

BASF SE

Compensation Report 2023



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Compensation Report

Pursuant to section 162 of the German Stock Corporation Act (AktG), the management and supervisory boards of a publicly listed company prepare a clear and understandable compensation report every year. This report outlines the main principles of compensation for the members of the Board of Executive Directors and the Supervisory Board and provides specific information on compensation granted and owed to current and former members of the Board of Executive Directors and Supervisory Board in the 2023 business year.

This report meets the disclosure requirements of section 162 AktG and the applicable accounting rules (HGB, IFRS). Furthermore, the recommendations of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022, have been observed.

The Compensation Report for 2022, which was prepared for the first time in accordance with the new provisions of Section 162 AktG, was approved by the Annual Shareholders' Meeting with a majority of 94.72% on April 27, 2023. We understand the high approval rate as confirmation of the acceptance of both the current compensation system and the Compensation Report 2022.

Due to rounding, individual figures may not add up exactly to the totals shown and percentages may not correspond exactly to the figures shown.

Compensation of the Board of Executive Directors

Principles

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 (Gesamtvorstand). It is designed to contribute to sustainable corporate development and the achievement of strategic corporate goals. 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 and thus foster the sustainable and long-term development of the company within the meaning of section 87(1) sentence 2 AktG.

– The strategic target “**yield**” refers to an annual return on capital employed (ROCE) above the cost of capital percentage. The ROCE serves as the key performance indicator for determining the performance bonus (**short-term incentive, STI**).

– The strategic targets “**growth**,” “**profitability**” and “**sustainability**” are represented in the **long-term incentive (LTI)** program.

By taking into account the total shareholder return (development of the share price and dividend), the LTI enables members of the Board of Executive Directors as well as shareholders to participate in the sustainable and long-term development of the company.

The compensation of the Board of Executive Directors is marked by a pronounced variability in relation to the performance of the Board of Executive Directors as a whole and the BASF Group's success. The external and internal appropriateness of the Board's compensation is reviewed by an independent external auditor on a regular basis. DAX listed companies in Germany and globally operating companies in Europe serve as an external reference. The European peer group for the 2022 appropriateness review comprised the following companies: ABB, Air Liquide, Akzo Nobel, BAE Systems, Bayer, BHP, BMW, BP, Continental, Daimler (now Mercedes Benz Group), DSM, E.ON, EDF, Henkel, Linde, Rolls Royce, Royal Dutch Shell, Siemens, Solvay, Thyssenkrupp, Total, Volkswagen.

For internal comparison, the compensation of senior executives and employees of BASF SE is considered in total as well as over time.

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. In the event of significant amendments, but at least every four years, the compensation system resolved by the Supervisory Board is presented to the Annual Shareholders' Meeting for approval.

In very exceptional and unforeseen 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.

Since January 1, 2020, the compensation system for the Board of Executive Directors contains the components listed in the table below with the annual target amounts (including relative portions) valid for the 2023 business year.

Components of the compensation system also include a withholding and clawback clause for variable compensation components 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 length of their Board mandate and beyond.

Target compensation and relative share

	Member of the Board of Executive Directors		Vice chair of the Board of Executive Directors		Chair of the Board of Executive Directors	
	€	Share	€	Share	€	Share
Fixed salary	800,000	~21%	1,064,000	~21%	1,600,000	~21%
Regularly provided fringe benefits	50,000	~1%	50,000	~1%	50,000	~1%
Company pension benefits	500,000	~13%	665,000	~13%	1,000,000	~13%
Short-term incentive	1,000,000	~27%	1,330,000	~27%	2,000,000	~27%
Long-term incentive	1,400,000	~38%	1,862,000	~38%	2,800,000	~38%
Total target compensation 2023	3,750,000	100%	4,971,000	100%	7,450,000	100%

Individual compensation components

1. Fixed salary

The fixed salary is a set amount of yearly compensation paid out in equal installments. It is regularly reviewed by the Supervisory Board and adjusted, when appropriate.

The annual fixed salary for a member of the Board of Executive Directors has been €800,000 since January 1, 2017. The fixed salary for the chair of the Board of Executive Directors is two times the value for a Board member, and 1.33 times this value for the vice chair.

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

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, mobility 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 capped.

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 insurance provides for the level of deductibles for the Board of Executive Directors as prescribed by section 93(2) sentence 3 AktG.

3. Company pension benefits

Company pension benefits

- Pension commitment in the form of an external capital investment model with guaranteed benefits (minimum preservation)
- Retirement, disability and surviving dependents' benefits
- Possibility to opt out in favor of an annual pension allowance

The company has offered members of the Board of Executive Directors a pension commitment in the form of an external capital investment model since January 1, 2020. 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 asset management company. 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 minimum preservation of at 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.
- Instead of the pension commitment in the form of an external capital investment model, members of the Board of Executive Directors can choose a pension allowance for private retirement savings. 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 such that there is no further claim to benefits following the conclusion of the Board mandate.

For entitlements from the pension commitment in the form of an external capital investment model, the following applies:

- The pension benefit is paid as a capital payment, possibly in as many as 10 installments.
- Moreover, there is the possibility of choosing an annuity (lifetime pension payment). 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. The same applies for civil partners.
- Current pensions are increased annually by 1% as of January 1.

4. Short-term incentive (STI)

Short-term incentive (STI)

- One-year performance period
- The actual amount of the STI is based on the achievement of set operational and strategic targets as well as on the BASF Group's ROCE.
- The payout is limited to 200% of the target amount (cap).
- The payment occurs in May of the following year.

For each business year, an STI with a one-year performance period is granted. The STI 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 actual STI amount is paid in May of the following year.

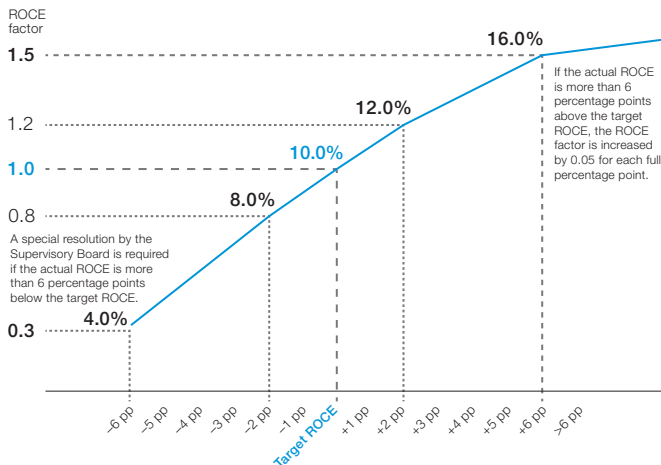
ROCE as key performance indicator for one-year variable compensation

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 premium on the cost of capital. The ROCE of the particular business year serves as the key performance indicator for the success of the company when determining the STI. 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.

[↗](#) For more information on the determination of ROCE and the cost of capital basis, see Our Steering Concept on page 39 of the BASF Report 2023.

The target ROCE for the variable compensation is one percentage point above the cost of capital percentage for the business year, which is determined using the weighted average cost of capital (WACC) approach in accordance with the capital asset pricing model. 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.

ROCE factor



The ROCE factor is 1.0 if the ROCE achieved in the business year is one percentage point above the weighted cost of capital percentage (based on the WACC in accordance with the capital asset pricing model) for that year, meaning an appropriate premium on the cost of capital was earned.

In calculating ROCE, adjustments are made for negative and positive special items resulting from acquisitions and divestitures (for example, integration costs in connection with acquisitions and gains or losses from the divestiture of businesses) when these exceed a range of plus or minus 1% of the average cost of capital basis. An adjustment of the ROCE (in the first 12 months after closing) therefore only occurs in cases of exceptionally high special items resulting from acquisitions and divestitures.

For the business year 2023, the target ROCE was 10% with a cost of capital percentage of 9%. This figure is reviewed and communicated annually.

[↗](#) For more information on the determination of ROCE and the cost of capital basis, see Our Steering Concept on page 39 of the BASF Report 2023.

Target agreement and performance assessment

In order to assess the 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:

- One-year operational targets, for example, earnings and financial targets. This includes, for example, EBIT before special items.
- One-year strategic targets relating to the further development of the BASF Group, for example, targets for growth, investment and R&D strategy, and sustainability.

The achievement of operational and strategic targets comprises the performance factor, each with a weight of 50%. These targets are in line with the outlook published in the forecast in the BASF Report. 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.

Target achievement and performance factor

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

Values between these figures are interpolated.

The payout amount of the STI is determined as follows:



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

The STI is currently capped at €2,000,000 for a member of the Board of Executive Directors. The maximum amount for the chair of the Board of Executive Directors is two times this value, and 1.33 times this value for the vice chair.

5. Long-term incentive (LTI)

The LTI program incentivizes the achievement of the BASF Group's strategic targets and takes into consideration the development of the BASF share price and dividend (total shareholder return) over a period of four years. The LTI is also offered with slight variations to senior executives of the BASF Group.

Long-term incentive (LTI)

- Four-year performance period
- The payout amount is determined by the achievement of three agreed strategic targets (growth, profitability, sustainability) and the performance of the BASF share plus the dividends paid (total shareholder return).
- The payout is limited to 200% of the target amount (cap).
- The payment occurs in May following the four-year performance period.

Allocation: An LTI plan with a four-year performance period will be allocated for each business year. 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 strategic targets over the four-year performance period, the number of PSUs can increase or decrease. To determine this, the number of provisional 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 business 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 the total shareholder return. The LTI plan is vested at the end of the respective four-year performance period and the actual amount is paid out in the following year. The payout is limited to 200% of the target amount (cap).

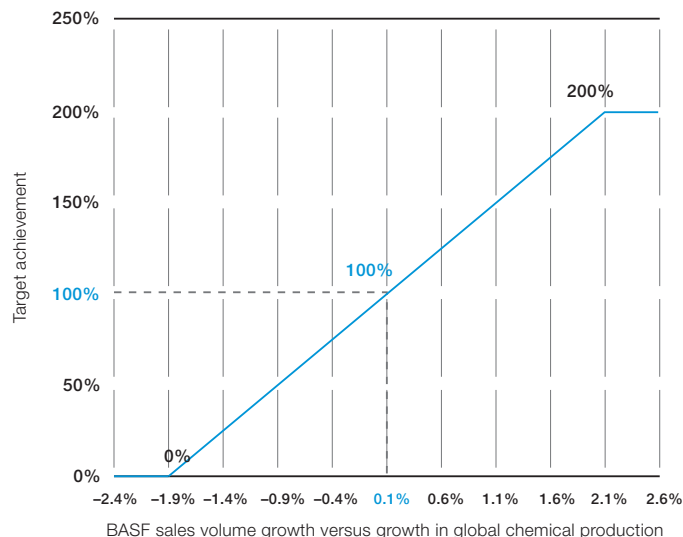
Determination of target achievement: The Supervisory Board defines a target value for each of the three strategic targets at the beginning of the four-year performance period, corresponding to a target achievement of 100%, as well as a minimal value, a maximum value and a target achievement curve.

The target achievement rate for each strategic target 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.



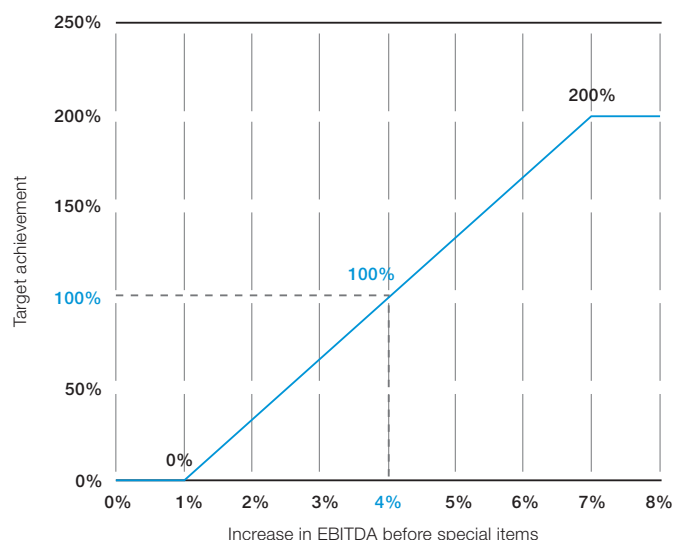
The following targets as communicated by the BASF corporate strategy apply to the LTI plan 2023 (performance period 2023–2026):

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



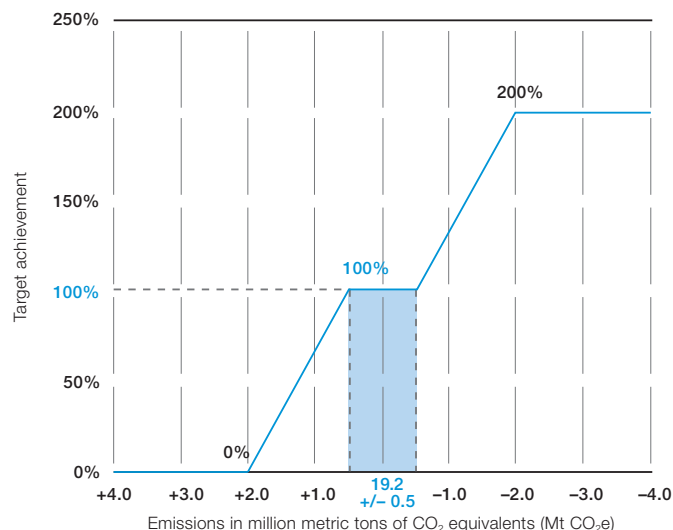
- The target is 100% achieved if BASF grows 0.1 percentage points faster than global chemical production (**target value**).
- If this target value is undercut by two percentage points or more, the target achievement is 0% (**minimum value**).
- If the target value is exceeded by two percentage points or more, the target achievement is 200% (**maximum value**).
- Intermediate values are determined by linear interpolation.
- The target achievement for the entire performance period 2023–2026 is calculated as the arithmetic mean of the degree of target achievements for each of the four years.

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



- If EBITDA before special items increases by 4% (i.e., in the middle of the communicated target corridor of 3% to 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 budget value for the EBITDA before special items for 2023.
- The target achievement for the entire performance period 2023–2026 is calculated as the arithmetic mean of the degree of target achievements for each of the four years.

Strategic target 3: Reduce our CO₂ emissions by 25% by 2030 (over 2018 baseline year)^a



- The target for 2023 is 100% achieved if CO₂ emissions (in million metric tons of CO₂ equivalents, Mt CO₂e) are within the defined annual target corridor, +/-0.5 Mt CO₂e of 19.2 Mt CO₂e (**target value**). Over the performance period, the target value is reduced to 18.2 Mt CO₂e.
- If CO₂ emissions (in Mt CO₂e) exceed the mean value of the annual target corridor by more than 2.0 Mt CO₂e, target achievement is 0% (**minimum value**).
- If CO₂ emissions (in Mt CO₂e) fall below the mean value of the annual target corridor by more than 2.0 Mt CO₂e, target achievement is 200% (**maximum value**).
- Values between these figures are interpolated. Target achievement for the entire performance period 2023–2026 is calculated as the arithmetic mean of the target achievement levels for the four individual years.

^a For the LTI programs 2020 (performance period 2020–2023) and 2021 (performance period 2021–2024) strategic target 3 was defined as "Grow CO₂-neutrally until 2030." This target applies to the entire performance period of these two LTI-programs and will not be adjusted.

Share Ownership Guideline

For the duration of their mandate and beyond, 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 and generally corresponds to a value representing 150% of the member's annual gross fixed salary on that date. The conversion into a number of shares to be held is carried out using the average price of the BASF share in the fourth quarter of the year prior to the start of the first-time share ownership guideline.

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 (set-up phase). The set-up phase also applied 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 was fulfilled by December 31, 2023.

Members of the Board of Executive Directors must acquire the shares with after-tax net income. It was confirmed to the Supervisory Board that, taking into account the set-up phase, all serving members of the

Board of Executive Directors held the required number of BASF shares or ADRs¹ as of December 31, 2023.

Withholding and clawback clause

Withholding and clawback provisions apply to 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. In 2023, no use was made of the possibility to claw back, reduce or cancel the not yet paid variable compensation.

Caps on compensation (maximum compensation)

The total compensation is capped in accordance with the recommendation of the German Corporate Governance Code (GCGC) and the requirements of section 87a(1) sentence 1 AktG. 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:

	Member of the Board of Executive Directors		Vice chair of the Board of Executive Directors		Chair 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
Regularly provided fringe benefits ^a	50,000	100,000	50,000	100,000	50,000	100,000
Company pension benefits	500,000	500,000	665,000	665,000	1,000,000	1,000,000
STI amount	1,000,000	2,000,000 ^b	1,330,000	2,660,000 ^b	2,000,000	4,000,000 ^b
LTI amount	1,400,000	2,800,000 ^b	1,862,000	3,724,000 ^b	2,800,000	5,600,000 ^b
Total compensation 2023	3,750,000	6,200,000	4,971,000	8,213,000	7,450,000	12,300,000

^a This amount represents the maximum amount (200% of the target amount) in the fiscal year 2023 for regularly provided fringe benefits. For event-related fringe benefits, an additional maximum amount has been defined: €500,000 for a member of the Board of Executive Directors, €533,000 for the vice chair of the Board of Executive Directors and €600,000 for the chair of the Board of Executive Directors. For delegation-related fringe benefits, an additional maximum amount for a member of the Board of Executive Directors has been set at €3,000,000.

^b Corresponds to 200% of the annual target amount.

In the event that the Supervisory Board resolves to adjust the compensation amount prior to the next scheduled say on pay of the compensation system by the Annual Shareholders' Meeting in 2024, the following maximum compensation amounts would not be exceeded:

	Member of the Board of Executive Directors	Vice chair of the Board of Executive Directors	Chair of the Board of Executive Directors
Maximum compensation until next approval on the compensation system by the Annual Shareholders' Meeting ^c	7,500,000	9,975,000	15,000,000

^c 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 a member of the Board of Executive Directors, €533,000 for the vice chair of the Board of Executive Directors and €600,000 for the chair of the Board of Executive Directors. For delegation-related fringe benefits, an additional maximum amount for a member of the Board of Executive Directors has been set at €3,000,000.

¹ BASF ADRs (American Depositary Receipts); four BASF ADRs correspond to one BASF share.

Variable compensation in 2023

Short-term incentive (STI) 2023

The STI is based on an annual target agreement between the Supervisory Board and the Board of Executive Directors as well as on the return on capital employed (ROCE). These targets are in line with the outlook for 2023 published in the forecast in the BASF Report 2022. The amount of the STI is calculated by multiplying the target amount by the ROCE factor and by the performance factor derived from the target achievement.

The BASF Group's ROCE was 4.5% in 2023. This resulted in a ROCE factor of 0.3625.

ROCE		2023	2022
Million €			
EBIT of BASF Group		2,240	6,548
- EBIT of Other		-778	-523
EBIT of the segments		3,018	7,070
Cost of capital basis of segments, average of month-end figures		66,687	70,982
ROCE	%	4.5	10.0

Based on the target agreement and the following explanation on target achievement, the performance factor amounts to 1.0 (2022: 1.06):

- The earnings target EBIT before special items was not met.
- Free cash flow was clearly above target.
- The ROCE target relevant to the Board of Executive Directors was not met.
- Measures to increase the competitiveness of the Ludwigshafen site in Germany as well as the BASF Group in Europe were realized as planned, and the planned efficiency increases and cost savings were exceeded.
- Customer satisfaction improved again based on the last survey.
- The milestones set for growth investments were largely achieved or were realized below budget.
- The leading sustainability position was expanded further. Numerous projects in the areas of CO₂ reduction and new raw material concepts were implemented successfully, and a new performance indicator was introduced.
- In addition to the targets agreed in advance, the Supervisory Board accounted for the conclusion of the agreement to combine the E&P businesses of Wintershall Dea AG and Harbour Energy as an increasing factor.

The weighted target achievement thus corresponds to a performance factor of 1.00. Based on the defined parameters, the STI 2023 for a full-year member of the Board of Executive Directors is calculated as shown below.



The STI payment will be made in May 2024.

LTI target achievement for the performance year 2023

LTI target achievement is determined using the performance indicators for the individual strategic targets, which are defined as follows:

- Volume growth: Growth in BASF's sales volumes, defined as the increase or decrease in product volumes sold, measured at the respective product prices of the previous year, excluding structural effects (e.g., acquisitions and divestitures). Growth in global chemical production represents annual global growth in the production of chemical products excluding pharmaceuticals. Real global growth rates are calculated based on aggregate, sales-weighted global production data.

- EBITDA before special items of the BASF Group: This metric describes operational performance independent of age-related depreciation and amortization of assets and any impairment or reversal of impairment.
- CO₂ equivalents: Relevant CO₂ emissions include direct emissions (from production processes and the generation of steam and electricity) and indirect emissions (from the purchase of energy). Greenhouse gases are converted into CO₂ equivalents in accordance with the Greenhouse Gas Protocol.

LTI plan 2020: The rates of target achievement for the fourth year of the four-year performance period 2020–2023 were as follows:

Strategic targets for the LTI 2020 (2020–2023)

		Target benchmark 2023	2023 actual	Target achievement 2023 in %
Grow sales volumes faster than global chemical production	(in %)	1.8%	–8.4%	0.0% ^a
Increase EBITDA before special items by 3% to 5% per year	(in million €)	9,614	7,671	0.0%
CO ₂ -neutral growth, i.e., emissions no greater than 21.9 million metric tons CO ₂ equivalents ^b	(in million metric tons of CO ₂ equivalents)	21.9	16.9	200.0%
Weighted target achievement	(in %)			66.7%

^a In 2023, BASF's sales volumes (–8.4%) grew at a slower rate than global chemical production (1.7% as of January 20, 2024). The target would have been 100% achieved if growth in BASF's sales volumes were 0.1 percentage points higher than global chemical production.

^b For the LTI programs 2020 (performance period 2020–2023) and 2021 (performance period 2021–2024), strategic target 3 was defined as "Grow CO₂ neutrally until 2030." This target applies to the entire performance period of these two LTI programs and will not be adjusted.

LTI plan 2021: The rates of target achievement for the third year of the four-year performance period 2021–2024 were as follows:

Strategic targets for the LTI 2021 (2021–2024)

		Target benchmark 2023	2023 actual	Target achievement 2023 in %
Grow sales volumes faster than global chemical production	(in %)	1.8%	–8.4%	0.0% ^a
Increase EBITDA before special items by 3% to 5% per year	(in million €)	8,599	7,671	0.0%
CO ₂ -neutral growth, i.e., emissions no greater than 21.9 million metric tons CO ₂ equivalents ^b	(in million metric tons of CO ₂ equivalents)	21.9	16.9	200.0%
Weighted target achievement	(in %)			66.7%

^a In 2023, BASF's sales volumes (–8.4%) grew at a slower rate than global chemical production (1.7% as of January 20, 2024). The target would have been 100% achieved if growth in BASF's sales volumes were 0.1 percentage points higher than global chemical production.

^b For the LTI programs 2020 (performance period 2020–2023) and 2021 (performance period 2021–2024), strategic target 3 was defined as "Grow CO₂ neutrally until 2030." This target applies to the entire performance period of these two LTI programs and will not be adjusted.

LTI plan 2022: The rates of target achievement for the second year of the four-year performance period 2022–2025 were as follows:

Strategic targets for the LTI 2022 (2022–2025)

		Target benchmark 2023	2023 actual	Target achievement 2023 in %
Grow sales volumes faster than global chemical production	(in %)	1.8%	–8.4%	0.0% ^a
Increase EBITDA before special items by 3% to 5% per year	(in million €)	10,972	7,671	0.0%
Reduce CO ₂ emissions by 25% by 2030 (over 2018 baseline year)	(in million metric tons of CO ₂ equivalents)	19.2–20.2	16.9	200.0%
Weighted target achievement	(in %)			66.7%

^a In 2023, BASF's sales volumes (–8.4%) grew at a slower rate than global chemical production (1.7% as of January 20, 2024). The target would have been 100% achieved if growth in BASF's sales volumes were 0.1 percentage points higher than global chemical production.

LTI plan 2023: The rates of target achievement for the first year of the four-year performance period 2023–2026 were as follows:

Strategic targets for the LTI 2023 (2023–2026)

		Target benchmark 2023	2023 actual	Target achievement 2023 in %
Grow sales volumes faster than global chemical production	(in %)	1.8%	–8.4%	0.0% ^a
Increase EBITDA before special items by 3% to 5% per year	(in million €)	8,500	7,671	0.0%
Reduce CO ₂ emissions by 25% by 2030 (over 2018 baseline year)	(in million metric tons of CO ₂ equivalents)	19.2–20.2	16.9	200.0%
Weighted target achievement	(in %)			66.7%

^a In 2023, BASF's sales volumes (–8.4%) grew at a slower rate than global chemical production (1.7% as of January 20, 2024). The target would have been 100% achieved if growth in BASF's sales volumes were 0.1 percentage points higher than global chemical production.

The degrees of target achievement determined for 2023 are fixed. At the end of the respective four-year performance period, they are added together to one arithmetic mean with the degrees of target achievement in the respective individual years.

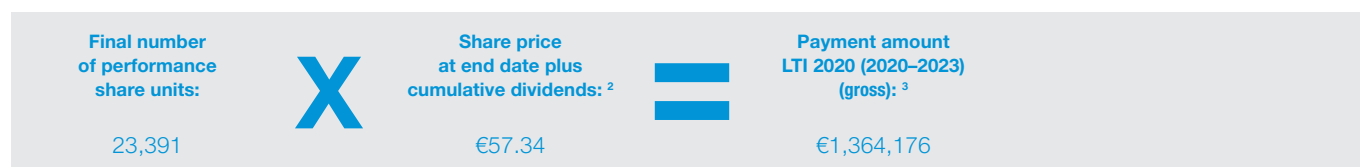
Long-term incentive (LTI) program 2020 (2020–2023)

LTI 2020 (2020–2023)

	2020	2021	2022	2023	Target achievement
Strategic target 1:					
Growth	90.0%	200.0%	0.0%	0.0%	72.5%
Strategic target 2:					
Profitability	0.0%	200.0%	200.0%	0.0%	100.0%
Strategic target 3:					
Sustainability	136.7%	156.7%	200.0%	200.0%	173.4%
Weighted target achievement	75.6%	185.6%	133.3%	66.7%	115.3%

The four-year performance period for the LTI 2020 (2020–2023) ended on December 31, 2023. The LTI 2020 (2020–2023) is thus fully vested and will be paid out in May 2024. To determine the payment amount, the preliminary number of performance share units (PSUs) allocated in 2020 is multiplied by the average weighted degree of target achievement. 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 business years of the performance period.



¹ The number of performance share units allocated in 2020 was calculated by dividing the 2020 target amount by the average BASF share price in the fourth quarter of 2019 (€67.85).

² Average BASF share price in the fourth quarter of 2023 (€43.94) plus cumulative dividends paid to shareholders in 2020 to 2023 (2020: €3.30 + 2021: €3.30 + 2022: €3.40 + 2023: €3.40 = €13.40) = €57.34.

³ This payment amount applies to a member of the Board of Executive Directors who served for the full 2020 allocation year. Two times this value applies to a chair of the Board of Executive Directors who served for the full 2020 allocation year, and 1.33 times this value for the vice chair of the Board of Executive Directors who served for the full 2020 allocation year.

Strategic targets and target achievement for current LTI plans

LTI 2021 (2021–2024)

	2021	2022	2023	2024	o Target achievement
Strategic target 1:					
Growth	200.0%	0.0%	0.0%	–	66.7%
Strategic target 2:					
Profitability	200.0%	200.0%	0.0%	–	133.3%
Strategic target 3:					
Sustainability	156.7%	200.0%	200.0%	–	185.6%
Weighted target achievement	185.6%	133.3%	66.7%	–	128.5%

LTI 2022 (2022–2025)

	2022	2023	2024	2025	o Target achievement
Strategic target 1:					
Growth	0.0%	0.0%	–	–	0.0%
Strategic target 2:					
Profitability	170.0%	0.0%	–	–	85.0%
Strategic target 3:					
Sustainability	186.7%	200.0%	–	–	193.4%
Weighted target achievement	118.9%	66.7%	–	–	92.8%

LTI 2023 (2023–2026)

	2023	2024	2025	2026	o Target achievement
Strategic target 1:					
Growth	0.0%	–	–	–	0.0%
Strategic target 2:					
Profitability	0.0%	–	–	–	0.0%
Strategic target 3:					
Sustainability	200.0%	–	–	–	200.0%
Weighted target achievement	66.7%	–	–	–	66.7%

Compensation granted and owed for the business year 2023 in accordance with section 162 AktG

In accordance with section 162(1) sentence 1 AktG, the Compensation Report is to report on the **compensation granted and owed** to each individual current or former member of the Board of Executive Directors and the Supervisory Board in the past business year.

According to this, compensation is **granted** when it is actually paid to a member of a governing body and thus passes into their ownership (**payment-oriented view**). Alternatively, it is permissible for the Compensation Report to (already) disclose the compensation for the business year in which the (one-year or multiple-year) activity on which the compensation is based is performed in full (**vesting-oriented view**). This view enables a meaningful comparison, as, for example, the short-term incentive (STI) for 2023 is compared with the business results for 2023. For this reason, we use the vesting-oriented view for compensation granted.

The following table shows the fixed compensation components (fixed salary, fringe benefits, and, if applicable, pension allowances) actually paid in the reporting year to active members of the Board of Executive Directors in the business year. It also shows the short-term incentive 2023 and long-term incentive 2020 (2020–2023), variable compensation components that directly relate to the Board of Executive Directors' and the company's performance in the reporting year (vesting-oriented view). Payment of all variable compensation will occur in 2024.

The values of pension plan contributions (pension commitment in the form of an external capital investment model with guaranteed benefits) awarded contractually in 2023 to members of the Board of Executive Directors are presented as supplementary disclosures below the table "Compensation granted and owed to active members of the Board of Executive Directors in the business year." If a member of the Board of Executive Directors opts for the pension allowance, the amount will be included in this table under "Other benefits."

Compensation granted and owed to active members of the Board of Executive Directors in the business year

Thousand €

	Dr. Martin Bruder Müller Chairman of the Board of Executive Directors				Dr. Hans-Ulrich Engel Vice Chairman of the Board of Executive Directors until April 27, 2023			
	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)
Total fixed salary, fringe benefits and other benefits for the business year	1,652	32%	1,651	34%	3,059	61%	1,141	35%
Fixed salary	1,600	31%	1,600	33%	350	7%	1,064	33%
Fringe benefits								
Regularly provided fringe benefits	52	1%	51	1%	20	0%	77	2%
Event-related fringe benefits	–	–	–	–	–	–	–	–
Delegation-related fringe benefits	–	–	–	–	–	–	–	–
Other benefits	–	–	–	–	2,689 ^a	53%	–	–
Total variable compensation for the business year	3,453	68%	3,186	66%	1,969	39%	2,119	65%
One-year variable compensation								
Short-term incentive 2023	725	14%	–	–	155	3%	–	–
Short-term incentive 2022	–	–	2,120	44%	–	–	1,410	43%
Multiple-year variable compensation								
Long-term incentive 2020 (2020–2023)	2,728	53%	–	–	1,814	36%	–	–
Performance bonus 2019 (2019–2022), part 2 (deferral component)	–	–	1,066	22%	–	–	709	22%
Total compensation granted and owed for the business year within the meaning of section 162 AktG	5,105	100%	4,837	100%	5,028	100%	3,260	100%
Supplementary disclosure								
Pension plan contributions	1,000	–	1,000	–	– ^b	–	665	–
Total compensation (including pension plan contributions)	6,105	–	5,837	–	5,028	–	3,925	–

^a The amount of €2,689 thousand is comprised of the following: On retirement, Dr. Hans-Ulrich Engel opted to receive the retirement capital of the securities-based pension award as a one-off payment in the amount of €2,189 thousand. Dr. Hans-Ulrich Engel also received pension benefits from the previous pension benefit system in the amount of €338 thousand. In addition, Dr. Hans-Ulrich Engel was paid a fee of €162 thousand for continued consulting activities for the company's shareholding in Wintershall Dea AG beyond his active service on the Board of Executive Directors.

^b Because Dr. Hans-Ulrich Engel stepped down and received the retirement capital of the securities-based pension award as a one-off payment in 2023, the pension plan contribution for 2023 is included in other benefits above on a pro rata basis in the amount of €216 thousand.

Compensation granted and owed to active members of the Board of Executive Directors in the business year

Thousand €

	Saori Dubourg Member of the Board of Executive Directors until February 28, 2023				Dr. Dirk Elvermann Member of the Board of Executive Directors since April 27, 2023			
	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)
Total fixed salary, fringe benefits and other benefits for the business year	7,644	84%	866	35%	666	73%	-	-
Fixed salary	133	1%	800	33%	540	59%	-	-
Fringe benefits								
Regularly provided fringe benefits	11	1%	66	3%	34	4%	-	-
Event-related fringe benefits	-	-	-	-	92	10%	-	-
Delegation-related fringe benefits	-	-	-	-	-	-	-	-
Other benefits	7,500 ^a	83%	-	-	-	-	-	-
Total variable compensation for the business year	1,423	16%	1,593	65%	247	27%	-	-
One-year variable compensation								
Short-term incentive 2023	59	1%	-	-	247	27%	-	-
Short-term incentive 2022	-	-	1,060	43%	-	-	-	-
Multiple-year variable compensation								
Long-term incentive 2020 (2020–2023)	1,364	15%	-	-	-	-	-	-
Performance bonus 2019 (2019–2022), part 2 (deferral component)	-	-	533	22%	-	-	-	-
Total compensation granted and owed for the business year within the meaning of section 162 AktG	9,067	100%	2,459	100%	913	100%	-	-
Supplementary disclosure								
Pension plan contributions	83	-	500	-	339	-	-	-
Total compensation (including pension plan contributions)	9,150	-	2,959	-	1,252	-	-	-

^a Saori Dubourg received a severance payment of €7,500 thousand due to the termination of her appointment to the Board of Executive Directors.

Compensation granted and owed to active members of the Board of Executive Directors in the business year

Thousand €

	Michael Heinz Member of the Board of Executive Directors				Dr. Markus Kamieth Member of the Board of Executive Directors			
	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)
Total fixed salary, fringe benefits and other benefits for the business year	1,309	43%	1,269	44%	1,574	48%	1,346	46%
Fixed salary	800 ^a	26%	800 ^a	28%	800 ^a	24%	800 ^a	27%
Fringe benefits								
Regularly provided fringe benefits	46	2%	49	2%	41	1%	41	1%
Event-related fringe benefits	–	–	–	–	–	–	–	–
Delegation-related fringe benefits	463	15%	420	15%	733	22%	505	17%
Other benefits	–	–	–	–	–	–	–	–
Total variable compensation for the business year	1,727	57%	1,593	56%	1,727	52%	1,593	54%
One-year variable compensation								
Short-term incentive 2023	363	12%	–	–	363	11%	–	–
Short-term incentive 2022	–	–	1,060	37%	–	–	1,060	36%
Multiple-year variable compensation								
Long-term incentive 2020 (2020–2023)	1,364	45%	–	–	1,364	41%	–	–
Performance bonus 2019 (2019–2022), part 2 (deferral component)	–	–	533	19%	–	–	533	18%
Total compensation granted and owed for the business year within the meaning of section 162 AktG	3,036	100%	2,862	100%	3,301	100%	2,939	100%
Supplementary disclosure								
Pension plan contributions	500	–	500	–	500	–	500	–
Total compensation (including pension plan contributions)	3,536	–	3,362	–	3,801	–	3,439	–

^a Payment was made partly in local currency abroad based on a theoretical net salary in Germany.

Compensation granted and owed to active members of the Board of Executive Directors in the business year

Thousand €

	Dr. Stephan Kothrade Member of the Board of Executive Directors since March 1, 2023				Dr. Melanie Maas-Brunner Member of the Board of Executive Directors			
	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)	2023 (absolute)	2023 (relative)	2022 (absolute)	2022 (relative)
Total fixed salary, fringe benefits and other benefits for the business year	773	72%	-	-	853	70%	1,101	51%
Fixed salary	667	62%	-	-	800	66%	800	37%
Fringe benefits								
Regularly provided fringe benefits	76	7%	-	-	53	4%	62	3%
Event-related fringe benefits	30	3%	-	-	-	-	239	11%
Delegation-related fringe benefits	-	-	-	-	-	-	-	-
Other benefits	-	-	-	-	-	-	-	-
Total variable compensation for the business year	304	28%	-	-	363	30%	1,060	49%
One-year variable compensation								
Short-term incentive 2023	304	28%	-	-	363	30%	-	-
Short-term incentive 2022	-	-	-	-	-	-	1,060	49%
Multiple-year variable compensation								
Long-term incentive 2020 (2020–2023)	-	-	-	-	-	-	-	-
Performance bonus 2019 (2019–2022), part 2 (deferral component)	-	-	-	-	-	-	-	-
Total compensation granted and owed for the business year within the meaning of section 162 AktG	1,077	100%	-	-	1,216	100%	2,161	100%
Supplementary disclosure								
Pension plan contributions	417	-	-	-	500	-	500	-
Total compensation (including pension plan contributions)	1,494	-	-	-	1,716	-	2,661	-

The following table comprises the compensation components in or for the reporting year (pension benefits) paid to former members of the Board of Executive Directors who have left the Board since 2013, plus the LTI payments due for the reporting year and, if applicable, exercise gains from the former LTI program (BASF option program,

BOP). Total compensation granted and owed for 2023 to former members of the Board of Executive Directors who have left the Board since 2013 was €8.0 million (2022: €7.7 million).

Compensation granted and owed to former members of the Board of Executive Directors who left the Board after December 31, 2013^a

Thousand €

	Wayne T. Smith Member of the Board of Executive Directors until May 31, 2021		Sanjeev Gandhi Member of the Board of Executive Directors until December 31, 2019		Dr. Kurt Bock Chair of the Board of Executive Directors until May 4, 2018	
	2023	2022	2023	2022	2023	2022
Fixed salary (share)	14%	21%	0%	0%	100%	100%
Company pension benefits	209	139	–	–	1,006	927
Other benefits	–	–	–	–	0	2
Variable compensation (share)	86%	79%	0%	100%	0%	0%
Multiple-year variable compensation	1,364 ^b	533	–	533	–	–
Total compensation granted and owed	1,589	672	0	533	1,006	929

^a The table presents only compensation granted to the former members following their departure from the Board of Executive Directors.

^b At the end of the four-year performance period, Wayne T. Smith received the payment amount for the LTI 2020 (2020–2023) allocated in 2020.

Compensation granted and owed to former members of the Board of Executive Directors who left the Board after December 31, 2013^a

Thousand €

	Margret Suckale Member of the Board of Executive Directors until May 12, 2017		Dr. Andreas Kreimeyer Member of the Board of Executive Directors until April 30, 2015	
	2023	2022	2023	2022
Fixed salary (share)	100%	100%	100%	100%
Company pension benefits	210	193	659	607
Other benefits	–	–	–	–
Variable compensation (share)	0%	0%	0%	0%
Multiple-year variable compensation	–	–	–	–
Total compensation granted and owed	210	193	659	607

^a The table presents only compensation granted to the former members following their departure from the Board of Executive Directors.

End-of-service benefits

In the event that a member of the Board of Executive Directors appointed before 2017 retires from employment before the age of 60, either because their appointment was not extended or was revoked for an important reason, they are entitled to pension benefits under the system in effect until 2019 if they have served on the Board for at least 10 years or if the period until they reach legal retirement age is less than 10 years. The company is entitled to offset compensation received for any other employment 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 business year and, if appropriate, also the expected total compensation for the current business 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 SE of a shareholding of at least 25%, or the increase of such a holding.

If an appointment to the Board of Executive Directors is revoked by the Supervisory Board within one year following a change-of-control event and the Board member has not given cause for the termination, the Board member will receive a one-off gross payment in the amount of the compensation the Board member would have received for the remaining contractual term of mandate. The variable compensation elements (STI and LTI) granted until the end of the contractual term of mandate are calculated based on their respective target amounts. The outstanding pension contributions until the end of the regular contractual term of mandate shall be paid as a one-off gross payment. Total one-off gross payments due to a change of control are limited through the severance payment cap. If, following a change of control, a member of the Board of Executive Directors terminates his or her service contract unilaterally, that member is not entitled to any special compensation.

In addition, the chair of the Board of Executive Directors will be provided with a company car and a home office for a period of up to two years after the end of their mandate due to retirement and in transition out of their former role. For the pension plan contributions made in the business year, see the supplementary disclosures below the table "Compensation granted and owed to active members of the Board of Executive Directors in the business year" on page 12 ff.

Accounting valuation of company pension benefits

The present value of pension benefits (defined benefit obligation) is an accounting figure for the entitlements that the Board members have accumulated in their years of service at BASF. The table below shows the defined benefit obligations for the pension entitlements accrued until the end of 2023 in accordance with IFRS (as of December 31 in each case).

Company pension benefits (in accordance with IFRS)

Thousand €

	Cumulative defined benefit obligation as of December 31, 2023	Cumulative defined benefit obligation as of December 31, 2022
Dr. Martin Brudermüller	16,542	14,726
Dr. Hans-Ulrich Engel (Member of the Board of Executive Directors until April 27, 2023)	11,970	12,971
Saori Dubourg (Member of the Board of Executive Directors until February 28, 2023)	5,423	4,645
Dr. Dirk Elvermann	1,921	–
Michael Heinz	13,755	11,832
Dr. Markus Kamieth	6,045	4,786
Dr. Stephan Kothrade	4,149	–
Dr. Melanie Maas-Brunner	3,930	3,004
Total	63,735	51,964

Provisions relating to past multi-year variable compensation components and to the former pension plan

The deferral component from the performance bonus 2019 (2019–2022) was completed as planned in 2023 and paid out in accordance with the terms of the program.

The pension entitlements acquired until December 31, 2019, under the previous company pension system are retained 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.

BASF Option Program (BOP)

By resolution of the Supervisory Board, the BASF option program (BOP) was replaced by the new LTI as of January 1, 2020. The BOP was based on the STI paid out for the previous year and required a personal investment in BASF shares of at least 10% of the STI paid. Up to 20% could additionally be declared as a voluntary personal investment (share ownership obligation).

The personal investment had to be held for a defined period of time (holding period). The minimum personal investment of 10% was subject to a holding period of four years. For an additional voluntary investment of up to 20%, a holding period of two years applied.

Four options were granted for each BASF share invested personally. After a four-year vesting period, there is a four-year exercise period during which the members of the Board of Executive Directors can individually exercise these options if performance thresholds are met. Once the options are exercised, the computed value of the options is paid out in cash (cash settlement).

Each option consists of right A (absolute performance threshold) and right B (relative performance threshold). At least one of the two conditions must be met in order to exercise the option:

- Performance threshold, right A: BASF share price increases at least 30% compared with the base price on the option allocation date for the LTI plan concerned.
- Performance threshold, right B: The cumulative percentage performance of the BASF share exceeds that of the MSCI World Chemicals Index (outperformance) and the price of the BASF share on the exercise date equals at least the base price.

In total, the maximum exercise gain (cap) is limited to five times the individual investment.

Members of the Board of Executive Directors had the opportunity to participate for the last time in the BASF option program as of July 1, 2020. Owing to the maximum program duration of eight years, exercise gains from the LTI plans may be paid to members of the Board of Executive Directors until June 30, 2028, at the latest.

⁵ For more information on the LTI program, see page 136 and from page 310 onward of the BASF Report 2023.

Company pension benefits according to the pension benefit system applicable until December 31, 2019

The pension entitlements acquired until December 31, 2019, under the previous company pension system are retained 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.

Outlook on amendments to the compensation system for the Board of Executive Directors as of 2024

The compensation system for the Board of Executive Directors was last amended with effect from 2020. There has been no change to total target compensation since then.

BASF reviewed and further developed its current long-term steering model in 2023, which will go into effect from the 2024 business year. As part of the revised compensation system for the Board of Executive Directors, new performance indicators will provide a basis for the short-term (STI) and long-term (LTI) variable compensation of the Board of Executive Directors as of 2024.

In addition to the change to new performance indicators, the STI will be converted to an additive bonus formula. Additional elements of the compensation system for the Board of Executive Directors are to be adapted to reflect current market developments and BASF's needs. The amount and structure, particularly the relative shares of individual compensation components, are to be adjusted to better reflect standard market structure (decreased share of company pension benefits, increased share of fixed compensation and LTI target amount).

The new compensation system for the Board of Executive Directors will be submitted for approval by the 2024 Annual Shareholders' Meeting.

Compensation of Supervisory Board members

Compensation of Supervisory Board members

- Fixed salary: €200,000^a
- Share purchase and shareholding obligation: 25% of the fixed compensation must be used to purchase shares in BASF; these shares must be held for the duration of membership on the Supervisory Board
- Compensation for the Personnel Committee and the Strategy Committee: €12,500^b
- Compensation for the Audit Committee: €50,000^b
- No additional compensation is paid for the Nomination Committee

^a The amount for the chair of the Supervisory Board is 2.5 times this value, and 1.5 times this value for the vice chair compared with the compensation of a member of the Supervisory Board.

^b The amount for the chair of a committee is two times this value, and 1.5 times this value for the vice chair.

The compensation of the Supervisory Board is regulated by the Statutes of BASF SE passed by the Annual Shareholders' Meeting.

Since 2017, the compensation of the Supervisory Board has been purely fixed compensation supplemented by a share purchase and shareholding obligation. The obligation to purchase and hold shares emphasizes the long-term nature of the Supervisory Board's strategic support role.

Amount of Supervisory Board compensation

Each member of the Supervisory Board shall receive annually a fixed compensation of €200,000.

The compensation of the Supervisory Board is according to a function-related differentiation of the compensation of the chair, vice chair and members. The amount for the chair of the Supervisory Board is 2.5 times this value, and 1.5 times this value for the vice chair compared with the compensation of a member of the Supervisory Board.

Amount of compensation for serving on a committee

Members of the Supervisory Board who are members of a committee, except for the Nomination Committee, receive an additional annual fixed compensation of €12,500. This appropriately reflects the increased workload of Supervisory Board members serving on committees. For members of the Audit Committee, the further compensation shall be €50,000. The chair of a committee shall receive twice and a vice chair 1.5 times the further fixed compensation.

Share purchase and shareholding obligation for members of the Supervisory Board


Each member of the Supervisory Board is required to use 25% of their fixed compensation to acquire shares in BASF SE, and to hold these shares for the duration of membership on the Supervisory Board.

This does not apply to the amount of compensation that the member of the Supervisory Board transfers to a third party on a pro rata basis as a result of an obligation entered into before their appointment to the Supervisory Board. In this case, the utilization and holding obligation applies to 25% of the remaining compensation after deducting the amount transferred.

The company reimburses members of the Supervisory Board for out-of-pocket expenses and, if applicable, value-added tax to be paid with regard to their activities as members of the Supervisory Board or of a committee. The directors' and officers' liability insurance (D&O insurance) concluded by the company covers the duties performed by the members of the Supervisory Board. Total compensation of the Supervisory Board in 2023 was around €3.3 million (2022: around €3.3 million). The compensation of the individual Supervisory Board members is listed in the table below.

The compensation of the Supervisory Board does not contain any variable components.

Compensation for membership on the Supervisory Board and its committees, provided it is not withheld for the purpose of acquiring shares, is due after the conclusion of the business year for which the compensation is paid. Beyond the compensation in accordance with the Statutes presented in the table "Compensation granted and owed to members of the Supervisory Board," no Supervisory Board member received any compensation in 2023 for services rendered personally, in particular, the rendering of advisory or agency services.

 For more information on share ownership by members of the Supervisory Board, see page 201 of the BASF Report 2023.

Compensation granted and owed to members of the Supervisory Board

Thousand €

	Fixed salary		Compensation for committee memberships		Total compensation	
	2023	2022	2023	2022	2023	2022
Serving members of the Supervisory Board as of December 31, 2023						
Dr. Kurt Bock, chair ^a	500.0	500.0	50.0	50.0	550.0	550.0
Franz Fehrenbach, vice chair until April 29, 2022 ^b	–	100.0	–	8.3	–	108.3
Professor Dr. Stefan Asenkerschbaumer, vice chair since February 2023 ^c	291.7	150.0	25.0	18.8	316.7	168.8
Sinischa Horvat, vice chair ^d	300.0	300.0	25.0	25.0	325.0	325.0
Prof. Dr. Thomas Carell	200.0	200.0	–	–	200.0	200.0
Dame Alison Carnwath DBE ^e	200.0	200.0	112.5	112.5	312.5	312.5
Liming Chen	200.0	200.0	–	–	200.0	200.0
Tatjana Diether ^f	200.0	200.0	62.5	59.4	262.5	259.4
Alessandra Genco ^g	200.0	150.0	50.0	37.5	250.0	187.5
Waldemar Helber ^h	–	66.7	–	4.2	–	70.9
André Matta ⁱ	200.0	150.0	–	–	200.0	150.0
Natalie Mühlendorf ^j	200.0	150.0	–	–	200.0	150.0
Anke Schäferkordt ^k	–	66.7	–	16.7	–	83.4
Denise Schellemans ^l	–	66.7	–	–	–	66.7
Roland Strasser ^m	–	66.7	–	–	–	66.7
Michael Vassiliadis ⁿ	200.0	200.0	75.0	75.0	275.0	275.0
Peter Zaman ^o	200.0	150.0	–	–	200.0	150.0
Total compensation granted and owed for the business year within the meaning of section 162 AktG	2,891.7	2,916.8	400.0	407.4	3,291.7	3,324.2

^a Chair of the Personnel and Strategy Committees

^b Member of the Supervisory Board, the Personnel and Strategy Committees until April 29, 2022

^c Member of the Supervisory Board, the Personnel and Strategy Committees since April 29, 2022

^d Member of the Personnel and Strategy Committees

^e Chair of the Audit Committee and member of the Strategy Committee

^f Member of the Audit Committee and, since April 29, 2022, member of the Strategy Committee

^g Member of the Supervisory Board and the Audit Committee since April 29, 2022

^h Member of the Supervisory Board and the Strategy Committee until April 29, 2022

ⁱ Member of the Supervisory Board since April 29, 2022

^j Member of the Supervisory Board and the Audit Committee until April 29, 2022

^k Member of the Supervisory Board until April 29, 2022

^l Member of the Audit, Personnel and Strategy Committees

Comparison of earnings development with annual change in compensation

In accordance with section 162(1) sentence 2 no. 2 AktG, the following table shows the annual change in compensation granted and owed to the members of the Board of Executive Directors and Supervisory Board, the annual change in average employee (full-time equivalents) compensation and the annual change in BASF's earnings over the past five business years.

BASF SE's net income is used to represent the company's earnings development. Furthermore, ROCE is used to represent the BASF Group's earnings development, as this has been the primary compa-

ny success indicator used as a performance criterion to determine one-year variable compensation since 2018.

Average employee compensation is based on the BASF SE employee population, including apprentices, in Germany (full-time equivalents).

Average employee compensation was calculated using personnel expenses (not including company pension benefits or severance payments). It includes wages and salaries (including variable compensation for the business year), fringe benefits and employer contributions to social security.

Business year

		2019	2020	2021	2022	2023
		2019 vs. 2018 in %	2020 vs. 2019 in %	2021 vs. 2020 in %	2022 vs. 2021 in %	2023 vs. 2022 in %
Earnings development/ KPIs						
Return on Capital Employed (ROCE) ^a	Percentage change vs. previous year	-35.8% ^a	-77.9%	694.1%	-27.0% ^b	-55.0% ^b
	ROCE in % vs. previous year	(7.7% vs. 12.0%)	(1.7% vs. 7.7%)	(13.5% vs. 1.7%)	(10.0% vs. 13.7%) ^b	(4.5% vs. 10.0%)
Net income of BASF SE ^c	Percentage change vs. previous year	30.8%	1.2%	-0.5%	-2.0%	93.1%

^a Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations.

^b As of January 1, 2022, ROCE includes the polyolefins and styrenics businesses of the joint venture BASF-YPC Company Ltd., Nanjing, China, which had been reported under Other.

^c The indicator net income of BASF SE is not relevant to the variable compensation of the Board of Executive Directors and the employees of the BASF Group.

Compensation of the Board of Executive Directors

Members of the Board of Executive Directors as of December 31, 2023						
Dr. Martin Brudermüller (chair since May 4, 2018)	-6.2%	-18.4%	218.8%	-29.3%	5.5%	
Dr. Dirk Elvermann (since April 27, 2023)	-	-	-	-	-	
Michael Heinz (since May 6, 2011)	-14.3%	-17.9%	240.6%	-22.6%	6.1%	
Dr. Markus Kamieth (since May 12, 2017)	-14.0%	23.1%	133.7%	-23.2%	12.3%	
Dr. Stephan Kothrade (since March 1, 2023)	-	-	-	-	-	
Dr. Melanie Maas-Brunner (since February 1, 2021)	-	-	-	-19.5%	-43.7%	

Former members of the Board of Executive Directors

Dr. Hans-Ulrich Engel (vice chair until April 27, 2023)	-46.9%	-18.3%	216.6%	-29.1%	54.2%
Saori Dubourg (until February 28, 2023)	4.9%	-6.2%	134.3%	-31.8%	268.7%
Wayne T. Smith (until May 31, 2021)	-7.7%	41.5%	153.7%	-88.5%	136.5%
Sanjeev Gandhi (until December 31, 2019)	-3.0%	-28.7%	24.0%	-80.0%	-100.0%
Dr. Kurt Bock (chair until May 4, 2018)	-72.4%	-0.3%	52.6%	-32.9%	8.3%
Margret Suckale (until May 12, 2017)	1.1%	0.6%	1.1%	5.5%	8.8%
Dr. Andreas Kreimeyer (until April 30, 2015)	1.4%	1.6%	1.1%	5.2%	8.6%

Business year

	2019	2020	2021	2022	2023
	2019 vs. 2018 in %	2020 vs. 2019 in %	2021 vs. 2020 in %	2022 vs. 2021 in %	2023 vs. 2022 in %
Supervisory Board compensation					
Current members					
Dr. Kurt Bock (chair since June 18, 2020)	–	–	109.5%	0.0%	0.0%
Professor Dr. Stefan Asenkerschbaumer (since April 29, 2022, vice chair since February 2023)	–	–	–	–	87.6%
Sinischa Horvat (vice chair since May 12, 2017)	0.0%	–13.8%	16.1%	0.0%	0.0%
Prof. Dr. Thomas Carell (since May 3, 2019)	–	27.5%	17.6%	0.0%	0.0%
Dame Alison Carnwath DBE (since May 2, 2014)	0.0%	–9.6%	10.6%	0.0%	0.0%
Tatjana Diether (since May 4, 2018)	50.1%	–12.0%	13.6%	3.8%	1.2%
Alessandra Genco (since April 29, 2022)	–	–	–	–	33.3%
André Matta (since April 29, 2022)	–	–	–	–	33.3%
Natalie Mühlenfeld (since April 29, 2022)	–	–	–	–	33.3%
Liming Chen (since October 8, 2020)	–	–	400.0%	0.0%	0.0%
Michael Vassiliadis (since August 1, 2004)	0.0%	–10.9%	12.2%	0.0%	0.0%
Peter Zaman (since April 29, 2022)	–	–	–	–	33.3%
Average employee compensation					
BASF SE employees	–1.1%	–1.1%	18.7%	–0.9%	–0.9%

Further information

The following symbols indicate further information:



You can find more information in the BASF Report 2023.



References and the information that references refer to are not part of the audit of the compensation report.

Independent Auditor's Report

To BASF SE, Ludwigshafen am Rhein

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the attached remuneration report of BASF SE, Ludwigshafen am Rhein, for the financial year from January 1, 2023 to December 31, 2023, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktengesetz: German Stock Corporation Act]. We have not audited the content of additional information in the remuneration report specifically marked with "f." that goes beyond Section 162 AktG.

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of BASF SE are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1, 2023 to December 31, 2023, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG. We have not audited the content of additional information in the remuneration report specifically marked with "f." that goes beyond Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162(3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162(1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to BASF SE, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of €4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Frankfurt am Main, February 20, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

Dr. Kaiser
Wirtschaftsprüfer

Prof. Dr. Schütte-Biastoch
Wirtschaftsprüferin