



The Chemical Company

Counter motions

We have received the following counter motions to Items 2, 3 and 4 of the Agenda of our Annual Meeting on April 29, 2004.

Regarding **Item 2** of the Agenda, shareholder Professor Dr. Rochlitz has submitted the following counter motion:

“€600 million be made available from the profit retained in 2003, with a corresponding reduction of the dividend, for a new, improved site concept that not only safeguards jobs but also creates new ones.”

The reasons stated by shareholder Rochlitz are:

“New Site Concept: jobs, jobs, jobs

BASF AG's current Site Concept for the Ludwigshafen site should be supplemented by a labor market policy component. The safeguarding and expansion of jobs should be effected without delay by channeling approximately 50% of the profit to be paid as dividend each year into the establishment of new departments and the reintegration of divested operations with a total of 1,000 to 2,000 additional jobs per year.

This would completely annul the statement by a member of the Board of Executive Directors: “The adjustment of the number of employees to requirements continues to be inevitable,” insofar as this applies to a further reduction in the number of jobs.

The continuation of what has been a constant decline in the number of jobs to date from approximately 40,000 at the end of 1999 to the present figure of approximately 34,000 members of permanent staff can no longer be accepted, either by society as a whole, even less by the town of Ludwigshafen and the region, and least of all by those affected and their families. There must be a halt to the increasing endeavors to achieve competitiveness at the expense of the employees and jobs.

This is a business policy that has nothing whatsoever to do with sustainability. A stop must be finally put to this, since the social and democratic fabric of society is being destroyed.”

Shareholder Rochlitz also submits the following counter motion to **Item 2** of the Agenda:

“€10 million be made available from the profit retained for drawing up a truly sustainable BASF business policy.”

The shareholder substantiates this counter motion as follows:

“A true sustainability concept at last, instead of BASF sustainability myths.

For some time now, BASF has been hoping to attract the increased attention of potential shareholders who want to acquire “ethical stocks” by emphasizing its alleged sustainability through a diverse program of events and publications on the subject of BASF sustainability and through a website with the focus on sustainability. A large amount of time and money is being invested to create the impression of an extremely modern, future-oriented company based on sustainability. In actual fact, a myth is being created, the BASF sustainability myth.

BASF's idea of sustainability is extremely one-sided. BASF's shared responsibility for the mass unemployment in Germany is evidence of a company policy that is anything but one committed to sustainability. The social component of sustainability has been given scant consideration by BASF up to now, and this remains the case. With the constant reduction of jobs, not only in Germany but also worldwide (in South America -11.3%), BASF is doing anything but contributing to social stability.



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The environmental improvements in production, particularly in Germany, resulting from lowering the production-specific environmental impact, from the production of energy and through transport, which have indeed led to greater ecological sustainability, should not be overlooked. However, the various minor activities in the social sector – mentioned in connection with sustainability – contribute nothing to sustainability because they are more than counterbalanced by unsocial job cuts.

Typical of the false understanding of sustainability is Eggert Voscherau's statement: "of BASF's capital expenditures must be pay off and do so sustainably." This view of sustainability is purely economic; even most of the environmental improvements have been made for economic reasons. Thus, the €3 billion capital expenditures in newly industrializing countries over a period of 10 years are not direct development aid but investments aimed at increasing profits by exploiting the significantly lower wage levels in these countries.

A business policy in Germany that is aimed at cutting back on jobs, reducing direct and indirect labor costs, and paying lower levies and taxes involves the destruction of the welfare state established in Germany from Bismarck to Adenauer. What is more, to describe this as sustainable is a scandalous deception of the public.

Moreover, a business policy that exploits worldwide, as part of globalization, the most favorable site conditions with the lowest wages and the least stringent environmental and social standards leads not only to the disintegration of state and social organizations and to more poverty worldwide, but also to more profits for BASF and the other transnational corporations. And then to ennoble this business policy with the term "sustainability" constitutes what has up to now been a successful attempt to deceive the public and shareholders.

Incidentally, BASF's activities in genetic engineering cannot be described as sustainable either, since they are linked to significant risks to health and nature. As far as green gene technology is concerned, there is no way of describing processes as sustainable that lead to the increased application of pesticides, to a drastic reduction in biodiversity and to the unforeseen spread of undesirable genetically modified plants or gene sequences (for example those with herbicide resistance).

Thus, there needs to be a drastic change in BASF's business policy for it to be described as sustainable at all. Although the necessary reconciliation between environmental and economic aspects has been recognized selectively, the reconciliation between economic and social aspects that is also necessary is still light years away."

Regarding **Items 3 and 4** of the Agenda, shareholder Rochlitz: moves that:

"The actions of the Supervisory Board and the Board of Executive Directors not be formally approved."

Shareholder Rochlitz gives the following reasons:

"BASF AG is continuing undeterred with its business policy toward its employees. Permanent staff levels at Ludwigshafen have already dropped to approximately 34,000 employees. It is true that this has not resulted from involuntary redundancies but has been achieved with what are known as flexible personnel instruments of "workforce size control;" these include partial retirement programs, severance pay, early-retirement schemes, business startup loans, etc. Those suffering under this development are, on the one hand, the majority of the remaining workforce, who increasingly have to accomplish more, and the trainees, whose chances of being taken on to the permanent staff are increasingly less assured.

With this reduction in jobs, BASF has been and is one of the many active participants that share responsibility for the mass unemployment of more than five million people in Germany. BASF's Board of Executive Directors is also responsible for the consequences of the increasing pressure on employees to work harder, for example adverse health effects, the destruction of social interaction and the impairment of the safety situation in the production plants.



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For years, BASF has been making its profits to a significant degree by cost cutting by reducing the number of jobs. To a further considerable extent, the profits derive from the lowering of tax expense and the reduction in social security contributions. This improved legal position that favors industry has also come about at the instigation of BASF, through the involvement of a member of the Board of Executive Directors in the Hartz and Rürup Commissions and its leading participation in employer organizations. Thus, BASF shares responsibility for the community poverty of local (see Ludwigshafen) and state funds, and for the spread of personal poverty.

The massive resistance of Germany's chemical industry generated at all political levels by members of BASF's Board of Executive Directors and leveled against the new European Chemicals Policy (more safety in relation to chemicals) – in fact, originally committed to sustainability – must, like the recent rejection of the emissions trading of greenhouse gases in the form agreed upon, be roundly condemned on environmental and economic grounds; incidentally, neither of these attitudes prove in any way to be in accord with BASF's claim to be committed to sustainability.

Finally, news comes from the United States that the American Chemistry Council, of which BASF is a member, is planning a smear campaign against environmentalists there and intends to discredit preventive measures in environmental protection with unfair tricks. Should BASF actually be involved in this, those responsible at BASF would also have to be called to account for violating BASF's Values (mutual respect and open dialogue, as well as integrity) and the principles of the Global Compact."

Administration's comments on the counter motions of shareholder Rochlitz:

BASF's Ludwigshafen site is faced with the necessity of asserting itself in the face of formidable worldwide competition – and has all the requirements for doing so. Our aim is to guarantee the performance and efficiency of the production site. We are investing in the site to the extent that is required and economically justified.

The model of sustainable development is a key element of our business policy. Managing a company sustainably means for us combining economic success with protection of the environment and social responsibility, and thus contributing to a life worth living for generations to come. Examples of this are our benchmarking eco-efficiency analysis, our ambitious global environmental goals and our manifold social commitment. We categorically reject the sweeping accusations of shareholder Rochlitz.

BASF Aktiengesellschaft

Board of Executive Directors