

# **Countermotions and Electoral Proposals by Shareholders**

**Countermotions and Electoral Proposals by Shareholders  
for the Annual Shareholders' Meeting of BASF SE on May 4, 2018**

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.

**Status: April 19, 2018**

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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 2018 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-motion of the shareholder Rita Schiller for the Annual Shareholders' Meeting of BASF SE on May 4, 2018**

**A**

**Counter-motion to agenda item 6: Adoption of a resolution approving the compensation system for the members of the Board of Executive Directors**

Management compensation is a subject of keen public discussion since its level often appears to be disproportionate compared to the wage growth.

I petition to have a substantial portion of the compensation of the Board of Executive Directors, e.g. 50 %, linked to the salaries of employees (workers, officers). This shall express the internal relation to the performance of the employees. It must be considered that it would cause a disproportion to apply the same percentage for the increase of the compensation of the Board of Executive Directors as for the increase of the employee salaries since the numbers are higher in total, which, correspondingly, would result in excessive increases.

The above adjustment of compensation and salaries shall be elaborated until the Annual Shareholders' Meeting 2019, where it shall be presented.

## Countermotion of the shareholder Elmar Weigel for the Annual Shareholders' Meeting of BASF SE on May 4, 2018

**B**

### Countermotion to agenda item 2: Adoption of a resolution on the appropriation of profit

The shareholders confirm that the management's calculation of the company's profit and the apportionment of the profit into dividend and allocation to the retained earnings reserve are economically and legally correct.

Notwithstanding, on compassionate grounds, they waive nearly 1 % (0.967741935 %) of the dividend they are entitled to so that this share be paid, without recognizing any legal obligation, into a fund for the benefit of people suffering hardship from LONMIN.

#### **Rationale:**

In the value creation chain outside BASF's sphere of influence, harm has been done that requires a remedy.

The waiver of nearly 1 % of the dividend is insignificant for minor shareholders, it leaves at least 99 % to the major shareholders and institutional investors and its absolute figure amounts to 27,554,360.81 €

On the one hand, such amount can provide an efficient support and on the other hand, it would show that the BASF shareholders abide by the principle "property obliges".

Furthermore, it can be expected that the social responsibility shown by the shareholders (CSR) would have a positive influence on the company's image and value.

Thus, such reduction of dividend pays for itself.

**Counter motions from Dachverband der Kritischen Aktionärinnen und Aktionäre (Association of Ethical Shareholders Germany) for the Annual Shareholders' Meeting of BASF SE on May 4, 2018**

C

**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 €2,847,283,951.40 proposed by the Board of Executive Directors and Supervisory Board, a dividend of only €2,797,283,951.40 be paid out to shareholders.

**Reason:**

€50 million shall be paid into a fund established by BASF SE to compensate the parties injured as a result of the Marikana massacre. The justifications for this are provided in the explanations to our counter motions to agenda items 3 and 4.

We call upon all shareholders to contribute to the compensation fund and to vote for a reduction of their dividend payment from €3.10 per share to €3.045562 per share. They would thus renounce slightly more than €0.05 of the dividend per share.

**Counter motion to agenda item 3: Giving formal approval to the actions of the members of the Supervisory Board**

The *Dachverband der Kritischen Aktionärinnen und Aktionäre* petitions to not give formal approval to the actions of the members of the Supervisory Board for the financial year 2017.

**Reason:**

The Supervisory Board only inadequately fulfilled its duty as the controlling body of the Board of Executive Directors.

In accordance with Section 111(1) of the German Stock Corporation Act, the Supervisory Board shall supervise the management of the company.

In accordance with Section 111(2) of the German Stock Corporation Act, the Supervisory Board must substantiate the information and reporting obligations of the Board of Executive Directors.

In accordance with Section 111(4) of the German Stock Corporation Act, the Statutes or the Supervisory Board can determine that specific types of transactions may be entered into only with the consent of the Supervisory Board.

**Neglect of duty of care**

Since the Annual Shareholders' Meeting on April 30, 2015, at the latest, the Supervisory Board has been aware that the Board of Executive Directors does not take sufficient care in dealing with wrongdoing in the supply chain and disregards internationally recognized standards. The Bishop of the Anglican Church of South Africa, Johannes Seoka, reported at that meeting that BASF's platinum supplier Lonmin shared responsibility for the Marikana massacre in South Africa on August 16, 2012. Lonmin's role in the murder of 34 miners by the South African police was confirmed in June 2015 by the government's Marikana Commission of Inquiry (Farlam Commission).

The Bishop also informed the Annual Shareholders' Meeting that the "majority of the people who mine the world's most valuable metal, which BASF processes into catalysts, [... live] under degrading conditions. They live in corrugated iron huts in slums without running water, electricity and connections to community services." He informed the BASF Board of Executive Directors and Supervisory Board that the platinum supplier Lonmin had made empty promises to these people for years.

What he described blatantly contradicts BASF Group's aspiration, which says: "We want to contribute to a world that provides a viable future with enhanced quality of life for everyone." As a company, BASF is not fulfilling one of its corporate purposes, specifically what it describes as "sourcing and producing responsibly." In this context, the Supervisory Board is called upon to request information from the Board of Executive Directors about concrete measures and progress, and if necessary, to ensure that BASF takes measures that lead to satisfactory conditions at its suppliers. In the case of Lonmin, BASF must support the platinum supplier in implementing the Social and Labor Plan.

### **Acquisition of Lonmin by Sibanye-Stillwater**

BASF refuses to provide information about the planned acquisition of its platinum supplier Lonmin by the South African mining group Sibanye-Stillwater. Around 12,000 of the 36,000 Lonmin workers would lose their jobs as a result of the takeover. Sibanye-Stillwater still has not clearly stated whether it will take on the obligations set out in the Social and Labor Plan.

### **Insufficient implementation of the U.N. Sustainable Development Goals**

The Supervisory Board is also responsible for ensuring the Board of Executive Directors implements important international agreements. These include the United Nations' Sustainable Development Goals (SDGs).

The SDGs were adopted by the General Assembly of the United Nations in 2015 and they represent the new consensus goals for sustainable development until 2030. The SDGs stress in particular the role that non-state actors in business, science and civil society play in reaching the goals.

BASF says that it supports the SDGs, but in its business activities the company is doing too little to contribute to achieving the goals. BASF has identified "decent work and economic growth" (SDG 8) as one its six priority themes. As the case of the workers at Lonmin (see above) shows, there are still numerous deficiencies with regard to the monitoring of progress on the SDGs via existing indicator systems (e.g., the Global Reporting Initiative). In this regard, the Supervisory Board must substantiate and demand performance of the information and reporting obligations of the Board of Executive Directors.

More information: [kritischeaktionaere.de](http://kritischeaktionaere.de) and [basflonmin.com](http://basflonmin.com)

### **Countermotion to agenda item 4: 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 for the financial year 2017.

#### **Reason:**

The Board of Executive Directors does not fulfill its responsibilities in the case of the mining company Lonmin.

## **Principles of good corporate governance and responsible supply chain management**

BASF claims that it requires suppliers to follow the principles of good corporate governance – e.g., observance of human rights, labor standards, social sustainability, environmental safety – and that it assumes responsibility for its supply chain. As a founding member of the Together for Sustainability (TfS) initiative established by leading chemical companies, BASF wants to contribute to the global harmonization of supplier evaluations and audits and to promote sustainability along the supply chain.

These efforts are contrasted by the measures BASF is undertaking with respect to its main platinum supplier, Lonmin. The British-South African company has been violating the principles of good corporate governance for years. In spite of the overwhelming evidence against Lonmin, the working and living conditions have still not improved, even in the sixth year following the Marikana massacre (see agenda item 3).

### **Social and Labor Plan (SLP)**

Furthermore, Lonmin has been guilty of fundamental misconduct and failure to meet legal obligations, such as the Social and Labor Plan. This has also been confirmed by South Africa's Department of Mineral Resources, which has repeatedly called for improvements. The workers who extract one of the most valuable metals from the earth have catastrophic working and living conditions, which are inconsistent with the right to a life of dignity. The majority of the workers in Marikana still live in slums without running water, sewerage or electricity. This miserable situation has been investigated and documented by the Commission of Inquiry as well as in numerous studies by scientific and civil-society institutions.

Only a small number of the 6,000 apartments and 2,638 rental and owner-occupied properties promised in the Social and Labor Plan have been built for the mine workers.

There are also other issues, such as insufficient compensation, occupational accidents, a lack of employment rights for the many contract workers, and environmental pollution caused by mining production. BASF needs to rigorously verify that binding agreements pertaining to the SLP are reached and adhered to.

### **Assuming responsibility for the massacre and payments into a compensation fund**

Even now, six years after the massacre, Lonmin as a company has still not apologized for its involvement. No memorial has been built for the victims. The community of Marikana does not have a place to mourn. Many of the miners and their family members in the community are traumatized by the massacre and its repercussions. One of the consequences has been various forms of violence against women and children. In the region, there is an increasing incidence of children being born with mental and physical disabilities. This is demonstrably due to the significant environmental pollution caused by the mining operations.

In order to put a stop to the current inaction and inefficiency, BASF should establish a fund with a total value of €50 million as a sign of the implementation of its promises with respect to duty of care along the supply chain. Compared to BASF's purchases from Lonmin (€650 million in 2015), this is a small amount.

### **Publication of the Lonmin audits**

BASF has carried out two audits at Lonmin in South Africa. Only fragments of these have been published. In spite of repeated requests from various stakeholders, BASF refuses to release the full contents of the two audits. In terms of rigor, reliability, adherence to scientific standards and transparency, these audits lag far behind other studies and the state of research in general.

Due to the poor air ventilation underground, one-third of the miners die from lung diseases, but the published parts of the audits do not say anything about this.

The South African-European campaigning network Plough Back the Fruits, which supports the widows of the slain miners as well as miners who survived the Marikana massacre, asserts that the informative value of the audits can only be assessed once all the issues investigated and the results of the investigations are revealed.

From Lonmin's point of view, it is up to BASF to release the audits. BASF claims, on the other hand, it cannot release the audits because they are the property of Together for Sustainability (TfS), the initiative co-founded by BASF.

Cologne, April 19, 2018



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

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