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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 coadministration 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 the management of 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 opportunities and risks 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.

Furthermore, it must 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 establishing a company-wide compliance culture with undisputed standards (see page 202).

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. With the support of the specialist units and 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 173 onward

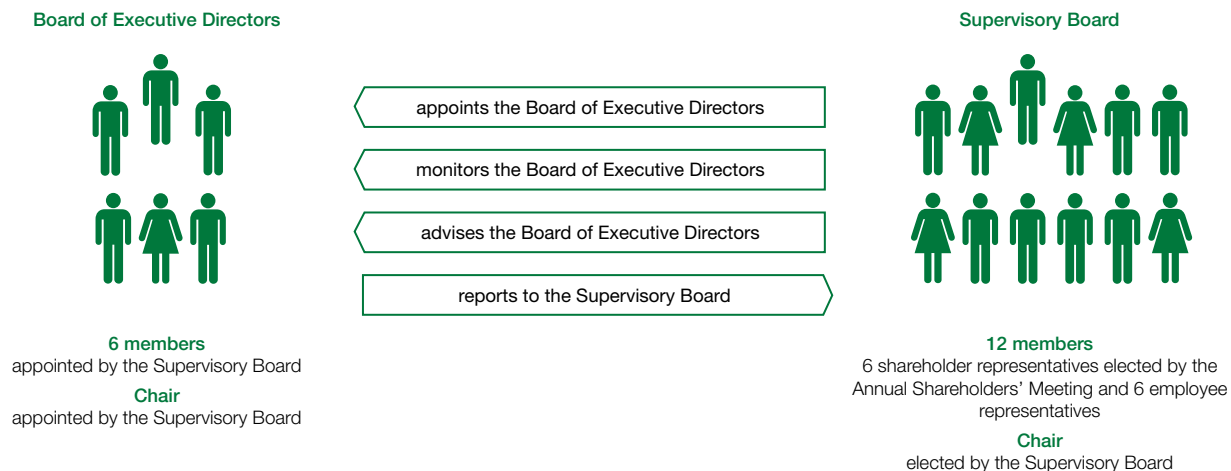
The members of the Board of Executive Directors, including their areas of responsibility and memberships in the supervisory bodies of other companies, are listed from page 205 onward.

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

BASF SE's two-tier management system



composition of the Board of Executive Directors. BASF aims to fill 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 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 topics 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 independence 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 in accordance with the German Corporate Governance Code corresponds to a total of three election terms.

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 continually 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, risk and compliance management and the internal control system. 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 207 onward.

 For more information on the compensation of the Supervisory Board, see basf.com/compensationreport

The Statutes of BASF SE and the Employee Participation Agreement can be found at basf.com/statutes and basf.com/en/corporategovernance

Personnel Committee

Members

- Dr. Kurt Bock* (chair)
- Prof. Dr. Stefan Asenkerschbaumer*
- Sinisch 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 197 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 paid to members of the Board of Executive Directors

Audit Committee

Members

Dame Alison Carnwath DBE* (chair)
Tatjana Diether*
Alessandra Genco*
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 the units of the Corporate Center such as Corporate Audit or Corporate 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 nonlisted companies. Alessandra Genco 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*
Prof. Dr. Thomas Carell*
Dame Alison Carnwath DBE*
Liming Chen*
Alessandra Genco*

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

Strategy Committee

Members

Dr. Kurt Bock* (chair)
Prof. Dr. Stefan Asenkerschbaumer*
Dame Alison Carnwath DBE*
Tatjana Diether*
Sinischa Horvat*
Michael Vassiliadis

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 197 for the criteria used to determine independence)

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 CO₂ emissions and the targeted conversion of business activities to emission-free energy supply and production processes with a lower emission rate.


Meetings and meeting attendance

In the 2023 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 met once.
- The Strategy Committee met once.

With the exception of one meeting, at which two members were absent, all respective members attended all meetings of the Supervisory Board. With the exception of one meeting of the Audit Committee, at which one member was absent, and the meeting of the Strategy Committee, at which one member was absent, all respective members attended all meetings of the Supervisory Board's committees. During the 2023 business year, the meetings of the Supervisory Board and its committees were held almost entirely as in-person meetings with the additional option of virtual

attendance via electronic communication. Only the Audit Committee held one of its five meetings as completely virtual meetings.

 For more information on the Supervisory Board's activities and resolutions in the 2023 business year, see the Report of the Supervisory Board from page 209 onward

 For an overview of meeting attendance, see basf.com/supervisoryboard/meetings

The Rules of Procedure for the Supervisory Board and its committees can be found at 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 only 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 topics 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 and 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 197.

 For more information on the Supervisory Board's competence profile, see basf.com/competence-profile/supervisoryboard

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

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 197 for the criteria used to determine independence)

The Supervisory Board's competence profile¹

	Independence in accordance with GCGC 2022	Leadership experience in managing companies, associations and networks	Chemical sector and related value chains	Finance, accounting, financial reporting, risk management, law and compliance	Sustainability	Accounting and auditing, including sustainability reporting	Innovation, research and development and technology	Digitalization, IT, business models and startups	Human resources, society, communications and the media	Economic sectors other than the chemical industry
Dr. Kurt Bock ^{SR}	Yes	■	■	■	■	■		■	■	■
Prof. Dr. Stefan Asenkerschbaumer ^{SR}	Yes	■	■	■	■	■		■	■	■
Sinischa Horvat	Yes	■	■		■		■	■	■	
Prof. Dr. Thomas Carell ^{SR}	Yes		■		■		■	■	■	■
Dame Alison Carnwath DBE ^{SR 2}	Yes	■	■	■	■	■		■	■	■
Liming Chen ^{SR}	Yes	■	■		■		■	■	■	■
Tatjana Diether ^{ER}	Yes	■	■			■	■		■	
Alessandra Genco ^{SR 3}	Yes	■		■	■	■	■	■	■	■
André Matta ^{ER}	Yes	■	■					■	■	
Natalie Mühlendorf ^{ER}	Yes	■	■	■					■	■
Michael Vassiliadis ^{ER}	No	■	■	■	■	■		■	■	■
Peter Zaman ^{ER}	Yes		■						■	

¹ Based on a self-assessment by the Supervisory Board and taking into account the individual assessment of each of its members
² Member with special knowledge of and experience in auditing, including sustainability auditing
³ Member with special knowledge of and experience in accounting and reporting, including sustainability reporting
^{SR} = shareholder representative
^{ER} = employee representative

- 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 207 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://www.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. With Dr. Melanie Maas-Brunner, there was one female Board member. With six members of the Board of Executive Directors, this corresponds to a 16.7 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 women in leadership positions in the BASF Group and on the inclusion of diversity, including promotion of women, see the Combined Management's Report from page 138 onward

 For more information on women in leadership positions in the BASF Group in Germany, see [basf.com/diversity_inclusion](https://www.basf.com/diversity_inclusion)

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

Shareholders' rights

At a glance

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

Shareholders exercise their rights of coadministration 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.

Following the COVID-19 pandemic, the 2023 Annual Shareholders' Meeting was held again for the first time as an in-person meeting, i.e., with the shareholders physically present at the meeting venue.

The 2023 Annual Shareholders' Meeting resolved a series of **amendments to the Statutes** in connection with the format of the Annual Shareholders' Meeting and the participation options. Accordingly, the Board of Executive Directors is authorized to hold the Annual Shareholders' Meeting or an Extraordinary Shareholders' Meeting as a virtual meeting without the physical presence of shareholders or their proxies at the venue of the meeting. This authorization for a period of two years is valid until May 8, 2025.

In a further resolution amending the Statutes, the 2023 Annual Shareholders' Meeting authorized the Board of Executive Directors to provide for shareholders to participate in the Annual Shareholders' Meeting or an Extraordinary Shareholders' Meeting without being present at the venue and without a proxy and to exercise all or some of their rights in whole or in part by means of electronic communication (hybrid Annual Shareholders' Meeting or Extraordinary Shareholders' Meeting). This means that shareholders can also be enabled to participate in an in-person Annual Shareholders' Meeting or Extraordinary Shareholders' Meeting online in the future.

The third resolution amending the Statutes relates to enabling members of the Supervisory Board to participate in the Annual Shareholders' Meeting or an Extraordinary Shareholders' Meeting by means of video and audio transmission in cases where they would not be able to be physically present at the venue of the meeting or only with considerable effort. This also applies if the Annual Shareholders' Meeting or an Extraordinary Shareholders' Meeting is held as a purely virtual event.

 The current Statutes of BASF can be found at basf.com/en/corporategovernance

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 20, 2023. In the same manner, BASF follows almost all of the nonobligatory suggestions of the German Corporate Governance Code. Only suggestion A.7, whereby the duration of the Annual Shareholders' Meeting should not exceed six hours, was not complied with by BASF in 2023 due to the large number of questions asked at the Annual Shareholders' Meeting.

 The joint Declaration of Conformity 2023 by the Board of Executive Directors and Supervisory Board of BASF SE is rendered on page **217**

 For more information on the Declaration of Conformity 2023, the implementation of the Code's suggestions and the German Corporate Governance Code, see basf.com/en/corporategovernance

Disclosures according to sections 289a and 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, 2023, BASF SE's subscribed capital was €1,142,428,369.92 after the redemption of 1,332,765 repurchased own company shares in July 2023 (December 31, 2022: €1,144,134,309.12), divided into 892,522,164 registered shares with no par value (December 31, 2022: 893,854,929). 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 of BASF SE 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 shareholdings 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 BASF 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

Based on the authorizations granted by the Annual Shareholders' Meetings on May 12, 2017 and April 29, 2022, altogether 25,956,530 treasury shares were acquired in the period from January 11, 2022 to February 23, 2023, corresponding to 2.8% of the share capital on announcement of the commencement of the share buyback program on January 11, 2022. The purchase price for these own shares totaled around €1.4 billion. The shares were acquired by the banks commissioned by BASF SE via the stock exchange in electronic trading on the Frankfurt Stock Exchange (Xetra). On February 24, 2023, the Board of Executive Directors announced that it would terminate the share buyback program ahead of schedule in view of the profound changes in the global economy and in line with the company's priorities for the use of cash. All own shares repurchased in connection with this share buyback program in 2022 and 2023 were canceled, and the company's share capital was reduced pro rata by the amount attributable to the canceled 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 as a result of a takeover bid) 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.

The compensation system for the Board of Executive Directors, which was approved by the Annual Shareholders' Meeting on June 18, 2020, does not provide for any special compensation related to a change of control should a member of the Board of Executive Directors unilaterally terminate their contract prematurely in such a case. 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 classed 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 SE of a shareholding of at least 25% of the BASF shares or the increase of such a holding. The remaining specifications stipulated in sections 289a and 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

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.

 For more information on share dealings of members of the Board of Executive Directors and the Supervisory Board, see basf.com/en/directorsdealings

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 close family relatives 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 2023, a total of 11 purchases by members of the Board of Executive Directors and the Supervisory Board of BASF SE and members of their families subject to disclosure were reported as directors' dealings, involving between 800 and 3,400 BASF shares or BASF ADRs (American Depositary Receipts). The price per share was between €45.52 and €48.76. The volume of the individual transactions was between €34,134.94 and €154,779. The disclosed securities transactions are published on BASF SE's website.

 For more information on securities transactions reported in 2023, see basf.com/en/directorsdealings

Information on the auditor

The Annual Shareholders' Meeting of April 27, 2023, 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 2023 business year, as well as the corresponding Management's Reports, on the recommendation of the Supervisory Board. 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 was proposed for election by the Annual Shareholders' Meeting as BASF's auditor for the last time for 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 nonaudit services, in addition to the auditing fee, was €1.9 million in 2023. This represents around 7.0% 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. 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 nonauditing services, in this way ensuring its independence and a seamless transition.

 For more information, see Note 31 on page 315

Compliance

GRI 2, 3, 205, 206, 403, 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

>122,000

Participants in compliance training

64

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

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. We provide our employees worldwide with up-to-date content such as videos, links to specialist units and guidelines as well as direct contact to subject specialists on the internal online platform and the corresponding app.

Other binding governance documents (policies, corporate requirements) are provided on an internal digital platform that offers our employees an advanced 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 corporate 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 analysis** to identify and assess material risks of compliance violations, including corruption. This is conducted at divisional and Group company level. The regular com-

pliance audits performed by the Corporate Audit department are another source of information for the systematic identification of risks, which 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. Within a prescribed time frame, all employees are required to take part in basic training, refresher courses and special tutorials dealing with, for example, antitrust legislation, taxes or trade control regulations. Course materials and formats are constantly updated, taking into account the specific risks of individual target groups and business areas. In 2023, employees around the world were asked to test and refresh their knowledge in a new interactive online training course. More than 88,700 employees completed this roughly 40-minute-long refresher course. Additionally, more than 33,600 participants world-

wide received over 37,000 hours of compliance training in the reporting year.

For more information on the BASF Code of Conduct, see 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 2023 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 and representatives worldwide in the regions and countries as well as in the operating 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 the

compliance officers and representatives of the company. 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 systematically recorded and processed worldwide in a single, uniform 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 2023, 643 reports were received by our external hotlines (2022: 453). Our updated training materials and the option to contact us online have contributed to the increased use of our hotline. 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 2023, violations of our Code of Conduct led to

termination of employment in a total of 48 cases (2022: 34). 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. It checks 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 2023, 64 audits of this kind were performed Group-wide (2022: 47). 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. Building on our internal Compliance Management System (CMS) policy made available in September 2022, we stipulated additional supplementary guidelines in 2023 to describe the principles, core processes and roles in our system in a dedicated manner. A particular focus of our compliance activities is to draw attention to the increasingly stringent legal regulations, such as data protection or the German Supply Chain Due Diligence Act (see page 156), and to further develop our internal systems accordingly.

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 2023 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 **159** onward

 For more information on the Code of Conduct, see basf.com/code-of-conduct

For more information on human rights and labor and social standards, see basf.com/human_rights

For more information on tax principles, see basf.com/en/corporategovernance

Management and Supervisory Boards

GRI 2

Board of Executive Directors 2023

There were six members on the Board of Executive Directors of BASF SE as of December 31, 2023. On March 1, 2023, Dr. Stephan Kothrade succeeded Saori Dubourg, who stepped down on February 28, 2023, as a member of the Board of Executive Directors. Dr. Dirk Elvermann succeeded Dr. Hans-Ulrich Engel as Chief Financial Officer and Chief Digital Officer on conclusion of the Annual Shareholders' Meeting on April 27, 2023.

	Responsibilities (in the 2023 business year)	First appointed	Term expires	Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act (AktG)	Comparable German and non-German supervisory bodies
Dr. Martin Bruder Müller Chairman of the Board of Executive Directors Degree: Chemistry, 62 years old 36 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 ^a (member of the Supervisory Board) Mercedes-Benz AG (Mercedes-Benz Group AG group company) (member of the Supervisory Board)	–
Dr. Dirk Elvermann (since April 27, 2023) Degree: Law, 52 years old 21 years at BASF	Corporate Finance; Corporate Audit; Corporate Taxes & Duties; Global Business Services; Global Digital Services; Global Procurement	2023	2026	Wintershall Dea AG (member of the Supervisory Board) ^b	–
Michael Heinz Degree: MBA, 59 years old 40 years at BASF	Agricultural Solutions; Nutrition & Health; Care Chemicals; North America; South America	2011	2026	Wintershall Dea AG (member of the Supervisory Board) ^b	–
Dr. Markus Kamieth Degree: Chemistry, 53 years old 25 years at BASF	Catalysts; Coatings; Dispersions & Resins; Performance Chemicals; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia	2017	2029	–	–
Dr. Stephan Kothrade (since March 1, 2023) Degree: Chemistry, 56 years old 29 years at BASF	Monomers; Performance Materials; Petrochemicals; Intermediates; Europe	2023	2026	–	–
Dr. Melanie Maas-Brunner Degree: Chemistry, 55 years old 27 years at BASF	Corporate Environmental Protection, Health, Safety & Quality; European Site & Verbund Management; Global Engineering Services; Group Research; BASF Venture Capital	2021	2024	–	BASF Antwerpen N.V. (Chairwoman of the Supervisory Board)
Saori Dubourg (until February 28, 2023) Degree: Business, 52 years old 26 years at BASF	Monomers; Performance Materials; Petrochemicals; Intermediates; Europe	2017	2023	Wintershall Dea AG (member of the Supervisory Board, until February 28, 2023) ^b	–
Dr. Hans-Ulrich Engel Vice Chairman of the Board of Executive Directors (until April 27, 2023) Degree: Law, 64 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) ^b Wintershall AG (member of the Supervisory Board, until May 26, 2023) ^b	Nord Stream AG (member of the Shareholders' Committee)

a Publicly listed

b Internal membership within the meaning of section 100(2) sentence 2 of the German Stock Corporation Act (AktG)

Board of Executive Directors 2024

On December 20, 2023, the Supervisory Board of BASF SE resolved the following personnel changes on the Board of Executive Directors of BASF SE: Dr. Markus Kamieth succeeds Dr. Martin Bruder Müller as Chairman of the Board of Executive Directors on conclusion of the Annual Shareholders' Meeting on April 25, 2024. Dr. Katja Scharpwinkel succeeds Dr. Melanie Maas-Brunner as a member of the Board of Executive Directors, effective as of February 1, 2024. Anup Kothari is appointed as an additional member of the Board of Executive Directors, effective as of March 1, 2024.

	Responsibilities (in the 2024 business year)	First appointed	Term expires	Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act (AktG)	Comparable German and non-German supervisory bodies
Dr. Martin Bruder Müller Chairman of the Board of Executive Directors (until April 25, 2024) Degree: Chemistry, 62 years old 36 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 ^a (member of the Supervisory Board) Mercedes-Benz AG (Mercedes-Benz Group AG group company) (member of the Supervisory Board)	Accenture plc ^a (member of the Board of Directors and the Audit Committee since January 31, 2024)
Dr. Markus Kamieth Chairman of the Board of Executive Directors (as of April 25, 2024) Degree: Chemistry, 53 years old 25 years at BASF	until February 29, 2024: Catalysts; Coatings; Dispersions & Resins; Performance Chemicals; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia	2017	2029	–	–
Dr. Dirk Elvermann Degree: Law, 52 years old 21 years at BASF	Corporate Finance; Corporate Audit; Corporate Taxes & Duties; Global Business Services; Global Digital Services; Global Procurement; BASF Venture Capital	2023	2026	Wintershall Dea AG (member of the Supervisory Board) ^b	–
Michael Heinz Degree: MBA, 59 years old 40 years at BASF	Agricultural Solutions; Nutrition & Health; Care Chemicals; North America; South America	2011	2026	Wintershall Dea AG (member of the Supervisory Board) ^b	–
Anup Kothari (as of March 1, 2024) Degree: Chemical engineering, MBA, 55 years old 25 years at BASF	Catalysts; Coatings; Dispersions & Resins; Performance Chemicals	2024	2027	–	–
Dr. Stephan Kothrade Degree: Chemistry, 56 years old 29 years at BASF	Monomers; Performance Materials; Petrochemicals; Intermediates; Europe (until January 31, 2024); Group Research as of March 1, 2024: Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia	2023	2026	–	–
Dr. Katja Scharpwinkel (since February 1, 2024) Degree: Chemistry, 54 years old 13 years at BASF	Corporate Environmental Protection, Health, Safety & Quality; European Site & Verbund Management; Global Engineering Services; Europe	2024	2027	BASF Coatings GmbH (member of the Supervisory Board) ^b Wintershall Dea AG (member of the Supervisory Board since April 17, 2023) ^b	BASF Antwerpen N.V. (Chairwoman of the Supervisory Board since February 1, 2024)
Dr. Melanie Maas-Brunner (until January 31, 2024) Degree: Chemistry, 55 years old 27 years at BASF	Corporate Environmental Protection, Health, Safety & Quality; European Site & Verbund Management; Global Engineering Services	2021	2024	–	BASF Antwerpen N.V. (Chairwoman of the Supervisory Board until January 31, 2024)

^a Publicly listed

^b Internal membership within the meaning of section 100(2) sentence 2 of the German Stock Corporation Act (AktG)

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. At its meeting on November 30, 2023, the BASF Europa Betriebsrat (European Works Council) unanimously reelected the six current employee representatives on the Supervisory Board. Their term of office commences following the Annual Shareholders' Meeting on April 25, 2024. The Supervisory Board comprises the following members (as of February 19, 2024):

	Member of the Supervisory Board since	Memberships of statutory supervisory boards in Germany	Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises
Dr. Kurt Bock, Heidelberg, Germany*¹ 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 ³ (member and Chairman of the Audit Committee)	–
Prof. Dr. Stefan Asenkerschbaumer, Stuttgart, Germany*¹ 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 ⁴ (chair)	Stadler Rail AG ³ (independent, nonexecutive member of the Board of Directors)
Sinitscha Horvat, Limburgerhof, Germany*² Vice Chairman of the Supervisory Board of BASF SE Chairman of the Works Council of BASF SE, Ludwigshafen Site; Chairman of BASF's Joint Works Council and of the BASF Works Council Europe	May 12, 2017	–	–
Prof. Dr. Thomas Carell, Munich, Germany*¹ Professor of Organic Chemistry at Ludwig Maximilians University Munich	May 3, 2019	–	–
Dame Alison Carnwath DBE, Exeter, England*¹ Senior Advisor Evercore Partners	May 2, 2014	–	Zurich Insurance Group AG ³ (independent, nonexecutive member of the Board of Directors) Zürich Versicherungs-Gesellschaft AG (Zurich Insurance Group AG group company) ⁴ (independent, nonexecutive member of the Board of Directors) PACCAR Inc. ³ (independent member of the Board of Directors) Coller Capital Ltd. ⁴ (nonexecutive member of the Board of Directors) Asda Group Limited ⁴ (nonexecutive member of the Board of Directors and chair of the audit committee) EG Group Holdings Limited ⁴ (nonexecutive member of the Board of Directors and chair of the audit committee)
Liming Chen, Beijing, China*¹ World Economic Forum Greater China Chair	October 8, 2020	–	–

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 197 for the criteria used to determine independence)

¹ Shareholder representative

² Employee representative

³ Publicly listed

⁴ Not publicly listed

Continued from page 207

	Member of the Supervisory Board since	Memberships of statutory supervisory boards in Germany	Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises
Tatjana Diether, Limburgerhof, Germany ^{*2} Deputy Chairwoman of the Works Council of BASF SE, Ludwigshafen Site, and member of the BASF Works Council Europe	May 4, 2018	–	–
Alessandra Genco, Rome, Italy ^{*1} Chief Financial Officer of Leonardo SpA	April 29, 2022	–	Electronica SpA ⁴ (controlled interest of Leonardo SpA)
André Matta, Großkarlbach, Germany ^{*2} Member of the Works Council of BASF SE, Ludwigshafen Site, and member of the BASF Works Council Europe	April 29, 2022	–	–
Natalie Mühlenfeld, Düsseldorf, Germany ^{*2} District Manager of the Mining, Chemical and Energy Industries Union for the Düsseldorf district	April 29, 2022	3M Deutschland GmbH ⁴ (member) Axalta Coating Systems Germany GmbH & Co. KG ⁴ (vice chair)	–
Michael Vassiliadis, Hannover, Germany ^{*2} Chairman of the Mining, Chemical and Energy Industries Union	August 1, 2004	Steag GmbH ⁴ (member) RAG Aktiengesellschaft ⁴ (vice chair) Henkel AG & Co. KGaA ³ (member) Vivawest GmbH ⁴ (member)	–
Peter Zaman, Antwerp, Belgium ^{*2} Deputy Secretary of the Works Council of BASF Antwerpen N.V.	April 29, 2022	–	–

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¹ Shareholder representative

² Employee representative

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Report of the Supervisory Board

GRI 2



Dear Shareholders,

In the past year, the work of the Supervisory Board and its committees was once again particularly characterized by the effects of the global weakness in demand and the negative impact of internationally noncompetitive electricity and gas prices on the BASF Group's German sites. At the same time, the focus was on BASF's strategic development: investments for future profitable growth, especially in Asia; further measurable progress toward the goal of climate neutrality; changes to the portfolio, first and foremost the separation from the oil and gas business; and finally, measures for the differentiated steering of the various businesses. Last but not least, decisions were made regarding the future composition of the Board of Executive Directors and its Chairman.

Sales and earnings performance remained considerably below expectations in 2023. The measures developed by the Board of Executive Directors to strengthen the competitiveness of the German sites in particular were discussed in detail. The Supervisory Board supports the measures to adjust production structures and reduce

investments and personnel costs, which are also unavoidable due to the increasing tightening of regulations for the European chemical industry. Achieving an adequate return on capital and securing a good cash flow are prerequisites for achieving BASF's strategic goals.

The use of resources to invest in future growth and to further reduce greenhouse gases was also discussed against the backdrop of market changes, political uncertainties and technological change. High levels of investment in renewable energies and lower-emission production processes will continue to be necessary in the future. The path pursued by the Board of Executive Directors of playing a pioneering role in transforming the BASF Verbund and in supporting customers in achieving their own CO₂ targets is expressly supported.

Furthermore, the Supervisory Board repeatedly and extensively discussed the future of Wintershall Dea AG's exploration and production business. The contribution to Harbour Energy plc will achieve the goal of a gradual and, above all, value-retaining separation from the oil and gas business. The legal separation of the activities expropriated in Russia is currently underway. Solutions are also being developed for the remaining gas transportation activities.

The Supervisory Board places great value on good corporate governance. It fulfills all legal and other requirements with regard to its composition, competencies and independence. It proposes Tamara Weinert to the Annual Shareholders' Meeting for election as successor to Dame Alison Carnwath, who has been a member of the Supervisory Board since 2014. Alessandra Genco has been selected to succeed Dame Alison Carnwath as chair of the Audit Committee.

Last year, the Supervisory Board appointed three members to the Board of Executive Directors following intense discussions. They meet the requirements in terms of proven leadership and professional competence and strengthen the team for the successful further development of BASF. Dr. Markus Kamieth was appointed as successor to Dr. Martin Brudermüller as the new Chairman of the Board of Executive Directors.

Cooperation with the Board of Executive Directors remained intensive and constructive, characterized by the joint pursuit of the best solutions for BASF's future. The Supervisory Board would like to thank the members of the Board of Executive Directors for their energetic commitment and good management of the company in difficult times. Personally, I would like to thank Dr. Martin Brudermüller for his

longstanding positive, uncomplicated and consistently solution-oriented cooperation. Finally, the Supervisory Board would like to thank the employees all over the world for their exceptional commitment in what was a challenging year for everyone.

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

In 2023, the Supervisory Board of BASF SE exercised its duties in full as required by law and the Statutes. 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 from the Board of Executive Directors on, for example, business developments including the major financial key performance indicators 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 addressed fundamental questions of strategic corporate planning, including financial, investment, sales volumes and personnel planning, as well as measures for designing the future of research and development. There was a particular focus on the accelerated transformation toward CO₂ neutrality and digitalization. Regular topics of in-depth discussion with the Board of Executive Directors comprised occupational and process safety, topics 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 further development of the organization and processes to further increase the competitiveness of BASF and its individual businesses was also discussed intensely. The Supervisory Board 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 matters. The Supervisory Board was involved immediately 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 that by law or the Statutes required the approval

of the Supervisory Board. Resolutions were generally passed at Supervisory Board meetings and, if necessary, by written circulation procedure.

Supervisory Board meetings

The Supervisory Board held five meetings in the 2023 business year. With the exception of one meeting, at which two members were absent, all respective members attended all meetings. The meetings were held in person with the additional option of virtual participation. One Supervisory Board member took part in two of the five meetings via video call. 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 included an agenda item that provided an opportunity for discussion without the Board of Executive Directors (executive session). These agenda items concerned either the Board of Executive Directors itself or internal Supervisory Board matters.

 An overview of members' personal attendance at meetings of the Supervisory Board and its committees is available at 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 and important portfolio measures (current and planned), important economic, environmental and social aspects, sustainability topics, 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 2023, the Supervisory Board also discussed the progress of major investments and ongoing portfolio projects, such as the construction of the new Verbund site in Southern China and the options for the oil and gas business of Wintershall Dea AG.

An important topic at all Supervisory Board meetings in the reporting period was the impact of the structurally persistently high natural gas and electricity prices on the business activities and competitiveness of our customers and on the BASF Group in Europe as well as the Verbund site in Ludwigshafen, Germany, in particular. In this regard, the Board of Executive Directors' reporting and the discussions in the Supervisory Board in particular addressed the possibilities of supplying the BASF Group's European sites with renewable energy in the future. The further development of the management and steering systems was also discussed.

About the meetings in detail: On February 22, 2023, the Supervisory Board reviewed the Financial Statements of BASF SE and the BASF Group for the 2022 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 of the audit 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 27, 2023, and adopted proposals for resolutions. Furthermore, the Supervisory Board approved the holding of the 2023 Annual Shareholders' Meeting as an in-person meeting. Other topics discussed at the meeting were general business development and the future steering of the Agricultural Solutions, the Coatings and the Battery Materials business units.

The Supervisory Board met on April 26, 2023, to prepare for the Annual Shareholders' Meeting being held the next day. The general conditions and trends in the battery materials business and the conversion of the SAP system for future business management were also discussed.

The meeting on July 25 and 26, 2023, 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 challenge of growth and the competitive environment of the BASF Group
- Strategic options for the further development of Wintershall Dea AG's exploration and production business
- Further development of the battery materials business
- The status of the construction of the Verbund site in Zhanjiang, China

- The status of the road map to reduce CO₂ emissions and the project portfolio to achieve the target of reducing CO₂ emissions by 25% by 2030 compared with the 2018 baseline
- Strategy and operational measures to improve performance in the Nutrition & Health division
- The concept for the future differentiated steering of the BASF Group and the resulting consequences under company law

The Supervisory Board meeting on October 25, 2023 took place in Shanghai, China. One focus of the meeting was the status of negotiations on the sale of Wintershall Dea AG's exploration and production business to U.K.-based Harbour Energy plc. The Supervisory Board also approved the recommendation of the Board of Executive Directors to hold an in-person Annual Shareholders' Meeting in 2024. The BASF Group's medium-term financial planning was also discussed. The Supervisory Board then visited the Verbund site in Zhanjiang, in the Southern Chinese province of Guangdong, which is currently under construction, and gained a detailed overview of the construction progress and the plans for the starting operations at some important plants in 2025 during a guided tour.

At its meeting on December 20, 2023, the Supervisory Board discussed operational and financial planning, including the investment budget for 2024, and, as in previous years, authorized the Board of Executive Directors to procure the necessary financing in 2024 within a set limit. In addition, the Supervisory Board dealt with leadership development and measures to achieve diversity targets. Resolutions were also passed on the future composition of the Board of Executive Directors. In addition, at the proposal of the Nomination Committee, the Supervisory Board nominated Tamara Weinert, President and Chief Executive Officer of Business Area Americas of Outokumpu, as a candidate for election as shareholder representative on the Supervisory Board at the Annual Shareholders' Meeting on April 25, 2024. Tamara Weinert is to succeed Dame Alison Carnwath, who will not stand for reelection to BASF's Supervisory Board in 2024.

Compensation and composition of the Board of Executive Directors

In several meetings over the 2023 business year, the Supervisory Board discussed and passed resolutions on the compensation of the Board of Executive Directors. In addition, four decisions on the composition of the Board of Executive Directors had to be taken.

At its meeting on February 22, 2023, the Supervisory Board deliberated and agreed on the 2023 targets for the Board of Executive Directors' short-term and long-term incentive (STI and LTI) based on the preparations of the Personnel Committee. In line with the recommendation of the Personnel Committee, the Supervisory Board also resolved to appoint Dr. Stephan Kothrade as a member of the Board of Executive Directors, succeeding Saori Dubourg, whose contract was terminated effective March 1, 2023.

At its meeting on December 20, 2023, the Supervisory Board discussed the appointment of a successor for the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, who will step down from the Board of Executive Directors as of April 25, 2024, and, in line with the recommendation made by the Personnel Committee, appointed Dr. Markus Kamieth as Chairman the Board of Executive Directors, effective from the end of the Annual Shareholders' Meeting on April 25, 2024, and until the end of the 2029 Annual Shareholders' Meeting.

Also on the recommendation of the Personnel Committee, it was resolved to appoint Dr. Katja Scharpwinkel as a member of the Board of Executive Directors effective February 1, 2024, as successor to Dr. Melanie Maas-Brunner – who left the company at her own request on January 31, 2024 – and Anrup Kothari effective March 1, 2024. Dr. Katja Scharpwinkel was also appointed as Industrial Relations Director. Following the recommendation by the Personnel Committee, it was resolved to extend the appointment of Michael Heinz by two years until the end of the 2026 Annual Shareholders' Meeting. Furthermore, at its meeting on December 20, 2023, the Supervisory Board evaluated, based on the discussions and the corresponding recommendation of the Personnel Committee, the Board of Executive Directors' performance in 2023 and set the performance factor for the short-term incentive 2023. Finally, the Supervisory Board discussed adjustments to the compensation systems for the Board of Executive Directors and Supervisory Board from the 2024 financial year onward and resolved to submit these to the Annual Shareholders' Meeting for a decision.

 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


Committees

The Supervisory Board of BASF SE had four committees during the reporting period:

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. The committees prepare resolutions and topics to be discussed by the entire Supervisory Board. 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. Sustainability is of such fundamental importance to the BASF Group that it is the focus of the work of the entire Supervisory Board and is discussed intensively in plenary sessions. As a material crosscutting issue, sustainability affects all the Supervisory Board's supervision activities and is therefore considered in depth by the entire Supervisory Board. Sustainability expertise is therefore 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 192 onward

The **Personnel Committee** met four times during the reporting period. All meetings were held in person with the additional option of virtual participation. All committee members attended all meetings. Two committee members took part in one meeting via video call. At the meeting on February 21, 2023, the Personnel Committee prepared the proposed resolution to terminate the employment contract with Saori Dubourg and to nominate her successor. It discussed the target agreement for the Board of Executive Directors for 2023 (short-term incentive) and the targets for the long-term compensation for the Board of Executive Directors for the period 2023–2026 (long-term incentive). At its meeting on July 25, 2023, 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. The main agenda item at the meeting on October 17, 2023, was the review of the further development of the compensation system for the Board of Executive Directors. The proposals for the further development of the compensation system and their appropriateness were reviewed in advance with an external consultant, whose recommendations were also taken into account. The Personnel Committee also discussed succession planning for the Board of Executive Directors and the appointment of a successor to the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, who will step down after the end of the Annual Shareholders' Meeting on April 25, 2024. At its meeting on December 19, 2023, the Personnel Committee discussed the assessment of the Board's performance in 2023 and a

proposal for the further development of the compensation system for the Board of Executive Directors. In addition, the draft resolutions for the Supervisory Board on the future composition for the Board of Executive Directors were discussed and approved.

The **Audit Committee** met five times during the reporting period. Four meetings were held in person with the additional option of virtual participation and one meeting was held as a video conference. With the exception of one meeting, which one member did not attend, all Audit Committee members attended all meetings. At two meetings, one Audit Committee member took part via video call. 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 auditor also attended the meetings in February, July and December. The Audit Committee also discussed matters with the auditor in a separate part of the meeting without the Board of Executive Directors present (executive session). The chair of the Audit Committee also maintains regular contact with the auditor between meetings, in particular regarding the progress of the annual audit, and reports back to the committee.

At the meeting on February 21, 2023, the auditor reported in detail on its audits of BASF SE's Separate and Consolidated Financial Statements for the 2022 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 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 26, 2023, the Audit Committee addressed the BASF Group's Quarterly Statement for the first quarter of 2023, which was due for publication, risk management and the internal control system, in particular with regard to financial reporting and sustainability reporting in the BASF Group.

Focus topics at the meeting on July 25, 2023, were the BASF Group's Half-Year Financial Report, the internal audit system and key findings of the internal audit, on which the head of the Corporate Audit department reported.

At the meeting on July 25, 2023, the Audit Committee engaged KPMG AG Wirtschaftsprüfungsgesellschaft – the auditor elected by the Annual Shareholders' Meeting on April 27, 2023 – with the audit for the 2023 reporting year and auditing fees were agreed upon. The focus areas and scope of the annual audit were discussed and defined together with the auditor.


On October 20, 2023, the Audit Committee discussed the BASF Group's Quarterly Statement for the third quarter of 2023 and addressed the post-audit on major acquisitions and divestitures. The meeting also addressed the reporting on related party transactions as well as the Committee's annual self-assessment of the effectiveness and efficiency of its work.

At the meeting on December 19, 2023, the auditors reported on the status of the annual audit, as well as the focus areas and the most important individual items. The Audit Committee also received reports on the internal control system for financial reporting and the appropriateness and effectiveness of the internal control system and the risk management system. Furthermore, the head of the Corporate Compliance unit reported on compliance topics. In this context, the Audit Committee dealt with the implementation of the German Supply Chain Due Diligence Act, which has been in force since January 1, 2023.

At all meetings, the Audit Committee addressed the main pending accounting issues and risks arising from threatened or pending 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 met once during the reporting period in the form of an in-person meeting. Its work focused on preparing the Supervisory Board's proposals for the election of shareholder representatives to the Supervisory Board for the 2024 Annual Shareholders' Meeting. By resolution of the shareholder representatives, an external consultant was commissioned to support this process. On this basis, the Nomination Committee decided at its meeting on December 19, 2023, to propose Tamara Weinert as a

candidate for election as shareholder representative on the Supervisory Board at the Annual Shareholders' Meeting on April 25, 2024. All members are standing for reelection in the 2024 scheduled elections of shareholder representatives, with the exception of Dame Alison Carnwath, who is stepping down.

 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 196

The **Strategy Committee**, which was established to discuss strategic options for the further development of the BASF Group addressed the sale of Wintershall Dea AG's exploration and production business to Harbour Energy plc at its meeting on October 4, 2023. The committee was informed in detail about the status of the negotiations by the Chairman of the Board of Executive Directors and the Chief Financial Officer and approved the next steps.

Corporate governance and Declaration of Conformity

In 2023, the Supervisory Board was 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 in the version dated April 28, 2022 (GCGC 2022).

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 2023.

Special onboarding events are 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 to give them an insight into the portfolio as well as production and manufacturing methods.

At its meeting on December 20, 2023, 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 complies with all 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 217 and is available at 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 bases 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. The criteria used to assess independence are presented in the Corporate Governance Report on page 197. 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 2023. Employee representative Michael Vassiliadis was formally classified as nonindependent 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 not material and furthermore, they are conducted at arm's length.

The Supervisory Board regularly reviews the efficiency of its activities in the form of a self-assessment. To this end, the Chairman of the Supervisory Board most recently 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. In 2023, individual discussions were held between members of the Supervisory Board and the Chairman of the Supervisory Board. These discussions confirmed that the Supervisory Board works together professionally and with a high degree of trust. The composition and structure of the Supervisory Board continue to be regarded as effective and efficient.

The Audit Committee conducted a detailed self-assessment of its activities in 2023. This was based on a questionnaire sent to all members of the Audit Committee, the

results and detailed suggestions of which were discussed in depth by the Audit Committee at its meeting on October 20, 2023. Material subjects were the organization and content of meetings, meeting documents and reports, participants and quality of discussions at meetings, reporting to the Supervisory Board on the work of the Audit Committee, access to external and internal auditors, cooperation with management and the appropriateness of the Audit Committee's performance of its duties in accordance with the Statutes and the Rules of Procedure. On this basis, the members judged the Audit Committee's work to be efficient and appropriate. There was no fundamental need for improvement. As a suggestion, sustainable finance will be addressed and implemented as an additional topic in 2024.

Separate and Consolidated Financial Statements; Compensation Report

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditor elected by the Annual Shareholders' Meeting for the 2023 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 Combined 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 221 onward

For more information on the auditor, see the Corporate Governance Report on page 201

Beyond the statutory audit of the Financial Statements, KPMG 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 Combined Management's Report. 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 2023 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-2023

The assurance report issued by KPMG on the audit of the Compensation Report can be found at 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 20, 2024, as well as the accounts meeting of the Supervisory Board on February 21, 2024, 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 Separate and Consolidated Financial Statements of BASF SE, the Combined Management's Report and the Compensation Report at its meeting on February 20, 2024, 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 this preliminary review at the Supervisory Board meeting on February 21, 2024. On this basis, the Supervisory Board examined the Financial Statements of BASF SE for 2023, the proposal by the Board of Executive Directors for the appropriation of profit, and the 2023 Consolidated Financial Statements and Combined Management's Report for the BASF Group and BASF SE. 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 21, 2024, 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 2023 Financial Statements of BASF SE 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 21, 2024, 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 available at basf.com/compensationreport

Composition of the Supervisory Board

The composition of the Supervisory Board did not change in 2023. The mandates of all current Supervisory Board members run until the end of the current Supervisory Board period, that is, until the Annual Shareholders' Meeting 2024. At its meeting on November 30, 2023, the BASF Europa Betriebsrat (European Works Council) unanimously reelected the six current employee representatives from the Supervisory Board. Their new term of office begins at the end of the Annual Shareholders' Meeting on April 25, 2024, and ends at the end of the Annual Shareholders' Meeting in 2028.

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

Ludwigshafen, February 21, 2024

The Supervisory Board



Dr. Kurt Bock
Chairman of the Supervisory Board

Declaration of Conformity Pursuant to Section 161 AktG

Declaration of Conformity 2023 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 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 and have been complied with since the submission of the last Declaration of Conformity of December 2022.

Ludwigshafen, December 2023

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 sections 289f HGB and 315d HGB

The Combined Declarations of Corporate Governance of BASF SE and the BASF Group, pursuant to sections 289f HGB and 315d HGB, comprise 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. They are a component of the Combined Management's Report.

Pursuant to section 317(2) sentence 6 HGB, the auditor checked that the disclosures according to section 315d HGB in conjunction with section 289f(2) HGB were made.