

# **Countermotions and Electoral Proposals by Shareholders**

**Countermotions and Electoral Proposals by Shareholders  
for the Annual Shareholders' Meeting of BASF SE on May 12, 2017**

The English version of the following text is only a convenience translation of the German original. Consequently, in case of any deviations, only the German version shall be decisive.

**April 27, 2017**

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Below you find all shareholder proposals (countermotions and electoral proposals by shareholders in accordance with Section 126 and Section 127 of the German Stock Corporation Act) concerning items on the Agenda of the Annual Shareholders' Meeting 2017 which are required to be disclosed. In each case, the shareholder proposals and their supporting statements represent the views of the shareholders submitting them. Proposals including statements of facts have also been published on the Internet unchanged and unchecked by us to the extent that they are required to be disclosed.

At the Annual Shareholders' Meeting you may assent to these shareholder proposals by voting "no" to the relevant item of the Agenda, i.e. against the management's proposal. Shareholder proposals that aim not only to reject a proposal put forward by the management but also to bring about an alternative resolution have been marked with a capital letter. Insofar as a separate vote takes place in respect of such shareholder proposals, you can support or object to them by casting your vote for or against the proposal, or you can abstain from voting. If you have authorized either the proxies appointed by BASF SE or someone else to vote on your behalf, please ensure that you provide them with appropriate instructions or adjust your previous instructions accordingly.

## **Counter motions of the shareholder Horst Schilling for the Annual Shareholders' Meeting of BASF SE on May 12, 2017**

### **Counter motions for the Annual Meeting of BASF SE on May 12, 2017 / (within the meaning of Section 126(3) and Section 127 of the German Stock Corporation Act)**

#### **AGENDA ITEM 3 Adoption of a resolution giving formal approval to the actions of the members of the Supervisory Board**

The formal approval for the actions of the members of the Supervisory Board shall be denied.

##### **Reason:**

BASF used tricks to lower its tax burden by nearly €1 billion between 2010 and 2014. During this period, income was taxed in Belgium, Malta and the Netherlands rather than in Germany and was parked in Puerto Rico and Switzerland.

(In Belgium the Company utilized deductions for interest on equity capital. In Malta there was a generous tax exemption for dividend earnings, but a leading role here was played by the relatively small company BASF Niederlande B.V., whose activities include not only the production of adhesives, crop protection products and other chemical components, but also financial consulting for 38 connected Group subsidiaries around the world). To clearly illustrate this relationship: In 2015, BASF reported earnings of €1.2 billion, but only €77 million came from the business with chemical products. As income from licenses and patents was subject to a tax rate of only 5% in the Netherlands and, moreover, dividends from intragroup bonds were entirely tax-exempt, the Company was able to reduce its overall tax burden to 0.035%. U.S. corporations such as Amazon, Google and Apple use these tax-avoidance tricks too – but in the era of “USA FIRST,” one must not necessarily sink to this level.

In this regard policymakers should really be required to agree on harmonized tax rules in Europe that apply in all E.U. countries. And corporations such as Amazon, Google and Apple should be subjected to appropriate financial penalties if they breach these rules.

The Supervisory Board is obligated to oversee the Board of Executive Directors in the best interests of the shareholders and the Company. The Supervisory Board did not fulfill this obligation.

#### **AGENDA ITEM 4 Adoption of a resolution giving formal approval to the actions of the members of the Board of Executive Directors**

The formal approval for the actions of the members of the Board of Executive Directors shall be denied.

##### **Reason:**

The Board of Executive Directors of BASF SE violates the U.N. Guiding Principles on Business and Human Rights, the conventions of the International Labor Organization (ILO), the U.N. Global Compact and the Company's own corporate governance directives. See also reasoning under AGENDA ITEM 3 / BASF used tricks to lower its tax burden by nearly €1 billion between 2010 and 2014.

The Board of Executive Directors is responsible for these policies and associated damage to BASF SE's image and should therefore not be given formal approval for its actions.

**A AGENDA ITEM 5 Appointment of the auditor for the financial year 2017**  
Counter-motion to the appointment of the auditor:.

**Reason:**

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, failed in its duties as auditor of the Financial Statements and the Group Consolidated Financial Statements of BASF SE for the financial years 2010 until 2014.

In accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014, a rotation of the auditor is required – reallocation of the audit engagement taking into consideration a limitation on the share of fees for non-audit services in relation to the auditor's total fees. Unlimited liability of the auditor in cases of infringements of legal foundations and tax guidelines. (Compensation for damages incurred by the Company, shareholders or third parties).

Recommendation: Ebner Stolz Mönning Bachem Wirtschaftsprüfer Steuerberater  
Rechtsanwälte Partnerschaft mbB, Kronenstrasse 30, 70174 Stuttgart

I would ask the shareholders to vote with me against the formal approvals (see above). I request that the corporate bodies of the Company make available my counter-motions in accordance with Sections 126, 127 ff, which were submitted on time.

Thank you very much.

Shareholder (Shareholder number: 3787275)

H. Schilling



**Counter-motion of the shareholder Toni Weber for the Annual Shareholders' Meeting of BASF SE on May 12, 2017**

Counter-motion to AGENDA Item 4: Formal approval to the actions of the members of the Board of Executive Directors!

TOP 4: Refusal of the formal approval for the members of the Board of Executive Directors

Reason:

- 1) The behavior of the Board of Executive Directors, especially of the chairman of the board Dr. Brock, during the severe accident in the harbor is incomparably and inhuman!! People are dying there for BASF and the chairman of the Board of Executive Directors is indispensable, because he is busy with other things.
- 2) Meanwhile, the savings glut of the Board of Executive Directors costs us dozens of millions every year. See TDI plant. You don't revert to something reliable but order somewhere in the world! BAYER has demonstrated that there is a better way as their TDI plant gone into operation on schedule.

***Toni Weber***

**Countermotion of the shareholder Dominic Lorenz for the Annual Shareholders' Meeting of BASF SE on May 12, 2017**

**B COUNTERMOTION AND NOMINATION PROPOSAL**

Dominic Lorenz

April 13, 2017

**Agenda Item 8 Amending Article 14 of the Statutes  
(Remuneration of the Supervisory Board)**

The existing provisions on the remuneration of the Supervisory Board should be maintained. They should merely be supplemented by the following passage:

Each member of the Supervisory Board is obligated use 20% of the compensation paid in accordance with No. 1 a) and b) for the acquisition of Company shares and to hold these shares for the duration of his/her membership on the Supervisory Board. This obligation does not apply to the portion of the compensation that the Supervisory Board member pays to a third party pro rata for the fixed compensation received in accordance with No. 1 a) due to an obligation entered into before his/her appointment to the Supervisory Board. The obligation to purchase and hold shares in this case applies to 35% of the portion of the compensation remaining after the payment has been made. The Company shall withhold the abovementioned share of the compensation and arrange for the acquisition of the shares on behalf of the members of the Supervisory Board on the first day of stock market trading after the compensation is payable. The acquired shares shall be deposited into a custody account in the name of the Supervisory Board member at a commercial bank in Europe which is used exclusively to deposit and manage these shares. The portion of the compensation which is mathematically insufficient to acquire whole shares shall be paid out to the Supervisory Board member. Evidence of compliance with the holding obligation must be provided to the Company. The purchase obligation specified in Sentence 1 does not apply to the compensation that has not yet been paid at the time of departure from the Supervisory Board. If the Supervisory Board member partially or fully divests or pledges the shares acquired in accordance with these provisions prior to leaving the Supervisory Board, he/she will retroactively forfeit all entitlement to the performance-oriented component of the variable compensation specified in No. 1 b). Each member of the Supervisory Board is required to provide proof in this regard (reverse onus).

If a majority of shareholders accept this amendment, these provisions will take priority over any acceptance of the original proposal of the Supervisory Board, i.e., the proposal of the Supervisory Board will in this case be rejected and replaced by this proposal.

**Reason**

Business performance and entrepreneurial risk are better taken into account by the existing provisions than the proposed newer provisions, which have more of a "civil servant" character because they do not contain sufficient performance incentives. However, the existing provisions do not

sufficiently take into account BASF SE's long-term development. The remuneration provisions I have proposed therefore aim to better take into account the current business development while at the same time creating a link to the long-term value development of BASF SE. As these provisions do not introduce any cap on the remuneration for the Supervisory Board members and, moreover, increase the exposure of the Supervisory Board members due to the inclusion of performance-related compensation components in the obligatory share acquisitions, this further strengthens the Supervisory Board's commitment in comparison to the provisions proposed by the Supervisory Board. The remuneration of the Supervisory Board includes downside potential in addition to upside potential, which is in the best interests of the shareholders. The provisions on Supervisory Board remuneration I have proposed better represent the interests of shareholders and thus are superior to the remuneration provisions proposed by the Supervisory Board. This proposal will therefore contribute to BASF SE's sustainable value development while at the same time ensuring the appropriateness of the remuneration of the Supervisory Board. Finally, I would like to point out that the Supervisory Board's proposal may represent a conflict of interest as the proposal was developed by the Board itself and shareholders may only approve or reject it. My proposal, however, represents an alternative proposal which was developed from the viewpoint of shareholders and better takes into account their interests.

**Counter motions from *Dachverband der Kritischen Aktionärinnen und Aktionäre* (Association of Ethical Shareholders Germany) for the Annual Shareholders' Meeting of BASF SE on May 12, 2017**

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**Counter motion to agenda item 2,  
Adoption of a resolution on the appropriation of profit**

The *Dachverband der Kritischen Aktionärinnen und Aktionäre* petitions that instead of the dividend payout of €2,755,436,082.00 proposed by the Board of Executive Directors and Supervisory Board, a dividend of only €2,755,411,082 be paid out to shareholders. €25 million shall be paid into a fund established by BASF SE to compensate the parties injured in the Marikana massacre and the widows and surviving dependents of the slain miners.

The justifications for this are provided in the explanations to the counter motion to agenda item 4 (part 1 of the reason).

We call upon shareholders to accept their ethical responsibility and to vote to approve a reduction of their dividend payment from €3.00 per share to €2.99997278 per share.

**Counter motion to agenda item 4,  
Adoption of a resolution giving formal approval to the actions of the members of the Board of Executive Directors**

The *Dachverband der Kritischen Aktionärinnen und Aktionäre* petitions to not give formal approval to the actions of the members of the Board of Executive Directors of BASF SE for the financial year 2016.

**Reason:**

**1. Serious deficiencies in responsible supply chain management, even in the fifth year after the Marikana massacre**

The Board of Executive Directors still does not meet its obligation of due diligence in the supply chain with regard to the mining company LONMIN, whose main direct customer for platinum is BASF. Nearly five years after the Marikana massacre, it has been confirmed clearly and by commissions of inquiry that LONMIN was partly responsible for the deaths of 44 people during the strike in August 2012. It has also been shown that LONMIN was guilty of fundamental misconduct and failure to meet legal obligations. The workers who extract one of the most valuable metals from the earth have degrading working and living conditions. The majority of the workers continue to live in slums without running water, sewerage or electricity. LONMIN has repeatedly failed to meet its legal obligations to the workers and the local population.

All of these offenses violate the basic principles of corporate governance for which BASF stands. BASF promises to also require these basic principles – such as human rights, labor standards, social sustainability and environmental safety – from its suppliers.

“Responsibility along the supply chain” is an oft-touted claim, and the German word for responsibility (“Verantwortung”) also contains the German word for answer (“Antwort”). BASF still owes an answer to the widows of the miners killed in the massacre, who confronted the BASF Board of Executive Directors at the Annual Shareholders’ Meeting on April 29, 2016: “We ask you: What are you planning to do to improve our situation and support our families after our husbands were murdered by LONMIN, your platinum supplier? How are we to regain our human dignity? We are asking you whether the BASF Group is prepared to use a portion of the profits it has accumulated through years of doing business with LONMIN in order to support us?”



LONMIN's activities to date, which were commended in the BASF audit, have made our situation even worse. We are asking you which steps will you undertake to ensure that LONMIN recognizes its complicity in the massacre, apologizes and pays reparations?" BASF's measures so far have been toothless in light of the seriousness of the offenses of one its direct suppliers: BASF carried out an unpublished audit with LONMIN, which only identified potential for improvement in environmental and safety issues. In view of the situation of the local workers and the surviving dependents, this assessment is wrong. A few more meetings with Group management and individual stakeholders are not sufficient to tangibly and sustainably improve the situation.

As a first sign of the implementation of its promises with regard to responsibility along the supply chain, BASF should set up a fund with €0.5 million for each of the 44 people who died in August 2012 as well as support for the injured and give this money to the people directly affected (a total of €25 million). Compared to BASF purchases from LONMIN (€650 million in 2015), this is a small amount.

[www.kritischeaktionare.de](http://www.kritischeaktionare.de) and [www.basflonmin.com](http://www.basflonmin.com)

## **2. Tax avoidance**

This is also a small amount in comparison to the tax payments BASF has avoided. Although BASF's wily tax avoidance practices may be (for now) covered by law and not illegal, they are nevertheless morally objectionable and unfair. Not least of all, they are diametrically opposed to the high ethical standards which BASF likes to flaunt in public (and at Annual Shareholders' Meetings). BASF describes itself as combining "economic success" with "social responsibility": Given the behavior with regard to the South African miners and the €1 billion in taxes in recent years which ended up in the Company's own pocket rather than the public purse, this self-image is in danger of becoming nothing more than a mockery of the Company's own practices.

## **3. Increased frequency of incidents**

In 2016, there was a noticeably increased frequency of incidents at BASF. As a result of the explosion on October 17 at the main production site in Ludwigshafen, four people died and 30 were injured. According to the Frankenthal public prosecutor's office, an external contractor apparently cut into the wrong pipeline, which contained a flammable liquid. Industrial Relations Director Suckale stressed that outside contractors have to meet "high standards" at BASF.

Plant employees complain about the increasing work intensification, the use of too many contract workers and contracts being awarded to low-cost firms. Sources close to the chemical Group say that cost-cutting programs at BASF may be the reason why more and more incidents are occurring. BASF CEO Bock has so far not provided any conclusive explanation for the increased frequency of incidents.

Cologne, April 26, 2017

Markus Dufner, Managing Director  
Dachverband der Kritischen Aktionärinnen und Aktionäre

## **Administration's position on the counter motions**

We believe that the counter motions are without merit and recommend a vote against them.