

# **Countermotions and Electoral Proposals by Shareholders**

**Countermotions and Electoral Proposals by Shareholders  
for the Annual Shareholders' Meeting of BASF SE on April 29, 2021**

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 14, 2021**

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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 2021 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 Elmar Weigel for the Annual Shareholders' Meeting of BASF SE on April 29, 2021

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### Counter-motion to agenda item 2: Adoption of a resolution on the appropriation of profit

The shareholders will waive €0.01 of the dividend to which they are entitled so that this share, without recognition of any legal obligation, will go to a fund dedicated to improving the working and living conditions of the current employees and the surviving dependents and injured persons of Marikana. The remainder of the dividend of €3.30 proposed by the management, i.e. €3.29, is to be distributed to the shareholders

#### Rationale:

With this dividend reduction, the shareholders are foregoing a 0.01% dividend yield ( $100/70 \cdot 0.01$ ) at a share price of €70, which is then only 4.70% instead of 4.71%. With this extremely small waiver, they are sending out a small signal of their willingness in principle to act in a globally responsible manner, which will certainly be viewed positively by the business and social environment following the adoption of the Supply Chain Act. This signal can be the impetus for further positive activities within the company itself, but also in the corporate environment, and thus promote BASF's good reputation. However, if the shareholders are not prepared to make this mini-waiver, then this is also a signal that will be heard. In order for the positive signal to be sent out, the Agenda Item 2 submitted by the company management must first be rejected.

The fact that this motion is now being put forward for the 4th time in succession with a totally minimized dividend waiver is not only based on the arguments presented in previous years, such as economic efficiency and social responsibility, and not on the new Supply Chain Act to be passed, but is also reinforced by a personal encounter with an insider. After holding managerial positions in Australian mines, he wanted to introduce the human rights rules common in Australia in South Africa, for which he was "laughed at" by his colleagues in management. But if insiders can't achieve anything, then we can't blame our management, but must take action ourselves as shareholders and indicate with this really small contribution that we take human rights and supply chain responsibility seriously. Even if this small dividend waiver does not really help the people of Marikana, it can be perceived as a signal that capital providers in a freely organized economy are also willing to take social responsibility. And so shareholders can be 100% sure that this will have an impact on BASF's good reputation and allow real help to be provided in subsequent years. This small sacrifice of 0.01% dividend yield could even be the initial spark for a broader understanding of a globalized world. As Owners for Future (OFF), BASF shareholders would give the starting signal for globally responsible market-based action. However, a prerequisite is that TOP 2 is rejected.

You can find the speech on this motion at <https://youtu.be/pJuDiVc7udw> on YouTube, where you can also find a wonderful conversation with Executive Board member Ms. Saori Dubourg about attitude and responsibility in the social market economy at <https://www.youtube.com/watch?v=8kYBGST9gm4>.

## **Counter motions of the Dachverband der Kritischen Aktionärinnen und Aktionäre for the Annual Shareholders' Meeting of BASF SE on April 29, 2021**

### **Re agenda item 2: Adoption of a resolution on the appropriation of profit**

The Dachverband der Kritischen Aktionärinnen und Aktionäre proposes that the appropriation of profit proposed by the management be rejected.

#### **Rationale:**

It doesn't add up: BASF is repeating last year's record dividend, while further job cuts are planned worldwide, even at its headquarters in Ludwigshafen. Significantly more of the unappropriated profit should be used for a future-oriented and at the same time socially just realignment of BASF without job cuts. While employees and entire companies have to bear the burden of the Corona pandemic, BASF is even privatizing the resulting profits.

In the UK, for example, BASF was the largest recipient of emergency government funding for companies to get better through the Corona pandemic. BASF also benefited in 2020 from short-time working at a total of four sites in Germany. The short-time working allowance is currently de facto tax-financed and is therefore no longer a pure insurance benefit, but another form of corporate aid in the Corona crisis.

Short-time working not only increased benefits, but also reimbursed employers' social security contributions, for example. Due to the high demand, the German government had to provide substantial liquidity assistance to the Federal Employment Agency. So before BASF generously distributes its profits, it should first pay back to the government the amount that BASF was able to save through short-time work. Otherwise, the tax money that was supposed to secure employment also serves to finance the proposed dividend.

### **Re agenda item 3: Adoption of a resolution giving formal approval to the actions of the members of the Supervisory Board**

The Dachverband der Kritischen Aktionärinnen und Aktionäre proposes that the actions of the members of the Supervisory Board for the 2020 financial year not be approved.

#### **Rationale:**

The Supervisory Board is currently unable to credibly fulfill its role as a supervisory body of the Board of Executive Directors in order to help shape BASF's realignment in a socially and ecologically just manner. Particularly with regard to the new Chairman of the Supervisory Board, Dr. Kurt Bock, there are clear reservations in other parts of the shareholder base about being able to critically and independently monitor the realignment of the Group that has been initiated by the Board of Executive Directors. While the Supervisory Board was approved by more than 98 percent at last year's Annual Shareholders' Meeting, almost a third voted against Bock's election to the Supervisory Board. A number of fund management companies had already expressed their displeasure about the appointment.

### **Monitoring of human rights due diligence at BASF implausible**

The problem can be illustrated in the area of sustainable supply chain management. Kurt Bock was an eloquent lobbyist against legal regulation of human rights due diligence for companies

and opposed initiatives to reduce greenhouse gas emissions during his tenure as BASF's Chairman of the Board of Executive Directors. Under Bock's leadership, BASF climbed higher and higher in the rankings of those companies that fight effective climate policy most strongly through lobbying pressure.

This became clear, for example, in Bock's comments on the Marikana massacre, which occurred on August 16, 2012, at the South African platinum mine of Lonmin, BASF's largest platinum supplier. 34 mine workers who were on strike for better working and living conditions were shot dead by police, many of them in the back as they fled. In front of the widows of the murdered miners, who asked to be heard at BASF's shareholder meeting in 2016, Bock downplayed Lonmin's proven complicity in the massacre and threatened a scorched earth policy - to withdraw from South Africa entirely and without taking responsibility. The initial ignorance of responsible persons such as Kurt Bock has also ensured that the circumstances of the massacre have not been fully clarified to this day.

The miners who dig one of the most valuable metals in the world out of the ground for BASF continue to live with their families in corrugated iron hut slums without electricity or running water. The platinum lobby association "International Platinum Group Metals Association" (IPA), which is supported by BASF and is a greenwashing network without civil society participation, tries to conceal this. Bock failed to establish a risk management system capable of responding efficiently to grievances at its suppliers. Marikana is just one example of this.

It is incomprehensible how Kurt Bock, of all people, could now independently and critically evaluate the efforts of BASF's current Board of Executive Directors to meet its own human rights due diligence obligations without admitting to his own failings.

With the Due Diligence Act already passed by the German Cabinet, it is now more important than ever for BASF to be able to demonstrate a functioning system for the systematic analysis of human rights risks in its own supply chains. If BASF cannot sufficiently identify human rights violations and proactively counteract them, it could face fines or even exclusion from public contracts.

However, BASF still seems to have massive problems identifying existing abuses even at direct suppliers, as the example of Nornickel shows.

### **Nornickel: Controversial business partner with disastrous environmental performance**

At the end of 2020, indigenous groups from Russia and civil society organizations from around the world called on BASF to end business relations with raw material supplier Nornickel until its blatant disregard for indigenous rights and environmental protection requirements came to an end. But BASF's initial response was so restrained that it gave the impression that it had not yet seriously addressed Nornickel's abuses, even though BASF and Nornickel had entered into a strategic cooperation in 2019 regarding battery materials for electric vehicles. In May 2020, Nornickel caused the largest oil spill in the Arctic when 21,000 tons of diesel leaked from a power plant tank.

Only after indigenous groups and civil society organizations called on BASF to live up to its own standards did the company say it would work with Nornickel to address its human rights and environmental deficits. If BASF does not act independently, transparently and comprehensibly against such abuses in the future, even with direct business partners such as Nornickel, the requirements of the Due Diligence Act will not be met.

## **Re agenda item 4: Adoption of a resolution giving formal approval to the actions of the members of the Board of Executive Directors**

The Dachverband der Kritischen Aktionärinnen und Aktionäre proposes that the actions of the members of the Board of Executive Directors for the 2020 financial year not be approved.

### **Rationale:**

The climate protection measures announced by the Board of Management do not do justice to the Paris Climate Protection Agreement. There is an urgent need for a concrete road map to reduce our own greenhouse gas emissions in line with the 1.5-degree target of the Paris Climate Protection Agreement. Crucial to this is also a rapid reduction in CO<sub>2</sub> emissions that arise throughout BASF's value chain (Scope 3).

### **New climate targets, old problems**

BASF finally announced a new climate target at the end of March 2021 and wants to be climate neutral from 2050. But this does not solve BASF's real climate protection problems. While even large energy and industrial groups want to operate in a climate-neutral manner by 2030, BASF is only aiming for a meager 25 percent reduction in CO<sub>2</sub> by then compared to 2018 emissions. This also only applies to direct greenhouse gas emissions (Scope 1 and 2) and makes it clear that BASF is not managing to combine its own growth targets, especially in China, with effective climate protection.

The new climate targets are unambitious even when the specific climate protection challenges of the chemical industry are fairly taken into account. The major reduction efforts are simply postponed indefinitely until the 2030s and 2040s. Moreover, not a word is said about the extent to which emissions from the industry's own value chain (Scope 3) will be reduced. This is precisely where BASF's greatest climate damage is to be found. Scope 3 emissions amounted to around 92 million metric tons of CO<sub>2</sub> equivalents in 2020 – more than four times the amount of Scope 1 and 2.

Dr. Martin Brudermüller's statements about supporting BASF's customers in reducing their respective carbon footprints "with transparency and offers for the targeted step-by-step reduction of the carbon footprint of BASF products along the entire value chain" thus become implausible if concrete reduction targets are not even pursued precisely for this purpose. The CEO's further statement that climate protection is "first and foremost about the first meters of the journey and not the last" therefore seems anything but serious.

### **Direct greenhouse gas emissions rise, previous climate target missed**

While other industrial groups are reducing their climate-damaging emissions, BASF's direct greenhouse gas emissions are rising even in the Corona pandemic. Compared with 2019, they rose by 3.5 percent in 2020 to 20.8 million metric tons of CO<sub>2</sub> equivalents (Scope 1 and 2).

BASF originally set itself the climate target of reducing its own greenhouse gas emissions per metric ton of sales product by 40 percent by 2020 compared with 2002. With the latest increase, which is mainly due to the recent acquisition of the CO<sub>2</sub>-intensive polyamide business from Solvay, this target has now definitely not been achieved. But instead of making this transparent in the annual report, 1990 has now simply been chosen as the year of comparison and the CO<sub>2</sub> reductions since then have been self-praisingly highlighted. This is no way to build confidence that BASF is taking the new climate targets seriously.

While BASF primarily emphasizes new technologies and the importance of chemistry in enabling a climate-neutral economy, this cannot hide the fact that its own business model continues to be massively and fatally dependent on climate-damaging production.

### **Wintershall Dea: IPO as greenwashing**

BASF plans to list Wintershall Dea on the stock exchange before the end of the year. This oil and gas holding alone had caused BASF a loss in the second quarter of 2020. But even as a future majority shareholder, BASF will not be able to detach itself from the scandals and risks of the fossil business. Wintershall Dea continues to promote the controversial and climate-damaging North Stream 2 Baltic Sea pipeline and is involved in the exploitation of the large-scale gas deposit Vaca Muerta in Argentina, which was extracted by fracking.

### **Double standards in pesticide sales**

BASF sells highly hazardous pesticides in countries of the global South that are not approved in the EU. BASF's acceptance of lower health protection standards also contributes to the fact that almost all deaths due to pesticide poisoning occur in Africa, Asia and Latin America. BASF must finally adopt uniform global health protection standards and independently remove highly hazardous pesticides from its global product portfolio.

Even in the case of non-highly hazardous pesticides, BASF must urgently make more efforts to ensure that they are used correctly in practice. Plantation workers and farmers often apply pesticides without the necessary training, precautions and protective clothing, unnecessarily risking their health.

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

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