

Invitation to the Annual Shareholders' Meeting of BASF SE

on June 18, 2020

 **BASF**

We create chemistry

BASF SE Ludwigshafen/Rhine

Invitation to the Annual Shareholders' Meeting

Dear Shareholders,

On the basis of Article 2 of the Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law of March 27, 2020 (COVID-19 Act), we convene this year's Annual Shareholders' Meeting of BASF SE on Thursday, June 18, 2020, at 10:00 a.m. (CEST) as a virtual Annual Shareholders' Meeting without the physical presence of shareholders or their authorized representatives.

The virtual Annual Shareholders' Meeting will take place on the company's premises at its headquarters in Ludwigshafen/Rhine, Germany, Carl-Bosch-Straße 38, and a video and audio broadcast will be accessible to shareholders. Further information about shareholders' participation in the Annual Shareholders' Meeting can be found under II.

I. Agenda

1. Presentation of the adopted Financial Statements of BASF SE and the approved Consolidated Financial Statements of the BASF Group for the business year 2019; presentation of the Management's Reports of BASF SE and the BASF Group for the business year 2019 including the explanatory reports on the data according to Sections 289a(1) and 315a(1) of the German Commercial Code; presentation of the Report of the Supervisory Board

The Supervisory Board approved the Financial Statements prepared by the Board of Executive Directors and the Consolidated Financial Statements of the BASF Group on February 26, 2020. The Financial Statements have thus been adopted according to Section 172 of the German Stock Corporation Act. Therefore, according to the statutory provisions, no resolution by the Annual Shareholders' Meeting is planned for Item 1 of the Agenda. The documents specified above have been published on our website and can be accessed at www.basf.com/generalmeeting

2. Adoption of a resolution on the appropriation of profit

The Board of Executive Directors and the Supervisory Board propose to pay a dividend of €3.30 per qualifying share from the profit retained by BASF SE in the business year 2019 in the amount of €3,899,089,714.88. If the shareholders approve this proposal, a total dividend of €3,030,979,690.20 will be payable on the 918,478,694 qualifying shares as of the date of adoption of the Financial Statements for the business year 2019 (February 26, 2020).

The Board of Executive Directors and the Supervisory Board propose that the remaining profit retained of €868,110,024.68 be allocated to the retained earnings reserve.

In accordance with Section 58(4) sentence 2 of the German Stock Corporation Act, claims to dividends are payable on the third business day following the Annual Shareholders' Meeting, in this case on Tuesday, June 23, 2020.

3. Adoption of a resolution giving formal approval to the actions of the members of the Supervisory Board

The Board of Executive Directors and the Supervisory Board propose that formal approval be given to the actions of the members of the Supervisory Board of BASF SE for the business year 2019.

4. Adoption of a resolution giving formal approval to the actions of the members of the Board of Executive Directors

The Supervisory Board and the Board of Executive Directors propose that formal approval be given to the actions of the members of the Board of Executive Directors of BASF SE for the business year 2019.

5. Appointment of the auditor for the business year 2020

The Supervisory Board proposes – based on the recommendation of its Audit Committee – that KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed auditor of the Financial Statements and the Group Consolidated Financial Statements of BASF SE for the business year 2020.

6. Election to the Supervisory Board

As he indicated prior to his election to the Supervisory Board by the Annual Shareholders' Meeting on May 3, 2019, Dr. Jürgen Hambrecht has resigned his Supervisory Board mandate as of the conclusion of the Annual Shareholders' Meeting 2020 and is thus leaving the Supervisory Board. In accordance with Article 40(2) and (3) of Regulation (EC) No. 2157/2001 of the Council of October 8, 2001, on the Statute for a European Company, Section 17 of the SE Implementation Act, Section 21(3) of the SE Participation Act and Article 10 No. 1 sentence 1 of the Statutes, the Supervisory Board is composed of twelve members, six of whom are elected by the Annual Shareholders' Meeting. With the departure of Dr. Jürgen Hambrecht, there are now only five officiating members of the Supervisory Board who were elected by the Annual Shareholders' Meeting. Consequently, the Annual Shareholders' Meeting is required to elect a substitute member of the Supervisory Board.

Pursuant to Section 17(2) sentence 1 of the SE Implementation Act, the Supervisory Board must consist of at least 30 percent women and at least 30 percent men. Accordingly, a Supervisory Board consisting of 12 members in total must have at least four women and four men. Following the departure of Dr. Jürgen Hambrecht, the Supervisory Board comprises four women and seven men, so either a woman or a man can be elected in the by-election.

Based on the recommendation of the Nomination Committee, the Supervisory Board nominates

**Dr. Kurt Bock, Heidelberg, Germany,
Former Chairman of the Board of Executive
Directors of BASF SE,**

for election to the Supervisory Board as a shareholder representative, effective as of the conclusion of the Annual Shareholders' Meeting 2020. Dr. Kurt Bock retired from the Board of Executive Directors of BASF SE on May 4, 2018. The statutory two-year cooling-off period in accordance with Section 100(2) No. 4 of the German Stock Corporation Act therefore ended at midnight on May 4, 2020. In accordance with Article 10 No. 4 sentence 1 of the Statutes, the election is being held for the remainder of the term of the departing member, Dr. Jürgen Hambrecht, meaning until the conclusion of the Annual Shareholders' Meeting in 2024.

The Annual Shareholders' Meeting is not bound to this proposal for election. In the view of the Nomination Committee, the election of Dr. Kurt Bock to succeed Dr. Jürgen Hambrecht complies with the principles for the composition of the Supervisory Board as adopted by the Supervisory Board, including the competence profile and diversity concept. The principles for the composition of the Supervisory Board as well as its competence profile and diversity concept are published in the Corporate Governance Report 2019, which is accessible online as part of the BASF Report 2019 at www.basf.com/report.

According to the assessment of the Supervisory Board, Dr. Kurt Bock is considered to be independent. He has no business or personal relationships with BASF SE or one of its Group companies, the governing bodies of BASF SE or any significant shareholder in BASF SE, which would constitute a conflict of interest.

It is planned that, in the event of his election by the Annual Shareholders' Meeting, Dr. Kurt Bock will be proposed to the Supervisory Board as a candidate for the chairmanship of the Supervisory Board.

The profile of Dr. Kurt Bock, information about his mandates on supervisory boards and comparable supervisory bodies as well as other information are contained under No. III. With a view to his number of mandates, Dr. Kurt Bock resigned his previous supervisory board mandate at Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft as of the end of that company's Annual Shareholders' Meeting on April 29, 2020, and is no longer a member of the supervisory board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft. Dr. Kurt Bock furthermore declared his intention to resign his supervisory board mandate at Fresenius Management SE as of the conclusion of that company's Annual Shareholders' Meeting 2020.

7. Adoption of a resolution approving the compensation system for the members of the Board of Executive Directors

In accordance with Section 120a(1) of the German Stock Corporation Act, the Annual Shareholders' Meeting is to adopt a resolution approving the system of compensation for the members of the Board of Executive Directors as proposed by the Supervisory Board each time a significant change to the compensation system is made, or at least every four years. The Annual Shareholders' Meeting last adopted a resolution on the system of compensation for the members of the Board of Executive Directors of BASF SE on May 4, 2018. Based on preparatory work carried out by its Personnel Committee, the Supervisory Board resolved with effect from January 1, 2020, to change the system of compensation for the

members of the Board of Executive Directors that was presented for approval to the Annual Shareholders' Meeting 2018, in particular with regard to the variable, performance-related compensation as well as pension benefits and the introduction of a mandatory investment in BASF shares. The amended compensation system for members of the Board of Executive Directors as adopted by the Supervisory Board is described under No. IV. "Compensation system for members of the Board of Executive Directors." This description is also accessible online at www.basf.com/generalmeeting.

The Supervisory Board proposes – based on the recommendation of its Personnel Committee – that the compensation system for members of the Board of Executive Directors as adopted by the Supervisory Board with effect from January 1, 2020, be approved. The Board of Executive Directors seconds the proposed resolution of the Supervisory Board.

8. Amendment to Article 10 No. 2 of the Statutes (term of office of members of the Supervisory Board)

The Board of Executive Directors and the Supervisory Board propose that the following resolution be adopted:

Article 10 No. 2 of the Statutes shall be amended and replaced by the following:

"The appointment of the members of the Supervisory Board is made for a term until the conclusion of the Annual Shareholders' Meeting resolving on the formal discharge of the Supervisory Board for the third business year after the term of office commenced, with the business year in which the term of office commences not being taken into account. The Annual

Shareholders' Meeting can specify a shorter term of office when the member is elected. Reappointments are permissible."

The BASF SE Statutes currently provide for a fixed term of office for members of the Supervisory Board until the conclusion of the Annual Shareholders' Meeting resolving on the formal discharge of the Supervisory Board for the fourth business year after the term of office commenced, i.e., effectively a term of five years. This corresponds to the maximum elected term for Supervisory Board members allowed by the German Stock Corporation Act. The BASF Statutes do not allow for a shorter term of office by way of resolution by the Annual Shareholders' Meeting.

The German Corporate Governance Code applicable as of January 1, 2020, recommends that the evaluation of the independence of Supervisory Board members take into account the total duration of the membership as a criterion (long-term directorship). The context for this is the consideration that with a longer membership on the Supervisory Board, there is a lessening of the critical distance to the Board of Executive Directors and the Company that is desirable for supervising the Board of Executive Directors. The Code assumes that independence may be threatened once membership exceeds 12 years. The BASF Supervisory Board has also decided to establish that exceeding 12 years of membership is a criterion for evaluating lack of independence.

Changing the term of office from five to four years via an amendment to Article 10 No. 2 of the Statutes ensures that the Supervisory Board members may continue to qualify as independent Supervisory Board members for three full terms of office, without this amendment ruling out a fourth election term of a Super-

visory Board member then considered to be "not independent."

To increase flexibility in the election of Supervisory Board members, it is also recommended that the Statutes allow for the election resolution of the Annual Shareholders' Meeting to establish a shorter election period.

The proposed amendment has no effect on the term of office of the current Supervisory Board members, for whom the five-year term of office applicable at the time of their election in 2019 will remain in effect. The new term of office will apply for elections to the Supervisory Board beginning as of the Annual Shareholders' Meeting 2020.

9. Amendment to Article 14 Nos. 3, 5 and 7 of the Statutes regarding compensation of the Supervisory Board

Since the new system was introduced in 2017, the compensation of the members of the Supervisory Board is composed of a purely fixed compensation with an additional obligation to use part of the Supervisory Board compensation to acquire shares in the company. These shares must be held for the duration of membership on the Supervisory Board. Until now, in accordance with Article 14 No. 7 of the Statutes, the compensation has been paid out following the Annual Shareholders' Meeting subsequent to the conclusion of the business year. This deferred payment date, which is appropriate for variable Supervisory Board compensation linked to the success of the company or the dividend, is no longer required with a system of fixed Supervisory Board compensation. In the future, the compensation should be paid immediately following the conclusion of the business year, provided it does not have to be used to acquire shares.

Article 14 No. 3 of the Statutes requires that the shares to be acquired as part of the Supervisory Board compensation must be held in a custody account at a commercial bank in Germany. This requirement of having an account in Germany was initially introduced for technical reasons and can be eliminated, in particular as a simplification for members of the Supervisory Board not based in Germany.

The company reimburses Supervisory Board members for out-of-pocket expenses they incur in connection with their Supervisory Board and/or Committee activities. Given the steadily growing importance of the Supervisory Board as a governing body of the company in recent years and the ever-increasing intensity of its activities, it is appropriate in Article 14 No. 5 of the Statutes to stipulate that members can be provided with modern equipment and appropriately reimbursed for expenses in connection with their Supervisory Board activities. This applies in particular to the prominent role of the Chairman of the Supervisory Board, which has also become increasingly important with regard to external visibility in recent years.

The Board of Executive Directors and the Supervisory Board propose that the following resolution be adopted:

Article 14 No. 3 sentences 4 and 5 of the Statutes shall be amended and replaced by the following:

The Company shall withhold the abovementioned portion 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 day of the Annual Shareholders' Meeting to which the consolidated financial statements for the fiscal year for which the compensation

is paid are submitted or which decides on the approval thereof. The acquired shares shall be deposited into a custody account in the name of the Supervisory Board member."

Article 14 No. 5 of the Statutes shall be amended and replaced by the following:

"The Company shall reimburse members of the Supervisory Board for out-of-pocket expenses relating to their activities as members of the Supervisory Board or of a Committee as well as any value added tax payable on the compensation or the reimbursement of expenses. The Company can provide all members or individual members of the Supervisory Board with material resources or services in kind to carry out their Supervisory Board responsibilities, such as the use of transportation, necessary security measures, or the set-up of a Supervisory Board office to support the Supervisory Board activities. Moreover, the Company can also provide these material resources and services in kind to the Chairman of the Supervisory Board to carry out representational duties and activities in connection with this role. The Company shall include the performance of the duties of the members of the Supervisory Board in the coverage of a directors' and officers' loss liability insurance concluded by it. The associated premiums shall be paid by the Company."

Article 14 No. 7 of the Statutes shall be amended and replaced by the following:

"The compensation pursuant to Nos. 1 and 2, provided it is not withheld for the purpose of acquiring shares in accordance with No. 3, shall become due after the conclusion of the fiscal year for which the compensation is paid."

10. Adoption of a resolution on the confirmation of Supervisory Board compensation

According to Section 113(3) of the German Stock Corporation Act, a resolution must be adopted on the compensation of the Supervisory Board at least every four years; a resolution simply confirming the existing compensation is permissible. The compensation of the Supervisory Board is set out in Article 14 of the Statutes and was defined by a resolution of the Annual Shareholders' Meeting on May 12, 2017, as a purely fixed compensation with an additional obligation of Supervisory Board members to use part of the fixed compensation to acquire shares in the Company and to hold these shares until they leave the Supervisory Board.

The Board of Executive Directors and Supervisory Board propose that the provisions on the compensation of the Supervisory Board as set out in Article 14 of the Statutes be confirmed, including, if applicable, the changes adopted under Agenda Item 9. The wording of the provisions on the compensation of the Supervisory Board in accordance with Article 14 of the Statutes in the current version dated May 2019 is contained under No. V.

II. Further details and instructions for the Annual Shareholders' Meeting

1. Annual Shareholders' Meeting without the physical presence of shareholders

In accordance with Article 2, Section 1(1) and (2) of the Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law of March 27, 2020 (COVID-19 Act), the Board of Executive Directors of the company has decided to hold this year's Annual Shareholders' Meeting on the company's premises in Ludwigshafen/Rhine, Germany, Carl-Bosch-Straße 38, as a virtual Annual Shareholders' Meeting without the physical presence of shareholders or their authorized representatives. The company's Supervisory Board approved this resolution by the Board of Executive Directors in accordance with Article 2 Sections 1(1), (2) and (6) of the COVID-19 Act.

This therefore precludes the physical presence of shareholders or their authorized representatives at the Annual Shareholders' Meeting.

Holding the Annual Shareholders' Meeting 2020 as a virtual Annual Shareholders' Meeting in accordance with the COVID-19 Act leads to modifications to procedures of the Annual Shareholders' Meeting as well as to the rights of shareholders:

- A live video and audio broadcast of the entire Annual Shareholders' Meeting will be accessible to all shareholders via the online service at **www.basf.com/agm-service**.
- All shareholders who have registered for the Annual Shareholders' Meeting can exercise their voting rights via postal absentee voting, online absentee voting or by issuing a proxy to company-appointed proxies or to intermediaries, associations of shareholders or proxy advisors.

- Shareholders registered for the Annual Shareholders' Meeting can submit questions to the company via the online service at **www.basf.com/agm-service** until two days prior to the Annual Shareholders' Meeting.
- For the duration of the Annual Shareholders' Meeting, shareholders who have exercised their voting rights can declare their objections to the resolutions of the Annual Shareholders' Meeting via the online service at **www.basf.com/agm-service**.

We ask all shareholders to pay particular attention this year to the following information about registering for the Annual Shareholders' Meeting, exercising voting rights and other shareholder rights.

2. Registration for the virtual Annual Shareholders' Meeting as a prerequisite for exercising shareholder rights

The only shareholders who are entitled – personally or through proxies – to exercise shareholder rights, including voting rights and the right to ask questions, are those who have registered for the Annual Shareholders' Meeting on June 18, 2020, with the Board of Executive Directors of the company no later than Thursday, June 11, 2020, either at the following address

Hauptversammlung BASF SE
c/o ADEUS Aktienregister-Service-GmbH
20784 Hamburg
Germany
Fax: +49 89 2070 37951
Email: hv-service@basf.com

or online according to the procedure laid down by the company at **www.basf.com/agm-service** and who are entered in the share register for the registered

shares. For purposes of determining attendance and voting rights, the shares recorded in the share register at the end of June 11, 2020, are decisive.

Shareholders who would like to register online will require their shareholder number and the corresponding access password. Those shareholders who have registered to receive the notice convening the Annual Shareholders' Meeting by email receive their shareholder number with the email notice convening the Annual Shareholders' Meeting and must use the access password they chose at registration. All other shareholders entered in the share register receive their shareholder number and their access password by post with the written notice convening the Annual Shareholders' Meeting.

If an intermediary is registered in the share register, it can only exercise the voting rights for shares that do not belong to it by virtue of a proxy issued by the shareholder.

Applications for share transfers in the share register that are received by the company after the end of June 11, 2020 (Technical Record Date) up to the end of the Annual Shareholders' Meeting on June 18, 2020 will be executed in the company's share register and take effect only after the Annual Shareholders' Meeting on June 18, 2020.

Owners of American Depositary Shares (ADS) receive the documents for the issue of a proxy from the Bank of New York Mellon (Depositary).

The shares are not blocked by registration for the Annual Shareholders' Meeting; shareholders therefore remain free to dispose of their shares even after registration.

3. Video and audio broadcast of the Annual Shareholders' Meeting

For all shareholders, a live video and audio broadcast of the entire Annual Shareholders' Meeting will be transmitted via the online service at **www.basf.com/agm-service** on June 18, 2020, starting at 10:00 a.m. CEST. The speech of the company's Chairman of the Board of Executive Directors will be broadcast live online on June 18, 2020, and will be accessible to all at **www.basf.com/generalmeeting**.

4. Voting procedures including proxy voting

Absentee voting

Shareholders can cast their votes in writing or by way of electronic communication, without attending the Annual Shareholders' Meeting ("absentee voting"). To exercise voting rights, shareholders must register for the virtual Annual Shareholders' Meeting prior to midnight (CEST) on June 11, 2020 (see above, under "Registration for the virtual Annual Shareholders' Meeting as a prerequisite for exercising shareholder rights").

Electronic absentee voting takes place via the online service at **www.basf.com/agm-service** using the online form provided there. Electronic absentee voting, including changes to votes, is possible via the online service until the close of voting. The close of voting will be determined by the chairman of the meeting at a point in time after the Board of Executive Directors has finished answering questions and will be announced in the video and audio broadcast.

If votes are cast via postal absentee voting, the votes must be received by June 17, 2020 (date of receipt) at the following address

Hauptversammlung BASF SE
c/o ADEUS Aktienregister-Service-GmbH
20784 Hamburg
Germany
Fax: +49 89 2070 37951
Email: hv-service@basf.com

If votes are cast via postal absentee voting, the shareholder has the possibility to change votes even after the abovementioned deadline by using the online service at **www.basf.com/agm-service** until the close of voting during the Annual Shareholders' Meeting.

To revoke votes cast by postal absentee voting, the abovementioned provisions relating to the possibilities for transmission and the deadlines apply accordingly. If a shareholder has already voted via postal absentee voting but would instead like have his or her voting rights exercised by a representative during the Annual Shareholders' Meeting, this is possible but will revoke the votes cast via postal absentee voting.

Authorized intermediaries, associations of shareholders and proxy advisors in accordance with Section 134(a) of the German Stock Corporation Act as well as persons who have equal status to these in accordance with Section 135(8) of the German Stock Corporation Act are also entitled to utilize postal absentee voting.

Voting by company-appointed proxy

Shareholders can be represented at the Annual Shareholders' Meeting by proxies appointed by the company. The proxies can be authorized in text form or via the online service at **www.basf.com/agm-service**.

Issuing proxies and providing instructions to the proxies, including changes to instructions, are possible via the online service at **www.basf.com/agm-service** until the close of voting. Please note that, in this case as well, registration must be carried out prior to midnight (CEST) on June 11, 2020 (see above, under "Registration for the virtual Annual Shareholders' Meeting as a prerequisite for exercising shareholder rights").

Beatriz Rosa Malavé and **Annette Buchen** have been appointed proxies with the sole right of representation. The proxies exercise the voting right solely on the basis of the instructions issued by the shareholder. In the event that an individual vote takes place on an Item of the Agenda, any instruction issued for this purpose will apply to each individual sub-item accordingly. Please note that the proxies appointed by the company will not accept any instructions to speak, file opposition to resolutions by the Annual Shareholders' Meeting, ask questions or put forward motions on behalf of the shareholder.

Voting by a proxy holder

In addition to postal absentee voting and voting by proxy, shareholders can have their voting rights exercised by an authorized representative, for example, an intermediary, an association of shareholders or a proxy advisor. In this case as well, the shareholder or the authorized representative must ensure that registration is carried out prior to midnight (CEST) on June 11, 2020 (see above, under "Registration for the virtual Annual Shareholders' Meeting as a prerequisite for exercising shareholder rights").

In the case of an authorization of an intermediary, an association of shareholders, a proxy advisor, or any other person specified in Section 135(8) of the German Stock Corporation Act, the form of authorization is governed by the appropriate offer for exercising the voting right.

Authorized representatives may likewise exercise voting rights at the Annual Shareholders' Meeting only by postal absentee voting or by authorizing the company-appointed proxies.

A proxy, its revocation, and evidence of the authorization vis-a-vis the company can be sent to the company until June 17, 2020 (day of receipt), to the following address

Hauptversammlung BASF SE
c/o ADEUS Aktienregister-Service-GmbH
20784 Hamburg
Germany
Fax: +49 89 2070 37951
Email: hv-service@basf.com

Proxies can also be authorized online according to the procedure laid down by the company via the online service at www.basf.com/agm-service until the close of voting.

Those intermediaries, associations of shareholders, and proxy advisors that participate in the company's online service can also be authorized online according to the procedure laid down by the company via the online service at www.basf.com/agm-service.

5. Forms provided by the company for registration and issuing proxies

For the registration or issuing proxies, the form prepared by the company for this purpose can be used. Shareholders who are entered in the share register and have not registered to receive the invitation to the Annual Shareholders' Meeting by email will receive the form by post. Shareholders who are entered in the share register and have registered to receive the invitation to the Annual Shareholders' Meeting by email

can access the online service via the link contained in the email at www.basf.com/agm-service to register and issue proxies. The registration and proxy form are also available at www.basf.com/agm-service.

6. Shareholders' right to ask questions in accordance with Article 2 Section 1(2) No. 3 of the COVID-19 Act

The shareholders registered for the Annual Shareholders' Meeting are granted an opportunity to ask questions via electronic means of communications in accordance with Article 2 Section 1(2) sentence 1 No. 3 and sentence 2 of the COVID-19 Act. The Board of Executive Directors, with the agreement of the Supervisory Board, has established that questions may be submitted until two days prior to the meeting, i.e., until midnight (CEST) on June 15, 2020, via electronic means of communication. According to Article 2 Section 1(2) sentence 2 of the COVID-19 Act, the Board of Executive Directors can decide at its due and free discretion which questions it answers and how. The Board of Executive Directors therefore reserves the right, in particular, to answer submitted questions individually or an amalgamation of several questions at once as well as to select meaningful questions in the interests of all shareholders. Furthermore, the Board of Executive Directors can give preference to associations of shareholders and institutional investors representing a significant share of voting rights. Questions in languages other than German will not be considered.

Questions must relate to company matters, the company's legal and business relations with associated companies or the situation of the Group and the companies included in the Consolidated Financial Statements, provided that this information is required for the factual assessment of an Item of the Agenda.

When answering questions, the Board of Executive Directors reserves the right to disclose the name of the questioner, provided the questioner did not explicitly object to being identified by name. More information about data protection can be found at www.basf.com/generalmeeting.

Shareholders registered for the Annual Shareholders' Meeting can submit their questions to the company electronically via the online service at www.basf.com/agm-service using the online form provided there. The online form to submit a question will be activated between June 1, 2020, at 9:00 a.m. and June 15, 2020 at midnight (CEST).

7. Objections to resolutions of the Annual Shareholders' Meeting

Shareholders who exercised their voting rights – either themselves or by proxies – can declare their objection to resolutions of the Annual Shareholders' Meeting. Objections must be submitted electronically via the online service at www.basf.com/agm-service using the online form provided there. Objections are possible as of the beginning of the Annual Shareholders' Meeting until the meeting is adjourned by the meeting chairman.

8. Supplementary motions to the Agenda at the request of a minority according to Article 56 sentence 2 and sentence 3 of Regulation (EC) No. 2157/2001 (SE Regulation), Section 50(2) of the SE Implementation Act, and Section 122(2) of the German Stock Corporation Act in combination with Article 2 Section 1(3) of the COVID-19 Act

Shareholders whose holdings together reach the twentieth part of the share capital or the pro rata sum of €500,000 (this is equivalent to 390,625 no-par shares) can request that Items be placed on the Agenda and announced. Each new Item must be accompanied by a reason or draft resolution. The request must have been received by the company by the end of June 3, 2020. Supplements to the Agenda to be announced will – provided that they have not already been announced with the notice convening the meeting – be published in the Federal Gazette (Bundesanzeiger) and online at www.basf.com/generalmeeting and announced promptly after the request has been received.

9. Motions and electoral proposals by shareholders according to Article 56 sentence 2 and sentence 3 of Regulation (EC) No. 2157/2001 (SE Regulation), Section 50(2) of the SE Implementation Act, and Sections 126(1) and 127 of the German Stock Corporation Act

The statutory concept of the COVID-19 Act precludes the rights of shareholders to propose motions or submit electoral proposals in relation to Agenda Items or to the rules of procedure. Nevertheless, shareholders have the possibility, with application of Sections 126 and 127 of the German Stock Corporation Act,

to submit countermotions and electoral proposals in advance of the Annual Shareholders' Meeting in accordance with the following provisions.

Countermotions with reasons against a proposal by the Board of Executive Directors and the Supervisory Board on a specific Item of the Agenda and electoral proposals for the election of members of the Supervisory Board or auditors must be sent to the following address only. Countermotions and electoral proposals sent to other addresses will not be taken into consideration.

BASF SE

CL/G – D 100

67056 Ludwigshafen

Germany

Fax: +49 621 60-6643693

or +49 621 60-6647843

Email: hv2020@basf.com

Countermotions and electoral proposals that are to be made accessible according to the German Stock Corporation Act and are received up to the end of June 3, 2020, at the above address with evidence of shareholder status will be published promptly on the internet at **www.basf.com/generalmeeting**. Any replies from management will also be published at the above internet address.

10. Total number of shares and voting rights

At the time of this notice convening the meeting, all the 918,478,694 no-par shares that have been issued hold attendance and voting rights.

11. Information on the company's website

This notice convening the Annual Shareholders' Meeting, the documents to be made accessible and motions of shareholders, as well as further information to be published according to Section 124a of the German Stock Corporation Act, can be found on the company's website at

www.basf.com/generalmeeting. The notice convening the Annual Shareholders' Meeting was published in the Federal Gazette (Bundesanzeiger) on May 22, 2020. Information on data protection is also available on the aforementioned website of the company.

12. BASF Report 2019 and further documents

The reports and financial statements specified under Item 1 of the Agenda and further documents relating to the Annual Shareholders' Meeting 2020 have been published online at **www.basf.com/generalmeeting** and may be accessed there.

A copy of the BASF Report 2019 with the BASF Group Consolidated Financial Statements for the business year 2019 is sent to shareholders free of charge on request. To order a copy, please contact

BASF SE

Mediencenter – L 410

67056 Ludwigshafen

Germany

Phone: +49 621 60-99001

Email: mediencenter-02@basf.com

Internet: www.basf.com/mediaorders

III. Data according to Article 9 of the SE Regulation in combination with Section 125(1) of the German Stock Corporation Act and further information on the Supervisory Board candidate proposed for election under Item 6 of the Agenda

Dr. Kurt Bock

Former Chairman of the Board of Executive Directors of BASF SE (2011 to 2018)

Personal data

Place of residence: Heidelberg, Germany

Born: July 3, 1958, in Rahden, Germany

Nationality: German

First-time candidate for the Supervisory Board of BASF SE

Education

1985: Completed doctorate (Dr. rer. pol.) at University of Bonn, Germany

1977 to 1982: Studied business administration at University of Münster, Germany, University of Cologne, Germany, and Pennsylvania State University

Professional career

2011 to 2018: Chairman of the Board of Executive Directors of BASF SE

2003 to 2011: Member of the Board of Executive Directors and Chief Financial Officer of BASF SE (BASF Aktiengesellschaft until 2008); from 2007 onward also Chairman and CEO of BASF Corporation, New Jersey

2000 to 2003: President Logistics & Informatics, BASF Aktiengesellschaft

1998 to 2000: Chief Financial Officer (CFO) of BASF Corporation, New Jersey

1996 to 1998: Managing Director of Robert Bosch Ltda., Campinas, Brazil

1992 to 1996: Senior Vice President Finance/Accounting, Robert Bosch GmbH, Stuttgart, Germany

1991 to 1992: Director Technology, Planning and Controlling for Engineering Plastics, BASF Aktiengesellschaft

1987 to 1991: Staff to Chief Financial Officer of BASF Aktiengesellschaft

1985 to 1987: Joined the finance division of BASF Aktiengesellschaft

Activities in industry associations and international organizations

April 2012 to June 2018: Member of the United Nations Global Compact (UNGC) Board

January 2013 to December 2014: President of the International Council of Chemical Associations (ICCA)

September 2012 to October 2014: President of the European Chemical Industry Association CEFIC

September 2011 to October 2016: Member of the Board and of the Executive Committee of the European Chemical Industry Association CEFIC

September 2016 to September 2018: President of the German chemical industry association VCI

Mandates

a) memberships of statutory supervisory boards in Germany¹:

Fuchs Petrolub SE (listed company), Chairman since 2019

Bayerische Motoren Werke Aktiengesellschaft (listed company), member since 2018

Fresenius Management SE (non-listed company), member since 2016

b) memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:

none

¹ Dr. Kurt Bock resigned his previous supervisory board mandate at Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft as of the end of that company's Annual Shareholders' Meeting on April 29, 2020, and is no longer a member of the supervisory board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft. With a view to his number of mandates, Dr. Kurt Bock has furthermore declared his intention to resign his supervisory board mandate at Fresenius Management SE as of the conclusion of that company's Annual Shareholders' Meeting 2020.

Relevant knowledge, skills and experience

Dr. Kurt Bock is familiar with the chemical sector and the associated value chains due to his career in the BASF Group and Bosch Group. Owing to his years as a member and Chairman of the Board of Executive Directors of BASF SE, he has extensive experience in the strategic and operational management of a leading global chemical company. He will contribute international experience as well as in-depth knowledge, especially in the areas of corporate governance, accounting and accounting standards, internal control standards and corporate processes.

In particular, through his activities on the supervisory boards of Bayerische Motoren Werke Aktiengesellschaft, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft and Fresenius Management SE, he has also obtained deeper insight into the work of supervisory boards and the supervision of globally operating listed companies. Moreover, Dr. Kurt Bock held senior honorary positions at industry associations and international organizations.

Independence

Dr. Kurt Bock is not a member of a governing body of, nor does he perform advisory functions for, any significant competitors of BASF SE. He has no personal relationship to BASF SE, its governing bodies, affiliated companies or a significant shareholder in BASF SE and has no business relationship to the BASF Group.

Dr. Kurt Bock retired from the Board of Executive Directors of BASF SE on May 4, 2018. The statutory two-year cooling-off period in accordance with Section 100(2) No. 4 of the German Stock Corporation Act therefore ended at midnight on May 4, 2020. At the time of his joining the Supervisory Board, his former membership of the Board of Executive Directors of BASF SE would, in accordance with the German Corporate Governance Code, no longer be any reason to question Dr. Kurt Bock's independence as a member of the Supervisory Board.

The Supervisory Board has satisfied itself that Dr. Kurt Bock is able to devote the expected amount of time required by the work associated with the Supervisory Board of BASF SE.

IV. Report on Item 7 of the Agenda (Compensation system for members of the Board of Executive Directors)

Report of the Board of Executive Directors of BASF SE to the Annual Shareholders' Meeting on June 18, 2020, on the compensation system for members of the Board of Executive Directors as of 2020

In regard to the Agenda Item 7, the Board of Executive Directors of BASF SE presents the following report:

With effect from January 1, 2020, the Supervisory Board of BASF SE decided to further develop and simplify the compensation system for the members of the Board of Executive Directors which was approved by the Annual Shareholders' Meeting on May 4, 2018. The overall target compensation remains essentially unchanged. The significant changes affect the variable compensation and the company pension benefits, which have been adapted in accordance with the provisions of the Implementing Act to the Second Shareholder Rights Directive (ARUG II) and the German Corporate Governance Code (GCGC) in the version dated February 7, 2017, as well as the version dated December 16, 2019, which was submitted to the German Federal Ministry of Justice on January 23, 2020, for review and publication in the Federal Gazette (Bundesanzeiger). The further developed and simplified compensation system has been part of the contracts of the members of the Board of Executive Directors since January 1, 2020.

The changes comprise in particular:

- The previous performance bonus, part 1, will be continued as short-term incentive (STI). Like the former performance bonus, part 1, the STI is based on the achievement of operational and strategic targets as well as the return on capital employed (ROCE), which is relevant for the compensation of all employees. The previous explicit differentiation between the operational performance factor (OPF) and the strategic performance factor (SPF) will cease to apply.
- The previous performance bonus, part 2, which was granted for multiple years (three-year deferral compo-

ment), and the previous long-term incentive (LTI) program (BASF Options Program, BOP) will cease to exist and will be replaced by a new long-term incentive in the form of a Performance Share Plan with a fixed target amount.

- Members of the Board of Executive Directors will be obligated under a Share Ownership Guideline to hold a defined number of BASF shares during the term of their Board mandate and for a limited period of time thereafter.
- The previous company pension benefits for members of the Board of Executive Directors (Board Performance Pension, deferred compensation program and basic coverage under BASF Pensionskasse) will be discontinued as of January 1, 2020. Effective January 1, 2020, the company will instead offer members of the Board of Executive Directors a defined contribution pension commitment in the form of a capital investment model with a defined annual pension contribution amount.

Principles of the compensation system for members of the Board of Executive Directors

The compensation of the Board of Executive Directors is determined by the company's size, complexity and financial position, as well as the performance of the Board of Executive Directors as a whole. It is designed to contribute to sustainable corporate development and the achievement of strategic corporate goals. It is marked by a pronounced variability in relation to the performance of the Board of Executive Directors as a whole (Gesamtvorstand) and the BASF Group's success. The amount of the variable compensation is derived from the achievement of operational and strategic goals as well as the development of the share price and the dividend of the BASF share (Total Shareholder Return). The long-term strategic goals communicated as part of BASF's strategy form the key performance indicators for the short-term and long-term variable compensation.

Based on a proposal by the Personnel Committee, the Supervisory Board determines the structure and amount of compensation of members of the Board of Executive Directors. All DAX-listed companies as well as globally operating companies based in Europe serve as an external reference. During the last appropriateness review, carried out in 2019, the following companies were identified to make up the European peer group: ABB, Air Liquide, Akzo Nobel, BAE Systems, Bayer, BHP, BMW, BP, Continental, Daimler, DSM, E.ON, EDF, Henkel, Linde, Rolls Royce, Royal Dutch Shell, Siemens, Solvay, Thyssenkrupp, Total, Volkswagen. In particular, compensation of the group of senior executives and of the employees of BASF SE serves as an internal reference. The external and internal appropriateness is reviewed at regular intervals by independent external advisors.

The compensation system for the Board of Executive Directors is determined by the Supervisory Board based on the recommendation of the Personnel Committee. If needed, the Supervisory Board can call on external independent advisors. The Personnel Committee also prepares for the Supervisory Board's regular review of the system and amount of compensation for members of the Board of Executive Directors. If necessary, it recommends to the Supervisory Board that changes should be made. This is done in compliance with the

provisions set out by the German Stock Corporation Act and the German Corporate Governance Code (GCGC) regarding the treatment of conflicts of interest. In the event of significant amendments, but at least every four years, the compensation system decided upon by the Supervisory Board is presented to the Annual Shareholders' Meeting for adopting advisory resolutions on the approval of the compensation system (say on pay).

In very exceptional cases (such as a severe economic crisis), the Supervisory Board can temporarily deviate from the components of the compensation system (procedures and rules on the compensation structure and amount as well as relating to the individual compensation components) for the Board of Executive Directors, if this is in the interest of the long-term well-being of the company. This compensation system for members of the Board of Executive Directors is applicable for all current service contracts for the Board of Executive Directors, the extension of these contracts as well as new contracts to be signed.

Overview of compensation components

As of January 1, 2020, the compensation system for the Board of Executive Directors contains the components listed in the following overview with the target and maximum amounts valid for the 2020 fiscal year:

Non-performance-related compensation	1. Fixed salary	Annual amount: €800,000 ¹ Payment in equal installments
	2. Fringe benefits	Annual target: €50,000 ² Cap: €100,000 ² ; corresponds to 200% of the annual target amount
	3. Company pension benefits	Annual target: €500,000 ¹ Fixed annual pension contribution.
Performance-related compensation	4. Short-Term Incentive (STI) with one-year performance period	Annual target: €1,000,000 ¹ Cap: €2,000,000 ¹ ; corresponds to 200% of the annual target amount Payment after the Annual Shareholders' meeting for the past fiscal year.
	5. Long-Term Incentive (LTI) Performance Share Plan with four-year performance period	Annual target: €1,400,000 ¹ Cap: €2,800,000 ¹ ; corresponds to 200% of the annual target amount Payment after the Annual Shareholders' meeting after the four-year performance period.

¹ Amounts apply to an ordinary member of the Board of Executive Directors. The amount for the chairman of the Board of Executive Directors is two times this value, and 1.33 times this value for the vice chairman.

² The amount represents the target or maximum amount for the 2020 fiscal year for regularly granted fringe benefits. If one-off fringe benefits and / or transfer-related fringe benefits are granted in individual cases, the maximum amounts specified for this also apply.

Components of the compensation system also include a withholding and clawback clause, which enables variable compensation components to be withheld and clawed back in the event that a Board member commits a serious infringement of the Code of Conduct of BASF Group or of the duty of care as a member of the management of the company, as well as a Share Ownership Guideline, which obliges members of the Board of Executive Directors to hold a defined number of shares for the duration of their Board mandate and beyond.

The relative proportions of the individual compensation components in the target total remuneration of members of the Board of Executive Directors are:

Relative proportions of the compensation components in annual target total remuneration (in %)

Fixed salary	~ 21%
Regular fringe benefits	~ 1%
Pension contribution	~ 13%
Short-term incentive (STI)	~ 27%
Long-term incentive (LTI)	~ 38%
Target total remuneration	100%

In individual cases, slight deviations are possible due to rounding.

Individual compensation components:

1. Fixed salary

The fixed salary is a set amount of yearly compensation paid out in equal installments. The fixed salary for the chairman of the Board of Executive Directors is two times the value for an ordinary Board member, and 1.33 times this value for the vice chairman.

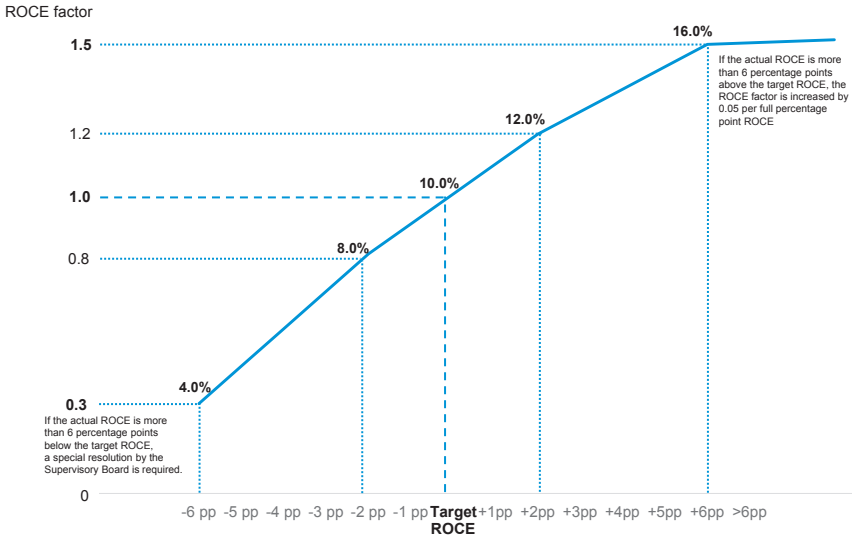
2. Short-term incentive (STI)

For each fiscal year, an STI with a one-year performance period is granted. The STI – like the previous performance bonus, part 1 – is based on the achievement of operational and strategic goals as well as the return on capital employed (ROCE), which is relevant for the compensation of all employees. The previous explicit differentiation between the operational performance factor (OPF) and the strategic performance factor (SPF) will cease to apply. The actual STI amount is paid out after the Annual Shareholders' Meeting in the following year.

With the ROCE as the key performance indicator for the variable compensation, the short-term variable compensation is directly linked to the company's operating success and aligned with the BASF Group's financial goal of earning a significant premium on the cost of capital. ROCE is the ratio of income from operations (EBIT) of the segments in relation to the average operating assets of the segments, plus the customer and supplier financing not included there. ROCE is also the key performance indicator for the variable compensation of all employees. The target ROCE for the variable compensation remains unchanged at one percentage point above the cost of capital percentage for the fiscal year, which is determined using the WACC (weighted average cost of capital) approach in accordance with the Capital Asset Pricing Model. This target reflects the goal communicated as part of the corporate strategy of achieving a ROCE significantly above the cost of capital percentage every year. The target value is thus directly linked to the return expected by investors, which also serves as orientation for BASF Group's value-based management.

A ROCE factor is assigned to each relevant ROCE value. If the ROCE is two percentage points or more below the target ROCE, the ROCE factor will decline

at a faster rate. The ROCE factor will increase at a slower rate if the ROCE is two percentage points or more above the target ROCE.



For the fiscal year 2020, the target ROCE is 10% with a cost of capital percentage of 9%. This figure is reviewed and communicated annually.

These targets are in line with the outlook published in the Forecast.

In order to assess the sustainable performance of the Board of Executive Directors, each year the Supervisory Board sets a target agreement with the Board of Executive Directors as a whole. The target agreement contains:

A performance factor with a value between 0 and 1.5 is determined on the basis of the target achievement ascertained by the Supervisory Board. A target achievement rate of 100% equates to a value of 1.0 for the performance factor.

- One-year operational targets, primarily earnings, financial and operational excellence targets. This includes, for example, EBIT before special items.
- One-year strategic targets relating to the further development of BASF, primarily targets for growth, portfolio optimization, investment and R&D strategy, digitalization, sustainability and BASF's corporate values.

Target achievement	≤ 50%	75%	100%	≥ 125%
Performance factor	0	0.5	1.0	1.5

Values between these figures are interpolated.

The payout of the STI is determined as follows:



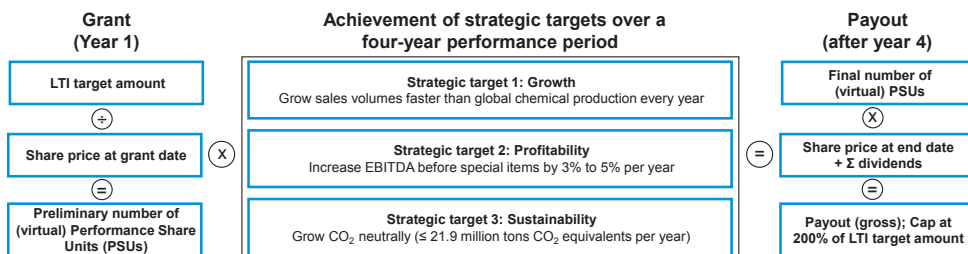
The payout is limited to 200% of the target amount (cap).

3. Long-term incentive (LTI)

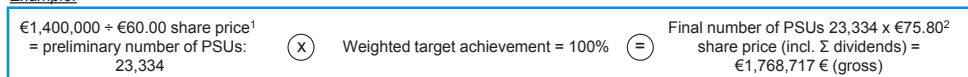
The previous performance bonus, part 2, which was granted for multiple years (three-year deferral component), and the previous LTI program (BASF Options Program, BOP) are being discontinued and replaced by a new LTI in the form of a Performance Share Plan. The new LTI plan incentivizes the achievement of strategic goals and takes into consideration the development of the BASF share and dividend (Total Shareholder Return) over a period of four years. The new LTI will also be offered with slight variations to senior executives of the BASF Group.

Grant: For each fiscal year, an LTI plan with a four-year performance period will be granted. The target amount will be converted into a preliminary number of virtual performance share units (PSUs). To undertake this conversion, the target amount is divided by the average price of the BASF share in the fourth quarter of the year prior to the beginning of the respective plan.

Targets and target achievement: At the beginning of the four-year performance period, the Supervisory Board defines three strategic targets. Depending on the achievement of these three strategic targets over the four-year performance period, the number of PSUs



Example:



1 Assumed average share price Q4 year before performance period.

2 Assumed average share price Q4 last year of performance period (€62.00) + ∑ dividends year 1 - 4 (€3.30 + €3.40 + €3.50 + €3.60).

can increase or decline. To determine this, the number of preliminary PSUs at the end of the four years is multiplied by the weighted target achievement rate for the three strategic targets.

Payout: The final number of PSUs determined in this way is multiplied by the average share price of the BASF share in the fourth quarter of the last year of the four-year performance period plus the cumulative dividend payments in the four fiscal years of the performance period. The payout amount of the LTI therefore reflects not only the achievement of the strategic targets but also the development of BASF's Total Shareholder Return. The actual LTI amount is paid out after the conclusion of the Annual Shareholders' Meeting in the year following the end of the four-year performance period. The payout is limited to 200% of the target amount (cap).

Determination of target achievement: For each of the three strategic targets, at the beginning of the four-year performance period the Supervisory Board defines a target value, which corresponds to a target achievement of 100%, as well as a minimal value, a maximum value and a target achievement curve.

For each strategic target, the target achievement rate is determined on an annual basis. At the end of the four-year performance period, the arithmetic mean of the four annual target achievement rates is calculated. The resulting average target achievement rates for the individual strategic targets are combined according to the defined weighting to reach a weighted target achievement. The preliminary number of PSUs is multiplied by the weighted target achievement in order to determine the final number of PSUs.

For the LTI plan 2020 (performance period 2020-2023) the following targets as communicated by the BASF corporate strategy (see BASF Report 2019, page 27) apply:

- Growth relative to global chemical production peer group:

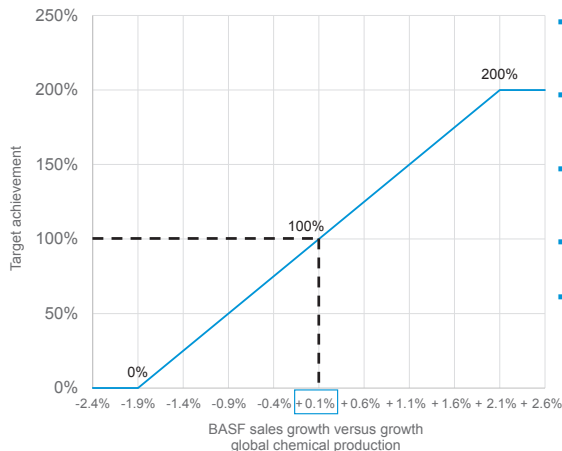
Annual sales volumes grow faster than global chemical production

- Profitability: Increase EBITDA before special items by 3% to 5% per year

- Sustainability: CO₂ neutral growth until 2030, i.e., emissions no greater than 21.9 million metric tons of CO₂ equivalents per year

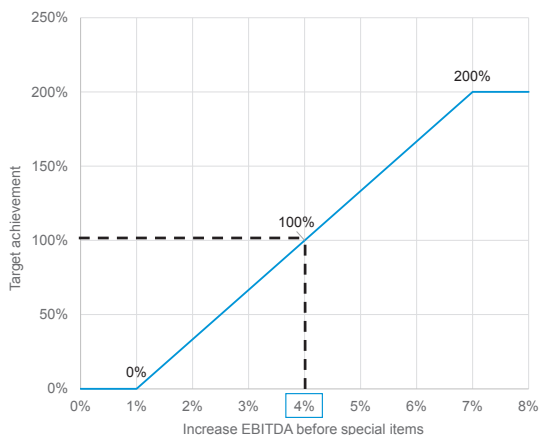
These targets are operationalized as follows:

**Strategic target 1:
Grow sales volumes faster than global chemical production every year**



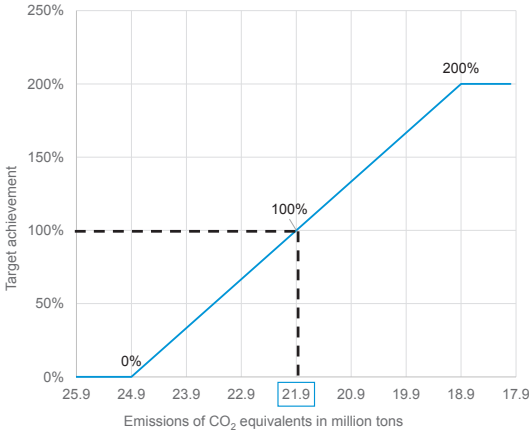
- The target is 100% achieved if BASF grows 0.1 percentage points faster than global chemical production (**target value**).
- If this target value is undercut by two percentage points or more, the target achievement is 0% (**minimum value**).
- If the target value is exceeded by two percentage points or more, the target achievement is 200% (**maximum value**).
- Intermediate values are determined by linear interpolation.
- The target achievement for the performance period 2020 – 2023 is calculated as arithmetic mean of the degree of target achievements of each of the four years.

**Strategic target 2:
Increase EBITDA before special items by 3% to 5% per year**



- With an EBITDA before special items increase by 4% (i.e. in the middle of the communicated target corridor of 3% - 5%), the target achievement is 100% (**target value**).
- If EBITDA before special items increases by 1% or less, the target achievement is 0% (**minimum value**).
- If EBITDA before special items increases by 7% or more, the target achievement is 200% (**maximum value**).
- Intermediate values are determined by linear interpolation.
- The starting point for setting the four-year targets is the EBITDA before special items in the year before the start of the four-year performance period.
- The target achievement for the performance period 2020 – 2023 is calculated as arithmetic mean of the degree of target achievements of each of the four years.

Strategic target 3: Grow CO₂-neutrally until 2030



- With emissions of 21.9 million tons of CO₂ equivalents per year, the target achievement is 100% (**target value**).
- With emissions of 24.9 million tons of CO₂ equivalents per year or more, the target achievement is 0% (**minimum value**).
- With emissions of 18.9 million tons of CO₂ equivalents per year or less, the target achievement is 200% (**maximum value**).
- Intermediate values are determined by linear interpolation.
- The target achievement for the performance period 2020 – 2023 is calculated as arithmetic mean of the degree of target achievements of each of the four years.

4. Nonmonetary compensation and other additional compensation (fringe benefits)

In addition to the above-mentioned cash compensation, members of the Board of Executive Directors receive various fringe benefits, in some instances event-related fringe benefits. The regularly provided fringe benefits include accident insurance premiums, transportation and benefits from the provision of security measures by the company. The one-time, event-related fringe benefits include, inter alia, security measures at the member's private residence upon initial appointment to the Board of Executive Directors. The delegation-related fringe benefits for members of the Board of Executive Directors who are based abroad include fringe benefits to cover additional costs of transfers, such as assumption of prevailing local rental costs and school fees at the assignment

location, or the granting of a basic allowance and the assumption or reimbursement of additional taxes.

The fringe benefits granted by the company are subject to specific provisions, which also limit the amount of such benefits.

- The annual target for regularly provided fringe benefits is €50,000¹; the maximum amount is €100,000.
- For event-related fringe benefits, the maximum amount² ranges between €500,000 for an ordinary member of the Board of Executive Directors and €600,000 for the chairman of the Board of Executive Directors.
- For delegation-related fringe benefits, an additional maximum amount for an ordinary member of the Board of Executive Directors has been set at €3,000,000³.

¹ The target amount is based on the average regularly provided fringe benefits. In individual cases, these benefits can be higher or lower (e.g., higher or lower distances traveled by company car).

² In the event of particular security needs owing to the characteristics of the building or plot of land, or in case of increased need for security, the Personnel Committee can set a higher maximum amount on a case-by-case basis.

³ In the event of unforeseen increases in rental costs in the country of assignment or of taxes that exceed the normal taxation levels for residents of Germany, the Personnel Committee can establish a higher maximum amount. The same applies in the event where taxes that would normally be payable in different calendar years must be paid in one calendar year.

The members of the Board of Executive Directors are covered by a directors' and officers' liability insurance (D&O insurance) concluded by the company. This policy provides for the level of deductibles for the Board of Executive Directors as prescribed by section 93(2) sentence 3 of the German Stock Corporation Act.

5. Company pension benefits

The previous company pension benefits granted to members of the Board of Executive Directors (Board Performance Pension, deferred compensation program and basic coverage under BASF Pensionskasse) are discontinued as of January 1, 2020.

Effective January 1, 2020, the company offers members of the Board of Executive Directors a defined contribution pension commitment in the form of a capital investment model. The company grants the members of the Board of Executive Directors a fixed annual pension plan contribution:

- For the purpose of building retirement assets (retirement capital), the company pays pension contributions into an investment model to be chosen by the company. The pension account is managed by an external provider. The performance of the paid-in contributions is determined by the returns generated by the investment model. However, each member of the Board of Executive Directors is guaranteed a benefit of least 80% of the amount of the pension contributions paid by the company.

- The pension benefits include disability and survivor benefits. The disability capital corresponds to the value of the pension account at the time the disability occurs, but at least to 80% of the sum of the pension contributions paid by the company. The surviving dependents capital corresponds to the value of the pension account at the time of death of the member of the Board of Executive Directors, but at least to 80% of the sum of the pension contributions paid by the company.
- Members of the Board of Executive Directors can choose a pension allowance for private retirement savings instead of the defined contribution pension commitment. In this case, the defined annual pension contribution amount is paid in equal monthly installments as a gross amount to the member of the Board of Executive Directors.

For future entitlements from the new defined contribution pension commitment in the form of a capital investment model, the following applies:

- The pension benefit is paid as a capital payment, possibly in installments. Moreover, there is the possibility of choosing an annuity (lifetime pension payment).
- Retirement capital or spouses' capital can be paid out in installments upon request and with approval from BASF in up to ten equal annual installments (without interest accrual).
- Retirement capital or spouses' capital can be converted to an annuity upon request and with approval from BASF. For conversion into an annuity, the actuarial parameters relevant at this point in time are used.

- If the member of the Board of Executive Directors dies while receiving the annuity, the surviving spouse receives a survivor benefits pension corresponding to 60% of the annuity.
- Current pensions shall be increased annually by 1% as of January 1.

If a member of the Board of Executive Directors has chosen a pension allowance, there is no further claim to benefits following the conclusion of the Board mandate, since the annual pension contribution was paid as a gross amount to the Board member in equal monthly installments during the term of the mandate.

Share Ownership Guideline

For the duration of their mandate, members of the Board of Executive Directors are obligated to hold a defined number of shares in the company. The number of shares that must be held for a longer term is determined at the beginning of the Board of Executive Directors mandate (for current members of the Board of Executive Directors as of January 1, 2020) and generally corresponds to a value representing 150% of the member's annual gross fixed salary on that date. The number of shares to be held rises accordingly with any increase in the amount of fixed salary. The share ownership obligation ends two years after the end of the mandate of the member of the Board of Executive Directors (post-mandate share ownership obligation). When members are first appointed to the Board of Executive Directors, they have until the end of the fourth calendar year following the initial appointment to fulfill this share ownership obligation (built-up phase). The built-up phase also applies for members of the Board of Executive Directors who were members as of January 1, 2020, regardless of when they were

first appointed, with the stipulation that the share ownership obligation be fulfilled by December 31, 2023. Evidence of compliance with the share ownership obligation must be provided annually.

Members of the Board of Executive Directors must acquire the shares with after-tax net income. The value of the minimum mandatory share ownership obligation therefore corresponds to around 300% of the annual net fixed salary.

Withholding and clawback clause

The withholding and clawback provisions remain unchanged for the STI and LTI. In the event that a Board member commits a serious infringement of the Code of Conduct of BASF Group or of the duty of care as a member of the management of the company, this provision allows for a reduction or cancellation of not yet paid variable compensation as well as the clawback of variable compensation paid out since January 1, 2018.

Maximum compensation

The total compensation is capped in accordance with the recommendation under G.1 of the German Corporate Governance Code (GCGC). By establishing a maximum amount (cap) for the STI and the LTI, the

amount of both variable compensation components is limited. The maximum compensation levels based on the current target compensation for members of the Board of Executive Directors are presented in the following overview:

	Ordinary member of the Board of Executive Directors		Vice chairman of the Board of Executive Directors		Chairman of the Board of Executive Directors	
	Target compensation	Maximum compensation	Target compensation	Maximum compensation	Target compensation	Maximum compensation
Fixed salary	€800,000	€800,000	€1,064,000	€1,064,000	€1,600,000	€1,600,000
Regular fringe benefits ¹	€50,000	€100,000	€50,000	€100,000	€50,000	€100,000
Pension contribution	€500,000	€500,000	€665,000	€665,000	€1,000,000	€1,000,000
STI amount	€1,000,000	€2,000,000 ²	€1,330,000	€2,660,000 ²	€2,000,000	€4,000,000 ²
LTI amount	€1,400,000	€2,800,000 ²	€1,862,000	€3,724,000 ²	€2,800,000	€5,600,000 ²
Total compensation 2020	€3,750,000	€6,200,000³	€4,971,000	€8,213,000³	€7,450,000	€12,300,000³

¹ This amount represents the maximum amount (200% of the target amount) in the fiscal year 2020 for regularly provided fringe benefits. For event-related fringe benefits, an additional maximum amount has been defined: €500,000 for an ordinary member of the Board of Executive Directors, €533,000 for the vice chairman of the Board of Executive Directors and €600,000 for the chairman of the Board of Executive Directors. For delegation-related fringe benefits, the maximum amount for an ordinary member of the Board of Executive Directors has been set at €3,000,000.

² Corresponds to 200% of the annual target amount.

³ From options rights granted in 2020 as a component of the 2019 compensation for the Board of Executive Directors (see page 30), an additional maximum amount of €1,453,500 for an ordinary member of the Board of Executive Directors, €1,933,155 for the vice chairman of the Board of Executive Directors and €2,907,000 for the chairman of the Board of Executive Directors may be allocated.

The compensation for the Board of Executive Directors was last increased effective January 1, 2017. In the event that the Supervisory Board resolves to adjust the compensation amount prior to the next sched-

uled say on pay on the compensation system by the Annual Shareholders' Meeting in 2024, the following maximum compensation amounts will not be exceeded:

	Ordinary member of the Board of Executive Directors	Vice chairman of the Board of Executive Directors	Chairman of the Board of Executive Directors
Maximum compensation until next say on pay on the compensation system by the Annual Shareholders' Meeting	€7,500,000 ⁴	€9,975,000 ⁴	€15,000,000 ⁴

⁴ This amount contains the maximum amount (200% of the target amount) for regular fringe benefits. For event-related fringe benefits, an additional maximum amount has been defined: €500,000 for an ordinary member of the Board of Executive Directors, €533,000 for the vice chairman of the Board of Executive Directors and €600,000 for the chairman of the Board of Executive Directors. For delegation-related fringe benefits, the maximum amount for an ordinary member of the Board of Executive Directors has been set at €3,000,000.

End-of-service benefits in special cases

The Supervisory Board observes a term limit of five years for the employment contracts of members of the Board of Executive Directors. First-time appointments shall not have a term of more than three years. In the event that a member of the Board of Executive

Directors who was initially appointed to the Board before 2017 retires from employment before the age of 60, either because his appointment was not extended or was revoked for a serious cause, the Board member is entitled to pension benefits under the pension commitment in effect until 2019 if he has

served on the Board for at least ten years or if the time needed to reach legal retirement age is less than ten years. The company is entitled to offset compensation received for any other work relationship against pension benefits until the legal retirement age is reached.

This rule no longer applies for any member who was appointed to the Board of Executive Directors after January 1, 2017.

There is a general limit on severance pay (severance payment cap) for all Board members. Accordingly, payments made to a Board member upon premature termination of their contract, without serious cause, may not exceed the value of two years' compensation, including fringe benefits, nor compensate more than the remaining term of the contract. The severance payment cap is to be calculated on the basis of the total compensation for the past fiscal year and, if appropriate, also the expected total compensation for the current fiscal year.

The following applies to end of service due to a change-of-control event: A change-of-control event, in terms of this provision, occurs when a shareholder informs BASF of a shareholding of at least 25%, or the increase of such a holding. If a Board member's appointment is revoked within one year following a change-of-control event, the Board member will receive the contractually agreed payments for the remaining contractual term of mandate as a one-off payment; however, this amount also may not exceed the value of two years' compensation.

Comparison of the previous and new compensation systems for the Board of Executive Directors

The new compensation system for the Board of Executive Directors reduces complexity by discontinuing one component of the compensation (performance bonus, part 2). The defined annual target amounts for the pension contribution and for the new LTI also increase transparency. This new system does not represent an increase compared with the average target compensation in the period 2017–2019.

<u>Until 2019</u>	<u>As of 2020</u>	<u>Details</u>
BASF Options program (BOP)	Long-Term Incentive (LTI) Performance Share Plan	<ul style="list-style-type: none"> ▪ Long-term share price-based bonus program (BASF option program, BOP) with a performance period of up to 8 years and the performance bonus, part 2 (deferral component) will be replaced by a Performance Share Plan: <ul style="list-style-type: none"> – 4-year performance period – Payment dependent on the achievement of strategic goals and the development of the total shareholder return
Performance Bonus, part 2 (4-year period)		
Performance Bonus, part 1 (1-year period)	Short-Term Incentive (STI) Performance Bonus	<ul style="list-style-type: none"> ▪ Performance Bonus, part 1 will be continued as STI: <ul style="list-style-type: none"> – 1-year performance period – Payment dependent on ROCE of the past fiscal year and the achievement of operational and strategic targets
Company pension benefit	Company pension benefit	<ul style="list-style-type: none"> ▪ Current defined benefit plan is terminated. The Board members have the choice between a defined contribution plan with a fixed contribution amount or a pension allowance.
Fixed salary and fringe benefits	Fixed salary and fringe benefits	<ul style="list-style-type: none"> ▪ Fixed salary and fringe benefits remain unchanged.

Provisions relating to the previous multi-year variable compensation components and to the previous company pension plan

The still-running deferral components from the performance bonus 2018 (2018–2021) and 2019 (2019–2022) will be continued as planned in accordance with the terms of the previous program and will be paid out. To assess the strategic performance, the Supervisory Board will therefore determine a separate strategic performance factor (SPF) for each of the years 2020, 2021 and 2022. This SPF will serve exclusively to determine the average SPFs necessary for the deferral components of the performance bonus in accordance with the terms of the program.

The option rights granted under the previous BASF Options Programs (BOP) and not yet exercised can continue to be exercised in accordance with the specified terms of the BOP for the Board of Executive Directors. Members of the Board of Executive Directors will have the opportunity to participate in the BASF Options Program granted July 1, 2020, for the last time. Basis for participation is the performance bonus (gross) for 2019. The existing applicable minimum investment of 10% and the additional voluntary investment of up to 20% of the performance bonus (gross) for the previous year remain in effect unchanged. The option rights hereby granted are a component of the compensation for the Board of Executive Directors for the fiscal year 2019 and are granted in accordance with the previous program's terms as of July 1, 2020. Owing to the maximum program duration of eight years, exercise gains from the option program may be allocated to members of the Board of Executive Directors up until June 30, 2028, at the latest.

The pension entitlements acquired until December 31, 2019, under the previous pension benefits are maintained as vested rights and upon retirement, disability or death can be accessed by the member of the Board of Executive Directors or by the surviving dependents as a company pension or retirement capital in accordance with the previous rules.

V. On Item 10 of the Agenda

(wording of the provisions on the compensation of the Supervisory Board in accordance with Article 14 of the Statutes in the version dated May 2019)

§ 14 Compensation of the Supervisory Board

1. Each member of the Supervisory Board shall receive annually a fixed compensation of €200,000.
The chairman of the Supervisory Board receives two-and-a-half times and a deputy chairman one-and-a-half times the compensation of an ordinary member.
2. Members of the Supervisory Board who are members of a committee – with the exception of the Nomination Committee – shall receive a further compensation for this purpose in the amount of €12,500. For members of the Audit Committee, the further compensation shall be €50,000. The chairman of a committee shall receive twice and a deputy chairman one-and-a-half times the further compensation.
3. Each member of the Supervisory Board is obligated to use 25 percent of the compensation paid in accordance with No. 1 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 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 25 percent of the portion of the compensation remaining after the payment has been made. The company shall withhold the abovementioned portion 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 Germany 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.

4. The entitlement to the component of the compensation specified in No. 3 sentence 1 shall retroactively cease to apply if the Supervisory Board member partially or fully divests or pledges the acquired shares prior to leaving the Supervisory Board.
5. The company shall reimburse the members of the Supervisory Board for out-of-pocket expenses and value added tax to be paid with regard to their activities as members of the Supervisory Board or of a committee. The company shall include the performance of the duties of the members of the Supervisory Board in the coverage of a directors' and officers' loss liability insurance concluded by it.
6. Supervisory Board members or members of a committee, who served on the Supervisory Board or the committee for only part of a fiscal year, shall receive one twelfth of the compensation for each month or part of a month of service.
7. The compensation pursuant to Nos. 1 and 2 shall become due after the conclusion of the Annual Shareholders' Meeting to which the Consolidated Financial Statements for the fiscal year for which the compensation is paid are submitted or which decides on the approval thereof.

Ludwigshafen/Rhine, May 22, 2020

BASF SE

The Board of Executive Directors

Annual Shareholders' Meeting 2020

June 18, 2020

Half-Year Financial Report 2020

July 29, 2020

Quarterly Statement Q3 2020

October 28, 2020

BASF Report 2020

February 26, 2021

Quarterly Statement Q1 2021 / Annual Shareholders' Meeting 2021

April 29, 2021



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