAG Aktiengesellschaft <sup>4</sup> (vice chair) Henkel AG & Co. KGaA <sup>3</sup> (member) Vivawest GmbH <sup>4</sup> (member)	–
<b>Peter Zaman, Antwerp, Belgium</b> <sup>*2</sup> Deputy Secretary of the Works Council of BASF Antwerpen NV	April 29, 2022	–	–

\* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

<sup>1</sup> Shareholder representative

<sup>2</sup> Employee representative

<sup>3</sup> Publicly listed

<sup>4</sup> Not publicly listed

Continued from previous page

**Members of the Supervisory Board in the 2022 business year who stepped down from the Supervisory Board on April 29, 2022:**

	<b>Member of the Supervisory Board since</b>	<b>Memberships of statutory supervisory boards in Germany</b>	<b>Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises</b>
<b>Franz Fehrenbach, Stuttgart, Germany<sup>1</sup></b> Vice Chairman of the Supervisory Board of BASF SE Former Chairman of the Supervisory Board of Robert Bosch GmbH (until December 31, 2021)	January 14, 2008	Robert Bosch GmbH <sup>4</sup> (chair until December 31, 2021) Stihl AG (Stihl Holding AG & Co. KG group company) <sup>3</sup> (vice chair)	Stihl Holding AG & Co. KG <sup>4</sup> (member of the Advisory Board) Linde plc <sup>3</sup> (member of the Board of Directors until March 1, 2022)
<b>Waldemar Helber, Otterbach, Germany*<sup>2</sup></b> Member of the Works Council of BASF SE, Ludwigshafen Site	April 29, 2016	–	–
<b>Anke Schäferkordt, Berlin*<sup>1</sup></b> Member of the Supervisory Board	December 17, 2010	Serviceplan Group Management SE <sup>1</sup> (partner with unlimited liability of Serviceplan Group SE & Co. KG) (member) Bayerische Motoren Werke Aktiengesellschaft <sup>3</sup> (member)	Wayfair Inc. <sup>3</sup> (non-executive director)
<b>Denise Schellemans, Brecht, Belgium<sup>2</sup></b> Full-time trade union delegate	January 14, 2008	–	–
<b>Roland Strasser, Riedstadt, Germany*<sup>2</sup></b> Regional Manager of the Rhineland-Palatinate/Saarland branch of IG BCE	May 4, 2018	AbbVie Komplementär GmbH <sup>4</sup> (member) V & B Fliesen GmbH <sup>4</sup> (member) Villeroy & Boch AG <sup>3</sup> (member)	–

\* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

<sup>1</sup> Shareholder representative<sup>2</sup> Employee representative<sup>3</sup> Publicly listed<sup>4</sup> Not publicly listed

# Report of the Supervisory Board

GRI 2



*Dear Shareholders,*

BASF faced exceptional and unexpected challenges last year. Russia's invasion of Ukraine fundamentally and permanently changed the playing field for the European chemicals business, but especially for the shareholding in Wintershall Dea.

After a good start to the business year, general economic uncertainty, concerns about the availability of key raw materials and extreme increases in energy prices all led to a disappointing sales and earnings performance in the second half of the year. Despite this, we still achieved the targeted operating result. A number of less energy-intensive businesses performed very well overall. The bottom line – income after taxes – was negative due to the necessary impairments on the shareholding in Wintershall Dea resulting from its de facto expropriation in Russia.

At its meetings, the Supervisory Board addressed in depth the impact of the turmoil on the raw materials and energy markets on the operational business and on the short and long-term competitiveness of important businesses and sites, as well as

their value. The measures immediately taken by the Board of Executive Directors to reduce gas dependency and maintain Verbund production, especially at the Ludwigshafen site in Germany, deserve special recognition. This includes public statements on the importance of a secure and competitive gas supply for the chemical industry as well as for Germany as a business location. Our discussions also focused on the further development of the BASF Group in light of increasing geopolitical risks, changes in the regulatory environment and the path taken by the Board of Executive Directors toward climate neutrality. Last but not least, the foundation was laid for the further development of the Board of Executive Directors in terms of personnel.

Seamless and solution-oriented collaboration between the Supervisory Board and the Board of Executive Directors is particularly important in challenging times. The Supervisory Board would like to thank the Board of Executive Directors for their extraordinary performance in light of the fundamentally new challenges. Our thanks also go out to our employees around the world for their impressive commitment in times of great uncertainty and insecurity.

For the Supervisory Board, 2022 was a year of change in personnel. Five new members have joined since the end of the Annual Shareholders' Meeting. This means that seven of the twelve members have joined the Supervisory Board since its regular election in 2019. The Supervisory Board meets all of the objectives it has set with regard to its composition and competencies.

The Supervisory Board welcomes the fact that the upcoming Annual Shareholders' Meeting can finally be held in person again. Especially in difficult times, direct dialog with you – our shareholders – is even more important than ever before.

## **Monitoring and consultation in an ongoing dialog with the Board of Executive Directors**

In 2022, the Supervisory Board of BASF SE exercised its duties as required by law and the Statutes with the utmost care. It regularly monitored the management of the Board of Executive Directors and provided advice on the company's strategic development and important individual measures, about which the Supervisory Board was regularly and thoroughly informed by the Board of Executive Directors. This occurred both during and outside of the meetings of the Supervisory Board and its committees in the form of written and oral reports on, for example, business developments including the major financial key performance indicators (KPIs) of the BASF Group and its segments,

macroeconomic developments and the economic situation in the main sales and procurement markets, and on deviations in business developments from original plans. Furthermore, the Supervisory Board tackled fundamental questions of corporate planning, including financial, investment, sales volumes and personnel planning, as well as measures for designing the future of research and development. Regular topics of discussion were occupational and process safety, matters relating to sustainability, the environmental and social impact of the company's activities and the challenges of climate change for the future development of BASF's business. The Supervisory Board discussed in detail the reports from the Board of Executive Directors and also deliberated on prospects for the company and its individual business areas with the Board of Executive Directors. It was convinced of the lawfulness, expediency and propriety of the Board of Executive Directors' company leadership.


The Chairman of the Supervisory Board and the Chairman of the Board of Executive Directors were also in regular contact outside of Supervisory Board meetings. The Chairman of the Supervisory Board was always promptly and comprehensively informed of current developments and significant individual issues. The Supervisory Board was involved at an early stage in decisions of major importance. The Supervisory Board passed resolutions on all of those individual measures taken by the Board of Executive Directors which by law or the Statutes required the approval of the Supervisory Board.

### **Supervisory Board meetings**

The Supervisory Board held five meetings in the 2022 business year, each of which was attended by all members. The meetings were held in person with the Supervisory Board members physically present. Two members of the Supervisory Board participated in three of these meetings, and three members of the Supervisory Board participated in one meeting by means of electronic video communication. The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions in each case, which were also attended by members of the Board of Executive Directors.

All members of the Board of Executive Directors attended the Supervisory Board meetings unless it was deemed appropriate that the Supervisory Board discuss individual topics – such as personnel matters relating to the Board of Executive Directors – without them being present. In addition, each Supervisory Board meeting

includes an agenda item that provides an opportunity for discussion without the Board of Executive Directors (executive session).

 An overview of the format of each meeting and members' personal attendance at meetings of the Supervisory Board and its committees will be made available on the company website at [basf.com/supervisoryboard/meetings](https://basf.com/supervisoryboard/meetings)

A significant component of all Supervisory Board meetings was the Board of Executive Directors' reports on the current business situation with detailed information on sales and earnings development, opportunities and risks for business development, the status of important investment projects (current and planned), important aspects of economic, environmental and social sustainability, developments in the regulatory environment, developments on the capital markets, significant managerial measures taken by the Board of Executive Directors, and innovation projects.

In all meetings held in 2022, the Supervisory Board also discussed the progress of major investments and ongoing portfolio projects, such as investments to establish a new Verbund site in southern China.

An important agenda item at all meetings of the Supervisory Board since March 2022 has been the impact of the war in Ukraine on the BASF Group's business activities. Strict compliance with the sanctions regulations of the European Union and other Western countries forms the basis for BASF's actions. The main focus of the Board of Executive Directors' reporting and the discussion in the Supervisory Board here was on the supply of natural gas, which is particularly critical for BASF's business, and the upturn in energy prices. The possible consequences for BASF's competitiveness in the short, medium and long term, particularly in Europe and at the Ludwigshafen site in Germany, and the impact on Wintershall Dea AG's until now important business in gas production in Russia and in gas transportation, were discussed in depth, and the measures taken by the Board of Executive Directors were supported.

About the meetings in detail: On February 23, 2022, the Supervisory Board reviewed the financial statements of BASF SE and the BASF Group for the 2021 business year that were submitted by the Board of Executive Directors, the corresponding management's reports, including the nonfinancial statements as well as the dividend proposal, and approved the financial statements. In preparation, the auditor had explained the process and results in detail the previous day and discussed them with the Supervisory Board. In addition, the Supervisory Board discussed and approved the Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG). It also discussed the agenda for the Annual Shareholders' Meeting on

April 29, 2022, and adopted proposals for resolutions. Since the Supervisory Board considered it impossible to hold a physical meeting due to the continuing effects of the coronavirus pandemic, it agreed to again hold the Annual Shareholders' Meeting as a virtual event without the physical presence of shareholders. Other topics discussed at the meeting were the development of business, opportunities and challenges in the Materials segment.

The Supervisory Board met on April 28, 2022, one day before the virtual Annual Shareholders' Meeting, to prepare for the Annual Shareholders' Meeting. The impact of the outbreak of war in Ukraine was also discussed.

The meeting on July 18/19, 2022, focused on the status of the implementation of BASF's corporate strategy and the further development of the BASF Group. Key individual topics here were:

- The implementation of BASF's corporate strategy, external challenges and measures to increase earnings
- The competitiveness of the Ludwigshafen site against a background of high energy prices and intensifying regulation
- The future development of the oil and gas business and the shareholding in Wintershall Dea AG
- The further development, opportunities and risks of the business in China; approval of the investment in a Verbund site in southern China
- The status, development and prospects of selected future business areas

At its meeting on October 20, 2022, the Supervisory Board discussed the composition of the Board of Executive Directors and passed a resolution to extend the appointment of the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, until the Annual Shareholders' Meeting 2024 and to appoint Dr. Dirk Elvermann as the successor to Chief Financial Officer Dr. Hans-Ulrich Engel, who will retire at the end of the Annual Shareholders' Meeting on April 27, 2023. Other key topics included the tender for the auditor's mandate from the 2024 business year with the resolution to propose Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the future auditor to the Annual Shareholders' Meeting 2024, as well as the implementation of the new recommendations of the amended German Corporate Governance Code.

At its meeting on December 15, 2022, the Supervisory Board discussed and approved the Board of Executive Directors' operational and financial planning, including the investment budget for 2023, and, as in previous years, authorized the Board of Executive

Directors to procure the necessary financing in 2023 within a set limit. The Supervisory Board also addressed the topics of increasing the competitiveness of the Ludwigshafen site in Germany, expanding BASF's renewable energy portfolio in Europe, compliance management in the BASF Group and fulfilling due diligence obligations in supply chains.

### Compensation and composition of the Board of Executive Directors

In several meetings over the 2022 business year, the Supervisory Board discussed and passed resolutions on the compensation of the Board of Executive Directors. In addition, two decisions on the composition of the Board of Executive Directors had to be taken.


At its meeting on February 23, 2022, the Supervisory Board deliberated and agreed on the 2022 targets for the Board of Executive Directors based on the preparations of the Personnel Committee. It also discussed and resolved on the final performance factors for the Board of Executive Directors' short-term and long-term incentives for 2021. At its meeting on October 20, 2022, the Supervisory Board discussed the appointment of a successor for the Chief Financial Officer Dr. Hans-Ulrich Engel, who will retire from the Board of Executive Directors as of April 27, 2023, and, in line with the recommendation made by the Personnel Committee, appointed Dr. Dirk Elvermann as a member of the Board of Executive Directors from this date. Also following the recommendation by the Personnel Committee, it was resolved to extend the appointment of the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, by one year until the end of the 2024 Annual Shareholders' Meeting. At its meeting on December 15, 2022, the Supervisory Board evaluated, based on the discussions and the corresponding recommendation of the Personnel Committee, the Board of Executive Directors' performance in 2022 and set the performance factor for the short-term incentive 2022 and the strategic performance factors for the deferral compensation components for 2019–2022.

 For more information on the compensation of the Board of Executive Directors and the Supervisory Board, see the Compensation Report, which has been made publicly available on the company's website at [basf.com/compensationreport](https://basf.com/compensationreport)

### Committees

The Supervisory Board of BASF SE has four committees: 1. the committee for personnel matters of the Board of Executive Directors and the granting of loans in accordance with section 89(4) of the German Stock Corporation Act (Personnel

Committee); 2. the Audit Committee; 3. the Nomination Committee; and 4. the Strategy Committee. Following each Committee meeting, the chairs of the Committees reported in detail about the meetings and the activities of the Committees at the subsequent meeting of the Supervisory Board. The Supervisory Board has not established a special sustainability committee: In the Supervisory Board's opinion, sustainability is a material cross-cutting issue that affects all aspects of the Supervisory Board's supervision activities and is therefore considered in depth by the entire Supervisory Board. Sustainability expertise is broadly embedded in the Supervisory Board and has long been a very important requirement for its work.

 For information on the composition of the committees and the tasks assigned to them by the Supervisory Board, see the Corporate Governance Report from page 169 onward

The **Personnel Committee** met four times during the reporting period. All meetings were conducted in person. All committee members attended all meetings. At its meeting on February 22, 2022, the Personnel Committee discussed the target agreement for the Board of Executive Directors for 2022 and the targets for the long-term compensation to be granted in 2022 for the Board of Executive Directors for the period 2022–2025, as well as the 2021 Compensation Report. At its meeting on July 18, 2022, the Personnel Committee focused on the development of leadership at BASF's top levels of management below the Board of Executive Directors and long-term succession planning for the Board of Executive Directors, including potential successor candidates. A key topic here was the process for deciding on the successor for the Chief Financial Officer, Dr. Hans-Ulrich Engel, who will retire from the Board of Executive Directors at the end of the Annual Shareholders' Meeting on April 27, 2023. The main agenda item at the meeting on October 19, 2022, was the review of the appropriateness of the compensation of the Board of Executive Directors. For this purpose, the Personnel Committee had also obtained an appropriateness study from an independent external consultant, based on which the Personnel Committee currently does not see any need to adjust the compensation. The agenda also included the discussion of proposed resolutions for the Supervisory Board to extend the appointment of the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, which ends with the Annual Shareholders' Meeting on April 27, 2023, and to appoint a new Board of Executive Directors member to succeed the departing Chief Financial Officer. At its meeting on December 14, 2022, the Personnel Committee discussed the assessment of the Board's performance in 2022, a proposal for the performance-related variable compensation and the further development of the Board of Executive Directors.

The **Audit Committee** met five times during the reporting period. Three meetings were conducted as in-person meetings and two meetings were conducted as video

conferences. All committee members attended all meetings. Part of December's meeting was held without the Board of Executive Directors present (executive session). The Audit Committee is responsible for all the tasks listed in section 107(3) sentence 2 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code. The Audit Committee is also responsible for monitoring the internal process for identifying related party transactions and adopting resolutions to approve related party transactions. The chair of the Audit Committee also maintains regular contact with the auditor between meetings, in particular regarding the progress of the annual audit. During the Audit Committee meetings attended by the auditor, the Audit Committee also discusses matters with the auditor in a separate part of the meeting without a member of the Board of Executive Directors present.

At the meeting on February 22, 2022, the auditor reported in detail on its audits of BASF SE's Separate and Consolidated Financial Statements for the 2021 business year, including the corresponding management's reports, and discussed the results of its audit with the Audit Committee. The committee's audit also included the Nonfinancial Statements of BASF SE and the BASF Group, sustainability reporting as well as the Compensation Report of BASF SE in accordance with section 162 AktG, which had been audited by the external auditor. In preparation for the audit of the Nonfinancial Statements, the Audit Committee had, following a corresponding resolution by the Supervisory Board, additionally engaged KPMG to perform a limited assurance and issue an assurance report on it. KPMG also reported in detail on the focus, the procedure and the key findings of this audit.

At its meeting on April 28, 2022, the Audit Committee addressed the BASF Group's quarterly statement for the first quarter of 2022, which was due for publication, risk management in the BASF Group, and the organization and results of further environmental, health and safety audits and controls.

Focus topics at the meeting on July 22, 2022, were the BASF Group's Half-Year Financial Report and the internal audit system, on which the head of the Corporate Audit department reported.


At the meeting on July 22, 2022, the Audit Committee also engaged KPMG AG Wirtschaftsprüfungsgesellschaft – the auditor elected by the Annual Shareholders' Meeting on April 29, 2022 – with the audit for the 2022 reporting year and agreed upon the auditing fees. The focus areas and scope of the annual audit were discussed and defined together with the auditor.

At its meeting on October 19, 2022, the Audit Committee discussed the BASF Group's Quarterly Statement for the third quarter of 2022 and addressed the topics of compliance with and follow-up on major acquisitions and divestitures. The head of the Corporate Compliance unit reported on compliance topics. In continuation of its consultations in previous meetings, the Audit Committee also addressed at length the tender for the audit of the Annual Financial Statements and the Consolidated Financial Statements of BASF SE from the 2024 business year, discussed the results of the tender process and, based on this result, recommended that the Supervisory Board propose to the Annual Shareholders' Meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be appointed as auditor from the 2024 business year. The Audit Committee was regularly involved in the tender and application process through its chair. The meeting also addressed the Committee's annual self-assessment of the effectiveness and efficiency of its work.

At the meeting on December 14, 2022, the auditors responsible reported on the status of the annual audit, as well as the focus areas of the audit and the most important individual items. This also included possible impairments on individual assets and the carrying amount of the shareholding in Wintershall Dea AG.

At all meetings, the Audit Committee addressed the main pending accounting issues and risks arising from litigation.

The **Nomination Committee** is responsible for preparing candidate proposals for the Supervisory Board members to be elected by the Annual Shareholders' Meeting. The Nomination Committee is guided by the objectives for the composition of the Supervisory Board adopted by the Supervisory Board as well as the competence profile and diversity concept for the Supervisory Board. The Nomination Committee did not meet in 2022 as there were no further changes to the Supervisory Board members to be elected by the Annual Shareholders' Meeting beyond the new appointments resolved at the Annual Shareholders' Meeting on April 29, 2022, which the Nomination Committee had already prepared intensively in 2021.

 For the objectives for the composition of the Supervisory Board as well as the competence profile and diversity concept for the Supervisory Board, see the Corporate Governance Report on page 173

The **Strategy Committee**, which was established to discuss strategic options for the further development of the BASF Group, did not meet in 2022.

## Corporate governance and Declaration of Conformity

The Supervisory Board places great value on ensuring good corporate governance: In 2022, it was therefore once again intensely occupied with the corporate governance standards practiced in the company and the implementation of the recommendations and suggestions of the German Corporate Governance Code, both in the version dated December 16, 2019, and in the amended version dated April 28, 2022 (GCGC 2022), which forms the basis for the forward-looking section of the company's Declaration of Conformity dated December 2022. Discussions concentrated on the implementation of the new recommendations of GCGC 2022 and its focus areas: integrating sustainability into company management and the Supervisory Board's supervision activities, the Audit Committee's special expertise in accounting and auditing, and cooperation with the auditor.

In accordance with the recommendations of the German Corporate Governance Code and the guiding principles for the dialog between investors and German supervisory boards, the Chairman of the Supervisory Board again sought dialog with investors where appropriate in 2022.

Special onboarding events were held for the new members of the Supervisory Board to familiarize them with the basics of corporate governance at BASF, the organization and internal structures of the BASF Group, and the composition of its businesses and their strategies. Above and beyond this, the company also supports the members of the Supervisory Board with training for their activities on the Supervisory Board, whether through external offerings such as topic-specific seminars or internal information offerings such as site and plant visits.

At its meeting of December 15, 2022, the Supervisory Board approved the joint Declaration of Conformity by the Supervisory Board and the Board of Executive Directors in accordance with section 161 of the German Stock Corporation Act (AktG). BASF had complied with all recommendations of the German Corporate Governance Code in the version dated December 16, 2019, until this date and has since complied with all of the recommendations of the GCGC 2022. The Corporate Governance Report provides extensive information on the BASF Group's corporate governance.

 The full Declaration of Conformity is rendered on page 193 and is available to shareholders on the company website at [basf.com/en/corporategovernance](https://basf.com/en/corporategovernance)

### Independence and efficiency review

An important aspect of good corporate governance is the independence of Supervisory Board members and their freedom from conflicts of interest. The Supervisory Board based the assessment of the independence of its members on the recommendations of the German Corporate Governance Code and the additional criteria for assessing the independence of Supervisory Board members contained in the Rules of Procedure of the Supervisory Board, which were revised in the Supervisory Board meeting on December 19, 2019. The criteria used to assess independence are presented in the Corporate Governance Report on page 174. Based on these criteria, the Supervisory Board came to the conclusion that all of the six shareholder representatives and five of the six employee representatives – 11 of the 12 members of the Supervisory Board in total – are considered to be independent as of the end of 2022. Michael Vassiliadis was classified as non-independent due to the length of his membership on the Supervisory Board, which exceeds 12 years. Above and beyond this, the Supervisory Board does not see any indications that the Supervisory Board role is not performed completely independently. In cases where Supervisory Board members hold supervisory or management positions at companies with which BASF has business relations, we see no impairment of their independence. The scope of these businesses is marginal and furthermore, they are conducted at arm's length.

The Supervisory Board reviews the efficiency of its activities every year in the form of a self-assessment. To this end, the Chairman of the Supervisory Board again conducted a written survey of all Supervisory Board members in the fourth quarter of 2022 on the basis of a detailed questionnaire covering the entire range of relevant Supervisory Board topics, supplemented by individual discussions. These included, in particular, the preparation and conduct of Supervisory Board meetings, the content and topics of the meetings, cooperation within the Supervisory Board and cooperation with the Board of Executive Directors and the auditor. The results of these dialogs, including suggestions to further improve the Supervisory Board's work, were presented by the Chairman of the Supervisory Board at the Supervisory Board meeting on December 15, 2022, and thoroughly discussed by the members of the Supervisory Board. Overall, its members again rated the Supervisory Board's activity as efficient.

Independent of the efficiency review of the Supervisory Board, the Audit Committee also conducted a self-assessment of its activities in 2022 based on individual discussions between the chair of the Audit Committee and all members of the Audit Committee. Material subjects were the organization and content of meetings, meeting documents and reports, participants and quality of discussions at meetings, and the

implementation of the recommendations of the 2021 efficiency review. The Audit Committee discussed the results of the questionnaire and detailed suggestions at its meeting on October 19, 2022. On this basis, the members judged the Audit Committee's work to be efficient and appropriate.

### Separate and Consolidated Financial Statements; Compensation Report

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditor elected by the Annual Shareholders' Meeting for the 2022 reporting year, has audited the Financial Statements of BASF SE and the BASF Group Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the additional requirements that must be applied in accordance with section 315e(1) of the German Commercial Code (HGB), including the Management's Report and the accounting records from which they were prepared, and have approved them free of qualification. Furthermore, the auditor certified that the Board of Executive Directors had taken the measures incumbent on it under section 91(2) of the German Stock Corporation Act (AktG) in an appropriate manner. In particular, it had instituted an appropriate early risk detection system that fulfilled the requirements of the company and is suitable for the early identification of developments that could pose a risk to the continued existence of the BASF Group. The results of the audit as well as the procedure and material findings of the audit of the financial statements are presented in the Auditor's Report.

 The Auditor's Report is rendered from page 197 onward

For more information on the auditor, see the Corporate Governance Report on page 178

Beyond the statutory audit of the Financial Statements, KPMG also conducted, on behalf of the Supervisory Board, a limited assurance of the Nonfinancial Statements (NFSs) for BASF SE and the BASF Group, which are integral parts of the respective management's reports. On the basis of its audit, KPMG did not raise any objections to reporting and the satisfaction of the relevant statutory requirements. The auditor also audited the Compensation Report for the 2022 reporting year established in accordance with section 162 AktG, including the related disclosures.

 The assurance report issued by KPMG on the substantive audit of the NFS can be found at [basf.com/nfs-audit-2022](https://basf.com/nfs-audit-2022)

The assurance report issued by KPMG on the audit of the Compensation Report can be found at [basf.com/compensationreport](https://basf.com/compensationreport)

The auditor's reports were sent in a timely manner to every member of the Supervisory Board. The auditor attended the accounts review meeting of the Audit Committee on February 21, 2023, as well as the accounts meeting of the Supervisory Board on



February 22, 2023, and reported on the procedure and material findings of its audit, including the key audit matters described in the Auditor's Report. The auditor also provided the Supervisory Board with detailed explanations of the reports on the day before the accounts meeting.

The Audit Committee reviewed the Financial Statements, the Management's Report and the Compensation Report at its meeting on February 21, 2023, including the reports prepared by the auditor and the key audit matters specified in the Auditor's Report, and discussed them in detail with the auditor. The chair of the Audit Committee gave a detailed account of the preliminary review at the Supervisory Board meeting on February 22, 2023. On this basis, the Supervisory Board examined the Financial Statements and Management's Report of BASF SE for 2022, the proposal by the Board of Executive Directors for the appropriation of profit, and the Consolidated Financial Statements and Management's Report for 2022. The results of the preliminary review by the Audit Committee and the results of the Supervisory Board's own examination fully concur with those of the audit. The Supervisory Board sees no grounds for objection to the management or the reports submitted.

At its accounts meeting on February 22, 2023, the Supervisory Board approved the Financial Statements of BASF SE and the Consolidated Financial Statements of the BASF Group prepared by the Board of Executive Directors, making the 2022 Financial Statements final. The Supervisory Board concurred with the proposal of the Board of Executive Directors regarding the appropriation of profit and the payment of a dividend of €3.40 per share.

Also at the meeting on February 22, 2023, the Supervisory Board discussed with the Board of Executive Directors the joint Compensation Report of the Board of Executive Directors and the Supervisory Board in accordance with section 162 AktG and approved it.

 The Compensation Report is publicly available on the company's website at [basf.com/compensationreport](https://www.basf.com/compensationreport)

## Composition of the Supervisory Board

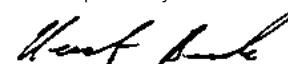
The composition of the Supervisory Board changed significantly in 2022. Altogether, five Supervisory Board members stepped down at the end of the Annual Shareholders' Meeting on April 29, 2022, two shareholder representatives and three employee representatives. The retired shareholder representatives are Anke Schäferkordt and Franz Fehrenbach, and the employee representatives are Denise Schellemans, Waldemar Helber and Roland Strasser. The Annual Shareholders' Meeting on April 29, 2022, elected Alessandra Genco and Prof. Dr. Stefan Asenkerschbaumer to the Supervisory Board as new shareholder representatives. On the employee representative side, Denise Schellemans and Waldemar Helber retired and were succeeded by Peter Zaman and André Matta, the substitute members elected by the competent election body in the 2019 Supervisory Board elections. The Ludwigshafen am Rhein District Court also appointed Natalie Mühlenfeld as an employee representative on the Supervisory Board by court order dated April 12, 2022. The BASF Europa Betriebsrat (European Works Council) confirmed the appointment as the competent election body for the employees by resolution dated June 23, 2022. The mandates of all newly appointed Supervisory Board members run until the end of the current Supervisory Board period, i.e., until the Annual Shareholders' Meeting 2024. Following the new appointments, the Supervisory Board continues to consist of four women and eight men.

According to the Supervisory Board's assessment, the current members meet in full the objectives for the composition of the Supervisory Board with respect to the competence profile and the diversity concept. This also applies to the expertise on the sustainability topics important to BASF, which the Supervisory Board has recently included in the competence profile as a further competence requirement.

The Supervisory Board would like to thank its retired members – Anke Schäferkordt, Franz Fehrenbach, Denise Schellemans, Waldemar Helber and Roland Strasser – for their dedicated and exceptionally competent service to BASF's Supervisory Board.

Ludwigshafen, February 22, 2023

The Supervisory Board



Dr. Kurt Bock  
Chairman of the Supervisory Board

# Declaration of Conformity Pursuant to Section 161 AktG

## Declaration of Conformity 2022 of the Board of Executive Directors and the Supervisory Board of BASF SE

**The Board of Executive Directors and the Supervisory Board  
of BASF SE hereby declare pursuant to section 161 AktG  
(German Stock Corporation Act)**

- The recommendations of the Government Commission on the German Corporate Governance Code as amended on December 16, 2019, published by the Federal Ministry of Justice on March 20, 2020, in the official section of the Federal Gazette have been complied with since the submission of the last Declaration of Conformity of December 2021.
- The recommendations of the Government Commission on the German Corporate Governance Code as amended on April 28, 2022, published by the Federal Ministry of Justice on June 27, 2022, in the official section of the Federal Gazette are complied with.

Ludwigshafen, December 2022

**The Supervisory Board**  
of BASF SE

**The Board of Executive Directors**  
of BASF SE

# Declaration of Corporate Governance

## **Declaration of Corporate Governance in accordance with section 315d HGB in connection with section 289f HGB**

The Declaration of Corporate Governance, pursuant to section 315d HGB in connection with section 289f HGB, comprises the subchapters Corporate Governance Report including the description of the diversity concept for the composition of the Board of Executive Directors and the Supervisory Board (except for the disclosures pursuant to section 315a HGB), Compliance and Declaration of Conformity as per section 161 of the German Stock Corporation Act (AktG) in the Corporate Governance chapter. It is a component of the Management's Report.

Pursuant to section 317(2) sentence 6 HGB, the auditor checked that the disclosures according to section 315d HGB were made.