Countermotions and Electoral Proposals by Shareholders for the Annual Shareholders’ Meeting of BASF SE on April 29, 2022
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 2022 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.
Countermotion of the shareholder Elmar Weigel for the Annual Shareholders’ Meeting of BASF SE on April 29, 2022

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

The shareholders will waive €0.01 of the dividend per qualifying share from the profit retained 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 €3.40 proposed by the management, i.e. €3.39, is to be distributed to the shareholders.

Rationale:

I am also happy to submit this motion as a supplementary motion requiring a vote, provided that the voting rights transferred to me exceed the 5% threshold by 29.03.22.

I would therefore ask you to find out about my justification for this motion at www.weigeloffice.de and at https://youtu.be/jHarHfop5rA on YouTube.

With the proposed dividend reduction, the shareholders waive a dividend yield of 0.02% (100/55*0.01) at a price of €55, which is then only 6.16% instead of 6.18%. With this extremely small sacrifice, they are sending a small signal with which they show their willingness in principle to act globally responsibly, which will certainly be viewed positively by the business and social environment after the adoption of the Supply Chain Act. With this signal, the shareholders support the efforts already made by management to safeguard human rights and thus show that the shareholders of a free market economy are willing to take responsibility, which certainly radiates to the business environment and promotes BASF’s good reputation.

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 proposal is now being made for the 5th time in a row with a totally minimized dividend waiver – despite the increased dividend – is not only based on the arguments presented in previous years such as economic efficiency and social responsibility, but also on the awareness that the hands of the management in the socio-economic environment of South Africa are tied and the owners must show, that the actors of the free market economy not only strive for short-term profit, but also think in the long term, socially responsible.

This small waiver of a dividend yield of 0.02% not only serves the good reputation of our BASF, but also sends a positive signal for globally responsible market-based action.

However, the prerequisite is that TOP 2 is rejected.

On socially responsible action, you will also find a wonderful conversation with the board member Ms. Saori Dubourg under https://www.youtube.com/watch?v=8kYBGST9gm4.
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 2021 financial year not be approved.

Rationale:

The Supervisory Board is still unable to credibly fulfil its role as the controlling body of the Board of Executive Directors in order to supervise BASF’s realignment independently, critically and constructively.

Shareholders’ dissatisfaction with the Supervisory Board remains high: At the 2021 Annual Shareholders’ Meeting, almost 20 percent refused to approve the actions of the Supervisory Board under the new leadership of Dr. Kurt Bock. This is a clear vote of no confidence compared to the usual approval rates of other DAX supervisory boards as well as to former BASF supervisory boards.

Lack of independence: Kurt Bock responsible for deals with Gazprom and dependence on Russian gas

We, too, still cannot see that the Supervisory Board under the leadership of Dr. Kurt Bock as former CFO and CEO can ensure with the necessary distance and independence that the current Board of Executive Directors is critically and constructively supervised, especially in the event of deficits and a lack of speed in the transformation towards significantly more climate-friendly business models (see our countermotion to Item 4).

On the contrary, many of the strategic decisions that Dr. Kurt Bock is jointly responsible for are catching up with BASF today: the massive dependence on fossil natural gas, especially on natural gas, and especially from Russia. Fossil natural gas accounts for more than 80 percent of the fossil fuels that are needed for BASF’s central power and steam generation plants.

At the latest since the Paris Climate Agreement in 2015, BASF should also have set the course for the move away from fossil fuels. The non-reaction only makes the transition more difficult today and in the coming years.

Despite Russia’s annexation of Crimea in violation of international law, BASF sold the gas trading and gas storage business of its subsidiary Wintershall in Germany entirely to the Russian state-owned company Gazprom. In return, Wintershall received proportionate access to a natural gas field in western Siberia. BASF considered the production of oil and gas to be more lucrative than politically regulated gas trading. The political risks of doing business with Gazprom were already known at the time, but did not prevent anyone at BASF from granting Gazprom access to oil and natural gas in the North Sea. If BASF today tries to shift the responsibility for this deal solely to politics, it must not be forgotten that at that time the current chief supervisor of BASF also considered joint profits with Gazprom at the expense of the climate to be more important than a conversion of Europe’s energy infrastructure to renewable energies. Rather, BASF also pushed ahead with the construction of the Nord Stream 2 gas pipeline, thereby increasing Germany’s dependence on Russian gas. The fact is that the stop of Nord Stream 2 and the subsequent billion-euro write-down led to a slump in BASF’s net income in the first quarter of 2022.
If, despite Putin’s war of aggression against Ukraine, BASF’s Board of Executive Directors defends both its long-standing adherence to Nord Stream 2 and joint business with Gazprom and opposes bans on the import of gas from Russia, neither critical remarks nor productive impulses in the direction of sustainable restructuring of the energy infrastructure can be expected from the Supervisory Board.

Inadequate response to atrocities and alleged war crimes in Ukraine

In response to the atrocities and alleged war crimes committed by the Russian army in Ukraine, the Supervisory Board could at least have called on the Board of Executive Directors of BASF and Wintershall Dea to stop Wintershall Dea’s oil and gas production in Russia. Wintershall Dea produced almost half of its oil and gas in Russia in 2021 and intends to maintain ongoing production and joint ventures with Gazprom, Novatek and Lukoil in and outside Russia. Although the stake in Nord Stream 2 is written off, the stake in Nord Stream 1 still exists and is also associated with very high risks. It is obvious that the Russian army depends on a functioning oil production in Russia.

According to the United Nations Guiding Principles on Business and Human Rights (UNGPs), companies in armed conflicts should exercise increased human rights due diligence to identify, avoid and mitigate increased risks and to adopt a conflict-sensitive approach. Companies must do this because there is a high risk of gross human rights violations. Companies must also avoid contributing to violations of international humanitarian law.

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 2021 financial year not be approved.

Rationale:

The Board of Executive Directors of BASF continues to fail to sufficiently fulfil its responsibility to implement more effective measures to protect the climate, biodiversity and health.

Concern about natural gas shortage reveals shortcomings in climate protection

Not only since Putin’s war of aggression has the Board of Executive Directors been aware of the fatal dependence of almost all BASF production processes on fossil fuels, especially fossil natural gas. However, the discussion about possible sanctions and bottlenecks in natural gas supply dramatically reveals the great weakness of BASF’s actual locational advantage, the Verbund integration for the efficient use of resources.

When Dr. Martin Brudermüller publicly warns that BASF would have to completely shut down production at its largest site in Ludwigshafen if the natural gas supply were to fall permanently below half of BASF’s local demand, this is also an admission that the necessary transformation, the consistent renunciation of fossil energy, is not being driven forward at the pace required by the climate crisis.

Climate targets in jeopardy

If a switch to liquefied natural gas (LNG) is necessary in the short term, the achievement of BASF’s already unambitious climate targets is in jeopardy: The production of LNG is particularly energy-intensive, and methane leaks occur throughout the entire life cycle of LNG.
To produce LNG, fossil gas is first cooled down sharply to liquify it, then loaded onto LNG carriers and shipped to far-flung ports, where it must be converted back into gas before it can be burned in a power plant. Almost half of LNG’s total greenhouse gas emissions are produced before electricity or heat is even generated. If the fossil gas was also extracted by fracking, then LNG is similarly harmful to the climate as coal and significantly more harmful to the climate than pipeline gas from conventional reservoirs.

**Direct greenhouse gas emissions hardly declining, emissions in the value chain rising**

BASF’s carbon footprint remains catastrophic at present. After an increase in direct emissions (Scope 1 and 2), they fell by less than three percent in 2021. Emissions from BASF’s Scope 3 value chain even rose by almost ten percent to 101 million metric tons of CO₂ equivalents in 2021. There is still a lack of clear reduction targets for the value chain and effective measures to reduce them as quickly as possible in accordance with the requirements of the Paris Climate Agreement.

**Pesticides: Double standards with significant health and financial risks**

BASF sells highly dangerous pesticides in countries of the Global South that are not approved in the EU. For example, in Brazil: In 2019, BASF products contained active ingredients such as chlorfenapyr, clothianidin, cyanamides (H & Ca cyanamides), fipronil, flocoumafene, flufenoxuron, glufosinate, imazapic, imazapyr, imazethapyr, quinclorac, saflufenacil, sethoxydim. In addition, through its membership in at least four industry associations, as the Brazilian investigative journalists of De Olho nos Ruralistas discovered, BASF supports the industry-friendly lobby institute Instituto Pensar Agropecuária (IPA), which, according to the aforementioned research, directly prepares legislative texts, which are then introduced into the Brazilian National Congress by the large-scale farming fraction of the so-called "ruralistas". In 2019, BASF had already admitted to the Dachverband der Kritischen Aktionärinnen und Aktionäre that it uses paid lobbying to influence legislation in Brazil. However, this influence via the IPA, which became known through the research of De Olho nos Ruralistas, shows a much more far-reaching influence on Brazilian legislation, in the interests of agrochemical producers and accepting the danger to humans and the environment.

BASF should discontinue the practice of double standards for health protection by now at the latest. In its coalition agreement, the German government has clearly stated that it will make use of the legal possibilities to prohibit the export of certain pesticides that are not permitted in the EU for reasons of protecting human health.

BASF should urgently revise its agricultural business anyway, because in addition to the dangers of pesticide use for biodiversity, the economic benefits are already questionable in the medium term: The EU is aiming for a 50 percent reduction in pesticides by 2030 as part of its Green Deal.

**Re agenda item 6: Approval of the Compensation Report in accordance with Section 162 of the German Stock Corporation Act**

The Dachverband der Kritischen Aktionärinnen und Aktionäre proposes that the Compensation Report for the financial year 2021 not be approved.
Rationale:

The Compensation Report and the compensation system have not yet been adapted to BASF’s new climate targets and are not transparent enough to be able to track short-term and long-term environmental, social and responsible corporate governance (ESG) performance compared to the compensation of the Board of Executive Directors and Supervisory Board.

Even an increase in greenhouse gas emissions is rewarded

The development of greenhouse gas emissions should be taken into account as a short-term incentive (STI) and with a stronger weighting in the long-term incentives (LTI), so that there are clear incentives for an annual reduction. Currently, this is not the case, as only the old climate goal of “climate-neutral growth” applies. This only provides an incentive not to let CO₂ emissions rise above the 2018 level. As a result, even the increase in BASF’s CO₂ emissions between 2019 and 2020 led to a target achievement of 137 percent.

However, in line with BASF’s new climate targets, the development of CO₂ emissions must be towards net zero in the long term. BASF’s new short-term and long-term climate targets must also be included in the compensation system immediately, at least the Compensation Report should make the application of already outdated targets transparent. This should also apply if the climate targets are adjusted again in the future.

Vertical compensation comparison is missing

Other aspects of social economies should also be taken into account. The Compensation Report indicates the annual change in average employee remuneration so that it can be compared with changes in the Board of Executive Directors’ compensation. It is unclear, however, whether deviating developments in the Board of Executive Directors’ compensation in the vertical, i.e. internal, comparison with the remuneration of the Group’s entire workforce are even taken into account by the Supervisory Board in accordance with the guidelines of the German Corporate Governance Code. It should at least be explained that three Board members earned over 200 percent more in 2021 than in 2020, while the workforce earned less than 20 percent. It would be more transparent if the relationship and development of the Board of Executive Directors’ compensation and employee remuneration (vertical remuneration comparison) were shown. In this way, the appropriateness of the Board of Executive Directors’ compensation could be better assessed. In 2020, the Board of Executive Directors earned 39 times the average employee remuneration. The 2021 Compensation Report leaves open whether this inequality in the Group has now been increased or reduced.
Administration’s position on the countermotions

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