

Corporate Human Resources

U.S. BASF Options Program (U.S. BOP)

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Overview of the U.S. BASF Options Program 2020

This document is an English-language translation of the principal provisions of the BASF Options Program 2020. In the event of any discrepancy, the German-language document setting forth the actual terms and conditions of the BASF Options Program 2020 will be binding. Your BOP coordinator will be pleased to answer any questions.

BASF is offering option rights to qualifying Executives of the BASF Group worldwide. The grant of option rights requires a participant’s personal investment.

He/she must introduce a specific number of BASF shares into the Program (U.S. BOP 2020) and hold these shares for at least two years following the Option Grant Date. The range (minimum/maximum) for the number of BASF shares that a participant can introduce into U.S. BOP 2020 is calculated on the basis of 10% to 30%

of the participant’s gross variable compensation for 2019 (in €) and the BASF share price on the first trading day of the German Stock Exchange in Frankfurt following the 2020 BASF Annual Meeting (Basic Price). On July 01, 2020, the participant will receive four option rights for each share of personal investment.

Program Structure

Information >	Undertaking >	Options grant >	Waiting Period >	Exercise Period >	Pay Out
June 2020	Up to July 31, 2020	July 1, 2020	July 1, 2020 to June 30, 2022	July 1, 2022 to June 2028	June 30, 2028
On possible personal investment (min./ max: in shares)	With personal investment	4 option rights per invested BASF share	2 years period after Option Grant Date; Option rights cannot be exercised	6 years period after vesting: option rights may be exercised under certain conditions	Exercise gain deferred until the end of the program

Each option right consists of two subscription rights (A and B), the value of which is dependent on meeting specific thresholds. Subscription Right A is “in the money” if the price of the BASF share has increased by more than 30% in comparison to the Basic Price (absolute threshold). Subscription Right B is “in the money” if the BASF share price outperforms the MSCI World Chemicals Index, calculated in local currency (relative threshold) and is at least equal to the Basic Price. The U.S. BOP, therefore, takes into account both the absolute and the relative performance of the BASF share. Each individual option right may only be exercised in its entirety, i.e. if only one threshold is “in the money”, the Subscription Right linked to meeting the other threshold will lapse.

Option rights may not be exercised until at least two years (waiting period) have elapsed since the Option Grant Date, or later than after eight years following the Option Grant Date. Option rights may not be exercised during certain closed periods within the overall exercise period.

The gross exercise gain to the participant resulting from the exercise of option rights is limited to a maximum of five times his/her personal investment (in €). Payment of any gain resulting from the exercise of option rights will be delayed until a Fixed Payment Date at the end of the allowable period for exercise (i.e. June 30, 2028), or other designated Deferred Payment Date. The exercise gain plus interest for the period between the exercise date and the Deferred Payment Date will be paid in cash (cash settlement).

Program and Option Conditions

I. Right to Participate

The right to participate is being granted to Executives of the BASF Group, who will be identified by means of predetermined criteria and individually informed of their entitlement by letter. In addition to meeting the general criteria, each participant must be actively employed by BASF on July 1, 2020, without any notice of termination of employment having been issued by that date, and must be a U.S. taxpayer on the same date.

To participate in the U.S. BASF Options Program, it is required that the entitled Executive has not participated in any other share-based incentive program while eligible for BOP or U.S. BOP.



Program and Option Conditions

II. Personal Investment

The grant of option rights requires a participant’s personal investment. He/she must fulfill this requirement by introducing a specific number of BASF shares into the program (see Section II.2.). The participant will receive four option rights for each share of personal investment (see Section III.).

1. Possible Range of Investment/Conversion to BASF Shares

The specific number of BASF shares (min./max.) or share equivalents that a participant can introduce into the U.S. BOP 2020 is calculated on the basis of 10% to 30% of the participant’s gross variable compensation for 2019 (in €) and the Basic Price of the BASF share.

The **Basic Price** for the U.S. BOP 2020 is defined as the volume-weighted average, commercially rounded to two decimal places, that is quoted in the electronic trading system of Deutsche Börse AG (Xetra) on June 19, 2020, the first trading day of the German Stock Exchange following BASF’s 2020 Annual Meeting (**Basic Date**).

Personal Investment

Possible Range of Investment/Conversion to BASF Shares



Example: Bonus (gross) = €75,000.00 Basic Price = €75.00



2. Undertaking/Holding Period

Each eligible Executive will be informed in June 2020 of the number of shares (min./max.) he/she is entitled to introduce into the 2020 Program. Those Executives wishing to participate must complete and submit the form provided to notify, by July 31, 2020 at the latest, of the actual number of shares that they will hold as their personal U.S. BOP 2020 investment for at least two years following the Option Grant Date (see Section III.1), e.g., up to and including June 30, 2022 (**holding period**). This Undertaking will qualify the corresponding shares and/or share equivalents ("U.S. BOP 2020 shares") for the underlying options (see Section III.).

Any BASF shares already held by a participant may be declared as "U.S. BOP 2020 shares" (with the exception of shares already tied to U.S. BOP 2019 as these must be held for a two-year holding period, ending only on June 30, 2021) .

The U.S. BOP shares may be held at any financial institution chosen by the participant. The participant must be owner of the account in which the shares are held. A joint account of the participant and his or her spouse is also acceptable. Shares may only be declared as BOP or U.S. BOP shares for one program and one participant at any given time.

If a participant agreed in the Undertaking to possess a number of shares in July 2020 that is greater than his/her current holding, the participant must procure the missing number of shares in July 2020.

If the participant chooses to dispose of the "U.S. BOP 2020 shares" prior to July 01, 2022, the sale would be a breach of the Undertaking and would result in loss of all option rights granted. Participants are personally responsible for informing their relevant coordinator if their total holding of "U.S. BOP Shares" falls below the level of their specified personal investment.

Proof that the specified number of shares is actually held must be supplied to the BOP coordinator on request in an appropriate form (e.g. a custody account statement or bank confirmation). If a participant does not provide the requested proof within an adequate period or if he/she is not in possession of the necessary and designated personal investment, all option rights granted will be forfeit. Furthermore this can also lead to the exclusion of participation in the next possible program. Further sanctions under labor law – dependent on the circumstances of the individual case – remain unaffected thereof.

Participants may satisfy the personal investment undertaking by ownership of BASF shares or by ownership of **share equivalents**, i.e. an equivalent amount of BASF American Depositary Receipts (ADRs) and/or interests in the Company Stock Fund of the BASF Corporation Employee Savings Plan. Shares and share equivalents may be combined in order to satisfy the personal investment undertaking.

Program and Option Conditions

III. Grant and Design of Option Rights

1. Grant of Option Rights/Option Grant Date

On July 1, 2020 (**Option Grant Date**), BASF will grant four option rights to the participant for each “U.S. BOP 2020 share” confirmed in the Undertaking declaration. The number of option rights calculated on the basis of the details in the Undertaking Form. The participant will receive a written confirmation acknowledging entry of the option rights.

Regarding program participants who are subject to taxation in **countries other than the United States**, the fiscal treatment of option rights granted and of exercise gains depends on the tax laws of these countries. If you have any questions, the respective BOP coordinator will be pleased to be of assistance.

Personal Investment & Option Rights

Example

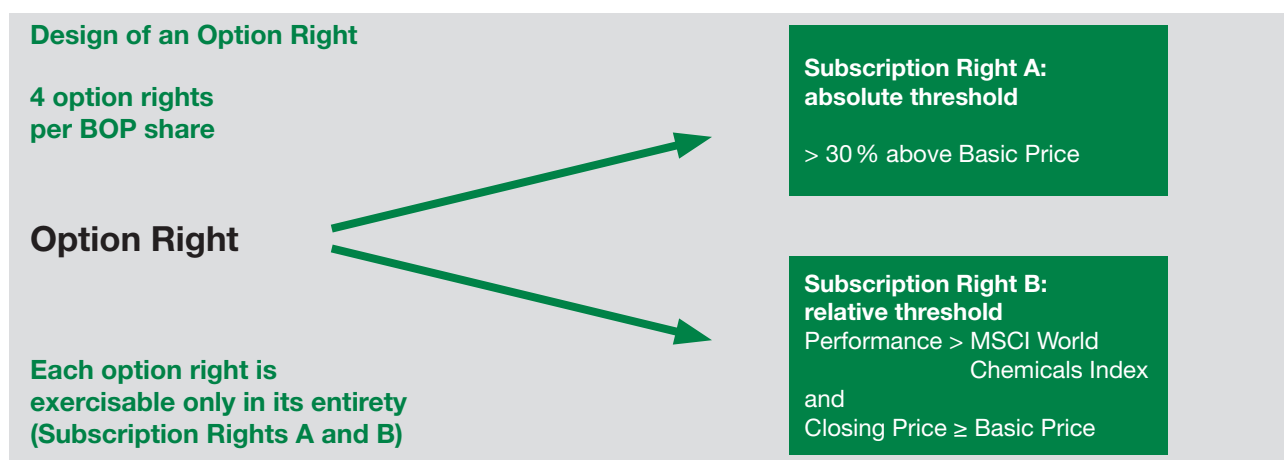
Bonus (gross):	€75,000.00
Personal Investment (10 – 30% of bonus):	€7,500.00 – €22,500.00
Basic Price:	€75.00
Minimum number of shares	100
> Option Rights (Number of min. shares x 4)	400
Maximum number of shares	300
> Option Rights (Number of max. shares x 4)	1,200

2. Design of Option Rights/Thresholds

The option rights are personal rights. They may not be sold, used as security for loans, or otherwise transferred.

Each option right consists of two parts, Subscription Right A and Subscription Right B, which are “in the money” if defined thresholds are met.

Each individual option right may only be exercised in its entirety (Subscription Rights A and B). Thus, if only one threshold is met, exercising is possible, but the Subscription Right linked to meeting the other threshold will lapse.



a) Subscription Right A (absolute threshold)

The threshold for Subscription Right A is met if the **Closing Price** of the BASF share quoted in the electronic trading system of Deutsche Börse AG (Xetra) or in a successor system (**Closing Price**) is more than 30% higher than the Basic Price.

The value of the Subscription Right A is defined as the difference between the Closing Price at the time of exercise (see Section IV.2.c) and the Basic Price.

Subscription Right A

Evaluation Example

Basic Price	€75.00
Closing Price at the time of exercise	€98.00
Absolute increase in price	€23.00
Relative increase in price	+ 31 %
> Absolute threshold of >30% met	
> Value of Subscription Right A	€23.00
<small>(Closing Price at the time of exercise minus Basic Price)</small>	

b) Subscription Right B (relative threshold)

The threshold for Subscription Right B is met if the cumulative performance of the BASF share exceeds the performance of the MSCI World Chemicals Index, calculated in local currency. This **Outperformance** – as a percentage – is defined as the difference between the cumulative performance of the BASF share from the basic date to the exercise date on the one hand and the cumulative performance of the MSCI World Chemicals Index from the basic date to the exercise

date on the other hand. The cumulative performance includes both the change in price and the value of cash dividends and capital changes during this period.

The value of the Subscription Right B is defined as the Basic Price multiplied by *twice* the percentage by which the BASF share outperforms the MSCI World Chemicals Index at the time of exercise ($2 \times \text{Outperformance} \times \text{Basic Price}$).

Subscription Right B

Evaluation Example

Basic Price	€75.00
Closing Price at the time of exercise	€98.00
At the time of exercise:	
Performance of BASF share in percent	41%
Performance of MSCI World Chemicals Index in percent	21%
Outperformance of BASF share	20%
Doubled Outperformance	40%
> Value of Subscription Right B	€30.00
<small>(Doubled Outperformance x Basic Price)</small>	

Please note:

The MSCI World Chemicals Index is a global chemical industry index, which currently contains about 60 companies. The Index is compiled by Morgan Stanley Capital International Inc., a leading Index provider. The MSCI World Chemicals Index measures the performance of the various chemical companies in their respective local currency. This significantly reduces the effect of currency fluctuations on the index value. Outperforming the MSCI World Chemicals Index is a demanding target.

This is why each percentage point is doubled in the calculation of the value of Subscription Right B.

Subscription Right B is only in the money, if the Closing Price at the time of exercise is at least equal to the Basic Price. If the Closing Price at exercise in the above example is less than €75.00, the value of Subscription Right B is “zero”, despite the outperformance of the index.

3. Exercise Gain/Upper Limits

Following each exercise order, the gross exercise gain will be calculated and the resulting net exercise gain (see Section IV.2.f) will be paid in cash to the participant (cash settlement) after the Deferred Payment Date.

The gross exercise gain is derived from the option right's value on the date of exercise (see Section IV.2.c.) and the number of exercised option rights as determined by the exercise order. The total value of each option right may result from Subscription Right A, from Subscription Right B, or both A and B.

The maximum possible gross exercise gain is equal to five times the original personal investment (in €), which is determined by multiplying the number of invested "BOP 2020 shares" by the Basic Price. For this purpose, the total exercise gain granted for one option right may not exceed 125% of the Basic Price. Furthermore, the exercise gain from Subscription Right A may not exceed 100% of the Basic Price, and the exercise gain from Subscription Right B may not be greater than the Closing Price at the time of exercise less the nominal amount applicable to the BASF share (€1.28, as of April 2020). The purchase price input into the calculation of exercise gain may not be less than the proportion of the capital stock accounted for by each share purchased.



Program and Option Conditions

IV. Exercise of Option Rights

Any exercise of the option rights requires satisfaction of all of the following conditions: (1) the exercise period for U.S. BOP 2020 has started, (2) no closed period is applicable (for both see Section IV.1), and (3) at least one Subscription Right is “in the money” (see Section III.2).

1. Exercise Periods and Closed Periods

a) Duration of Program (Waiting Period/ Exercise Period)

The duration of the program is eight years and begins on July 1, 2020 (Option Grant Date). The option rights may only be exercised for the first time after the completion of a **waiting period**. This commences on the Option Grant Date and ends after two years, i. e. on June 30, 2022. This is followed by the six-year **exercise period** (from July 1, 2022 through June 30, 2028).

b) Closed Periods

It is not possible to exercise the option rights within certain periods (**closed periods**) during the exercise period.

Closed periods are defined as thirty (30) calendar days preceding the publication of annual, half-yearly and quarterly reports of BASF Group and the day of publication.

The periods are published on the Internet at **www.basf.de/bop**.

In case the essential results of BASF Group (quarter, half-year or annual results) are published in advance by an ad-hoc report, the respective Closed Period ends on the day of the pre-announcement, 11:59 pm CET/CEST.

Prior to important company publications (e.g., ad-hoc reports), BASF can specify further closed periods on short notice.

c) Exercise Windows

Each time the absolute threshold is crossed (Subscription Right A), an exercise window of one month is opened, during which it is possible to exercise an option right even if the absolute threshold is no longer exceeded at the time an option right is exercised. The exercise windows provide compensation for the fact that the option rights cannot be exercised during closed periods even if the absolute threshold has been met.

As at other times, the value of the Subscription Right A is defined as the difference between the Closing Price at the time of exercise and the Basic Price.

No exercise window is opened if only the relative threshold is crossed, since there would be no exercise gain as long as the threshold is not met.

Please note:

The closed periods always have priority over exercise windows, i. e. they may shorten them.

2. Exercise Procedure

a) Current Information on the Internet

The decision to exercise option rights is a personal one. On the **internal electronic portal** or on the Internet at **www.basf.de/bop**, we provide information on both the exercise periods and – as far as available for BASF – the current value per option right. As the Web information is dependent on external data, BASF SE can assume no liability for any Web information or calculation that is either unavailable or incorrect.

b) Declaration of Exemption/Exercise Order

An exercise order can only be completed if the Options Office, Corporate HR Comp., Benefits & Mobility, COH/A, BASF SE has received the participant's "**Declaration of Exemption**" (signed original). The participant must send the form to his/her respective BOP coordinator for forwarding to the Options Office. The form can be completed in the **internal electronic portal**. Alternatively, the form can be downloaded from the Internet at www.basf.de/bop. A "Declaration of Exemption" that has been sent to the Options Office is applicable for all prospective exercise orders within all BASF Options Programs.

All exercise orders must be sent – by the **internal electronic portal**, by e-mail (**bop-exercise@basf.com**), fax (**+49 621 60 66-34567**) or by **Web form** – to the Options Office. With each individual exercise order, a minimum of 100 options rights must be exercised. All exercise orders must be placed by using the "**Exercise Order**" form that is provided on the Internet or by the corresponding intranet portal form.

c) Time of Exercise

For exercise orders received by the Options Office until **12:00 noon (Central European Time/Summer Time)** on a German Stock Exchange's trading day, the calculation of the exercise gain will be based on the Closing Price and the Outperformance on the previous trading day. This arrangement has the advantage that a participant can learn the gross exercise gain (in €) – e.g., via the Internet – and then decide whether or not to exercise his/her option rights. It is the document's **time of receipt** at the Options Office, not its transmission, that is decisive for meeting transactional deadlines. Exercise orders received by the Options Office **after 12:00 noon CET/CEST** will be carried out at the Closing Price and the Outperformance of the current trading day.

Please note:

As a result of the condition above, for example, all exercise orders received by the Options Office between a Friday trading day, 12.01 pm, and the following Monday, 12.00 noon, will be executed based on Friday's stock data.

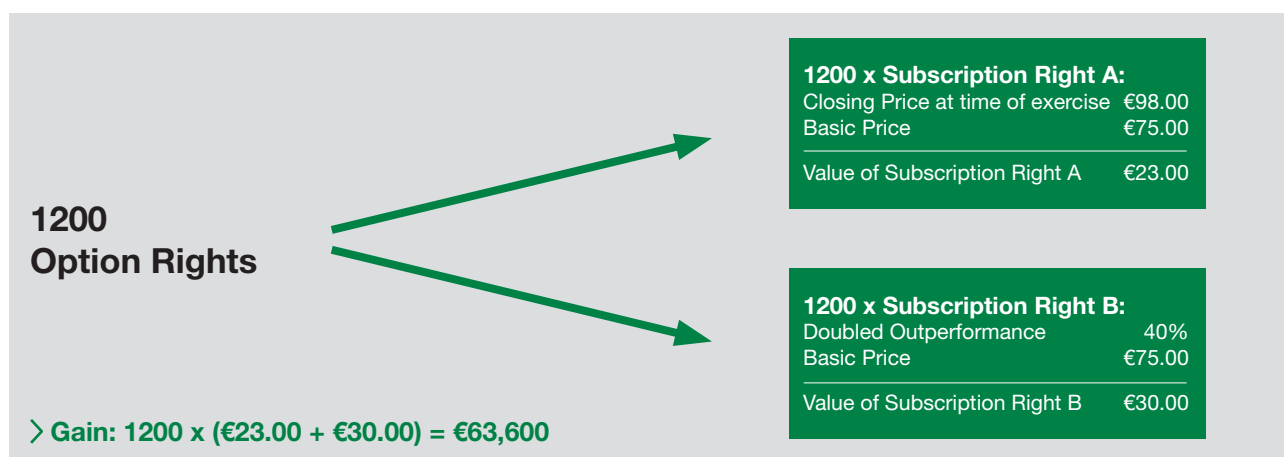
d) Determination of Gross Exercise Gain

After receiving the exercise order, the Options Office will calculate the gross exercise gain. The **Gross Exercise Gain** is derived from the number of option rights exercised multiplied by the respective option right’s value (see Section III.3.).

Gross Exercise Gain (in €)

Example

Personal Investment:	€22,500.00	=	1200 Option Rights
Basic Price	€75.00	Performance of BASF share	41%
Closing Price at time of exercise	€98.00	Performance of MSCI Chem.	21%
Absolute increase in price	€23.00 (>30%)	Outperformance BASF	20%



e) Currency Exchange Rate

If a participant is not paid by BASF in €, the Options Office will convert the gross exercise gain to the respective currency. For the determination of the exchange rate, the same calendar day will be used as for the calculation of the exercise gain. The Options Office will use the exchange rates of the European

Central Bank (ECB) or, if the currency is not published by the ECB, the current market exchange rate. In the latter case, the rates are currently determined by BASF at approximately 2:30 pm (CET/CEST).

The participant will receive a written confirmation from the Options Office for each individual exercise order.

f) Payment of Net Exercise Gain

The program offered to employees who are subject to U.S. taxation has been modified to meet U.S. tax rules that severely restrict when BOP gains may be paid. Without such modifications, participants in the U.S. program would be taxed each year on imputed "earnings" based on the hypothetical value of the options. Further, an additional 20% penalty tax would be imposed on imputed, deferred earnings.

To avoid this additional tax burden on participants, the U.S. BOP 2020 does not provide payment of gains at the time of exercise. Instead, exercise gains are deferred and paid on a designated date that satisfies the tax law requirements. Generally the designated date for payment of option gains is the specified Fixed Payment Date, which in the case of U.S. BOP 2020 is **June 30, 2028**, the last day of the program. This date has been designated as the Fixed Payment Date because it permits U.S. participants to use the full exercise period. In some cases, earlier payment is permitted if certain events occur before the fixed payment date. Section V describes the Deferred Payment Date that would apply in specified "Special Cases," such as termination of employment.

A more detailed description of the deferred payments may be found in the "Additional Conditions Applicable to the U.S. BASF Options Program". This provision of deferred payment dates imposed to meet requirements under "Section 409A" of the Internal Revenue Code is the only difference between the U.S. and the global BOP 2020 program.

For the period between the exercise date and the Deferred Payment Date, any exercise gain realized as a result of the exercise will be credited with interest at the rate of six percent (6%).

The gross exercise gain and accumulated interest, less applicable tax withholdings, will all be payable to the participant on the same Deferred Payment Date.

Please see the additional information in the "Additional Conditions Applicable to the U.S. BASF Options Program" section.

Program and Option Conditions

V. Treatment of Option Rights in Special Cases

1. Retirement

The option rights that have already been granted will remain valid after retirement, i.e. they will continue to be exercisable by the retired participant in accordance with the program conditions. Any deferred gains resulting from an exercise of the option rights prior to the retirement will continue to accumulate interest under the Plan and will be paid to the participant on the Fixed Payment Date.

2. Termination of Employment Relationship

If a participant's employment relationship is terminated before the participant is eligible for Retirement, the option rights will remain valid until the participant's departure. If it is not possible to exercise them within this period (due to the existence of a waiting period, closed period, or a lack of an option right's value) they will be forfeited on the participant's departure. Any deferred gains resulting from an exercise of the option rights prior to termination of the employment relationship will be paid after the participant's Separation from Service. To the extent required for penalties to be avoided under Section 409A, any payments to Specified Key Employees will be delayed until six months after the participant departs from service, after which time payments will be made in full.

3. Death

Upon the death of a participant, any deferred gains resulting from the exercise of option rights prior to the date of death will be paid to the estate of the participant, and any unexercised option rights will be settled by BASF based on the **fair market value** of the option rights at the end of the month of death.

4. Divestiture/Joint Venture

If the business unit or division employing the participant is divested from the BASF Group (i.e., BASF Group ownership of the business or division falls below 50%) or if the business unit or division is brought into a joint venture over which BASF has less than 50% control, BASF may elect to settle unexercised option rights of the participant on the basis of the fair market value of the option rights.

Participants who have Separated from Service (for purposes of Section 409A), but who are not eligible for Retirement on the effective date of the change will be paid, at the time of the change, the settled value of the options and any deferred gains from options exercised before the change. To the extent required under Section 409A, any payment to Specified Key Employees will be delayed until six months after the participant has separated from service.

Participants who are eligible for Retirement on the effective date of the change, or who have not incurred a Separation from Service as defined under Section 409A, will be paid any deferred gains and, if applicable, the settled value of option rights, on the Fixed Payment Date. If BASF has not elected to settle the option rights of Retirement eligible participants, the options rights will remain exercisable under the terms of the program.

5. Change of Control

In the event of a change of control of BASF or of the company employing the participant, or of a substantial portion of the assets of such company, the participant's outstanding option rights will be settled at fair market value by BASF and any deferred gains from option rights exercised before the change of control will be paid to the participant. In the event of a public bid, the option values will be based on the market price of the BASF shares, which for this purpose will be deemed to be the average of the five highest closing prices over the 100 trading days immediately preceding the day of the change of control.

With respect to U. S. Taxpayer Employees, a change of control for this purpose is any event affecting the BASF unit to which the employee provides services that would qualify as a change in control event for purposes of Section 409A. Payments will be made no later than the last day of the calendar year in which the change of control event occurs, or, if later, by the 15th day of the third calendar month following the change of control. To the extent required for Section 409A penalties to be avoided, payments to Specified Key Employees will be delayed until six months after the participant departs from service.

Please note:

In the case of a divestiture or formation of a joint venture that would also qualify as a change in control event for purposes of Section 409A, the program

provisions applicable to a change of control, described in the following section, would apply instead of these provisions pertaining to a divestiture/joint venture.

6. Transfer within the BASF Group

If, as the result of a transfer of employment within the BASF Group, a participant who is a U.S. Taxpayer Employee becomes resident in or begins to work in another tax jurisdiction, the participant's outstanding option rights and deferred exercise gains will remain subject to U.S. BOP 2020 Deferred Payment Date rules, regardless of the tax jurisdiction of the participant's new residence or workplace.

If a participant who was not a U.S. Taxpayer Employee at the time BOP 2020 option rights were granted becomes a U.S. Taxpayer Employee before exercising the BOP 2020 option rights, the terms of the option rights regarding the payment of exercise gain will be modified to comply with the Section 409A of the American Jobs Creation Act of 2004 ("the Act"), depending on the employee's status as of the end of the two-year waiting period (June 30, 2022).

- If the participant becomes a U.S. Taxpayer Employee after the end of the two-year waiting period (that is, after June 30, 2022), the terms of the **BOP 2020** option rights, including the time of payment, will remain as granted;
- If the participant first becomes a U.S. Taxpayer Employee during the period starting January 1 and ending June 30, 2022 (**and** if the participant was not a U.S. resident for income tax purposes at any time during the years 2017 through 2021), the participant will have a grace period until the end of 2022 in which **BOP 2020** option rights may be exercised subject to the original payment terms. Any BOP 2020 option rights that have not been exercised by December 31, 2022 will be modified and become subject to the Deferred Payment Date rules. (If the participant becomes a U.S. Taxpayer

Employee between January 01 and June 30, 2022 but had been a U.S. resident at any time during the years 2017 through 2021, the BOP 2020 option rights will be modified and become subject to the Deferred Payment Date rules as of the date of arrival in the U.S.)

-
- If the participant first becomes a U.S. Taxpayer Employee before 2022, (i.e., before the calendar year in which the two-year waiting period ends), the BOP 2020 option rights will be modified and become subject to the Deferred Payment Date rules as of the date the U.S. assignment begins.
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7. Determination of Fair Market Value

Except in the case of a Change of Control as described in V.5, the **fair market value** of outstanding option rights will be determined by an independent expert, to be appointed by BASF, with experience in the valuation of option rights.

Program and Option Conditions

VI. General Limiting Conditions

Furthermore BASF reserves the right to

- decide on an annual basis whether to offer the U.S. BOP;

- annually redefine the group of qualified persons;

- dispense with the share ownership requirement as a basis for the granting of option rights in special cases, if share ownership becomes impossible or impractical for legal reasons, in particular as a result of currency or stock market legislation. Special arrangements shall apply in such cases;

- adjust the terms and conditions of the U.S. BOP in the event of capital increases/reductions or restructuring measures in such a way that appropriate account is taken of the resulting changes in the value of the option rights.

Steps Leading to Participation in U.S. BOP 2020

- Each eligible Executive will be informed of the amount of his/her variable compensation for calendar year 2019 by the end of April 2020.
 - In June 2020, each eligible Executive will be informed of the number of shares (min./max.) he/she is entitled to introduce to the program on the basis of between 10% and 30% of his/her gross variable compensation (in €) and the Basic Price applicable to U.S. BOP 2020.
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- Those wishing to participate must use the form to inform by July 31, 2020 at the latest of the number of shares held by them at that date and that they intend to hold for at least two years following the Option Grant Date, i.e. up to June 30, 2022.
-
- Participants are responsible for fulfilling the obligation that has been accepted and for purchasing the necessary number of shares. By signing the Undertaking, prospective participants accept the program and option conditions as binding and declare themselves willing to provide their BOP coordinator, on request, with appropriate proof of ownership of the number of shares specified in the Undertaking and to automatically report any premature share sales to their coordinator.
-
- In the third quarter, each participant without access to the internal electronic portal will be informed of the number of option rights granted under the U.S. BOP 2020.
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Contacts

BASF SE

COH/A
67056 Ludwigshafen

- If you have any questions concerning the Program in general, the respective **BOP coordinator** will be happy to provide assistance. A list of all coordinators is available on the Internet at **www.basf.de/bop**.

- Individual questions concerning the number of outstanding option rights or specific exercise orders etc. may be addressed to the **Options Office**, Corporate HR Comp., Benefits & Mobility, COH/A,, BASF SE, by e-mail (**bop-hotline@basf.com**).

- Specific questions regarding individual net exercise gains should be addressed to the respective **Payroll Department**.

Additional Conditions Applicable to the U.S. BASF Options Program

Special program conditions apply to the U.S. BOP in compliance with U.S. tax requirements. The conditions described here apply to (i) U.S. citizens and green card holders, (ii) U.S. residents and (iii) individuals who work, or have worked, in the U.S. while holding Option Rights

Under the U.S. BASF Options Program (the “Plan”), eligible executives of BASF Corporation and its U.S. affiliates, as well as eligible executives who are U.S. citizens or are otherwise subject to U.S. federal income tax on compensation received as a BASF employee (“U.S. Taxpayer Employees”), have the opportunity to designate (a) a specified number of BASF Shares, (b) an equivalent number of BASF American Depositary Receipts (“BASF ADRs”) and/or (c) previously acquired interests in the Company Stock Fund held in the BASF Corporation Retirement Savings Plan, as their personal investment under the Plan (the “Undertaking”).

The Plan is subject to and is intended to comply with the rules under Section 409A of the Internal Revenue Code (“Section 409A”) governing deferred compensation and equity-based compensation and should be interpreted accordingly. The provisions of the Plan described in this section apply to all U.S. Taxpayer-Employees who participate in the BASF Option Program and, with respect to their participation, supercede any conflicting provisions described elsewhere in this program brochure or stated in the German-language document that sets forth the terms and conditions of the global BASF Options Program.

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, and is not a qualified plan under Section 401(i) of the Internal Revenue Code of 1986, as amended.

Section i. Personal investment

The number of Option Rights granted under the Plan depends in part on the executive’s commitment to maintain a specified level of personal investment in the Company. For U.S. executives, this personal investment commitment may be satisfied by ownership of BASF shares, an equivalent amount of BASF ADRs, or equivalent interests in the Company

Stock Fund held in the BASF Corporation Retirement Savings Plan (acquired before that Fund was closed to new investment). Investments held as of the date specified in the personal investment commitment, including any newly acquired BASF shares or BASF ADRs, may be designated as the required personal investment. Questions regarding whether particular holdings will qualify as the personal investment commitment should be addressed to your local BOP coordinator.

Section ii. Deferred Payment Dates for U.S. BOP Effect of Section 409A

To meet the requirements of Section 409A, the Plan must strictly limit when option gains may be paid to participants. Section 409A requires that payments be made only on a fixed payment date specified in the Plan or on the earlier occurrence of certain permissible distribution events, such as, death, separation from service or a corporate change in control. If the U.S. Plan did not restrict the payment of option gains to those dates and events permissible under Section 409A and specified by the U.S. Plan, a U.S. Taxpayer Employee would be subject to immediate income tax on any appreciation in the value of the unexercised Option rights from year to year. In other words, if the U.S. Plan did not limit the time of payment to designated, permissible Deferred Payment Dates, then each year, participants would be taxed on the additional “phantom income” they might have realized had they exercised all unexercised options at year-end. In addition, Section 409A imposes an additional 20% penalty tax and certain interest charges on amounts deferred under non-compliant plans and can extend such penalties to amounts deferred under other similar plans that cover the same participant.

Deferred Payment Date Option Rights

To avoid the penalties under Section 409A, the U.S. BOP issues Deferred Payment Date Options. Deferred Payment Date Option rights remain subject to the terms and conditions of the global program,

and are exercisable in the same manner as other BASF Option rights **provided, however**, that any gain or other proceeds payable to a U.S. Taxpayer Employee as a result of the exercise or settlement of Deferred Payment Date Options will be paid on the applicable Deferred Payment Date (subject in some cases to a Six-Month Delay for certain BASF Specified Key Employees). Generally, the applicable Deferred Payment Date is the last day of the specified exercise period for the Option rights, which has been designated as the Fixed Payment Date. However, earlier payment would be made under certain conditions designated by the Plan as permitted under Section 409A. Accordingly, the Plan has designated that the Deferred Payment Date of option gains shall be the earlier of: (a) the Fixed Payment Date; (b) the date of a participant’s Separation from the Service unless at the time of Separation, the participant is Disabled or eligible for Retirement from BASF; (c) the date of certain Change in Control events described in the following sections, or (d) the date of death of the U.S. Taxpayer Employee. For this purpose, capitalized terms have specific definitions that comply with Section 409A and are described in this section.

The Fixed Payment Date for Deferred Payment Date Options granted under each of the U.S. BOP Programs from 2012 through 2020 is listed in the following table.

U.S. BOP Program Fixed Payment Date (Last Day of Exercise Period)

2012	June 30, 2020
2013	June 30, 2021
2014	June 30, 2022
2015	June 30, 2023
2016	June 30, 2024
2017	June 30, 2025
2018	June 30, 2026
2019	June 30, 2027
2020	June 30, 2028

To the extent necessary to avoid imposition of additional tax under Section 409A, any payments that would otherwise be made to a Specified Key Employee on his or her Separation from Service will be subject to a Six-Month Delay and shall be paid on the first day of the seventh month following the date of the employee’s Separation from Service. BASF Specified

Key Employees are identified for purposes of Section 409A (i) in accordance with procedures adopted by BASF pursuant to Treasury Regulation §1.409A-1(i). The Company notifies Specified Key Employees who may be affected by a Six-Month Delay.

Payments will generally be made shortly after the Deferred Payment Date, but will be considered timely if made by the last day of the calendar year in which the Deferred Payment Date occurs, or, if later, by the 15th day of the third calendar month following the Deferred Payment Date, or if made at another time that would be considered timely under applicable Section 409A regulations and guidance. Except as specified in the Plan and permitted under the Treasury rules and regulations, BASF shall not have the discretion to accelerate or defer payments. In no event will any U.S. Taxpayer Employee, including any BASF Specified Key Employee, be permitted to directly or indirectly designate the taxable year in which he or she receives payments under the Plan.

From the exercise date selected by the U.S. Taxpayer Employee until the Deferred Payment Date, or in the case of a BASF Specified Key Employee, until the end of the Six-Month Delay, any gain or other proceeds realized as a result of the exercise or settlement of a Deferred Payment Date Option will be credited with interest at the rate of six percent (6%). All credited interest will be payable on the same date as specified under the Plan for payment of the deferred gains and other proceeds.

Payments to Disabled or Retired U.S. Taxpayer Employees

US Plan Option rights that are outstanding at the date of Retirement or Disability (as defined under Section 409A) will remain valid and will continue to be exercisable under the Plan in accordance with the Program conditions. Any gains resulting from the subsequent exercise of such Option rights, together with any deferred gains that resulted from Option rights that were exercised before Retirement or Disability, will be held under the Plan and paid in accordance with the applicable Deferred Payment Date or Six-Month Delay. For purposes of the U.S. BASF Options Program, Retirement shall mean Separation from Service at or after the attainment of the age 55.

Distribution on Death

Deferred Payment Date Option rights will be settled by BASF as of the death of the participant based on the fair market value of the option rights at the end of the month of death. The date of death will constitute the Deferred Payment Date, and will include any proceeds resulting from the settlement of Option rights and for any deferred gains from Option rights that had been exercised prior to the date of death.

Separation from Service

In the event a non-Disabled participant Separates from Service before attaining Retirement eligibility and before the Fixed Payment Date, the Separation of Service date is designated as the Deferred Payment Date for Option gains and accrued interest. Whether a Separation from Service has occurred for purposes of the Plan will be determined in accord with Section 409A and the Treasury regulations and guidance thereunder. Such determination shall be independent of whether a separation has occurred for other purposes, including for purposes of employment law, or with respect to BASF employment practices and policies, or under other BASF benefit plans. In general, a participant shall Separate from Service when the employer and employee reasonably anticipate that no further services would be performed after that date or that the level of bona fide services performed after such date would decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36 months.

For purposes of determining whether a participant has Separated from Service, all members of the controlled group of corporations that includes the Service Recipient (as defined in Section 409A) and all trades or businesses under common control with the Service Recipient are considered a single employer. For purposes of determining the controlled group of corporations and the trades or businesses under common control, the rules under IRC Section 414(ii) and Regulation §1.414(iii)-2 are applied except that "at least 50 percent" ownership is used in each place that "at least 80 percent" is designated in IRC Section 1563(i)(1), (2), and (3). For purposes of the Plan, all members of the controlled group of corporations that includes BASF SE (the Company) and all trades or businesses under common control with respect to the Company are considered members of the BASF Group.

If Separation from Service is the applicable Deferred Payment Date for payments to an executive who is a BASF Specified Key Employee on such date, payments of deferred Option gains and accrued interest will be subject to the Six Month Delay described earlier in this section.

Except in the case of participants who are Disabled or eligible for Retirement from BASF and except in the case of certain divestitures or the formation of certain joint ventures described in the Plan, any Options that have not been exercised at the time of a Separation from Service shall be forfeited.

Corporate Change in Control

In the event of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation that constitutes a permissible payment date as defined under Section 409A and Treasury regulations and guidance thereunder (a Corporate Change in Control event) the participant's outstanding option rights related to the Corporate Change in Control will be settled by BASF based on the **fair market value** of the unexercised Option rights. In the event of a public bid, the fair market price of the share will be deemed to be the average of the five highest closing prices during the bid period; otherwise it will be deemed to be the average of the five highest closing prices over the 100 trading days immediately preceding the effective date of the Corporate Change in Control. The effective date of the Corporate Change in Control, which shall be determined under Section 409A and Treasury guidance thereunder, shall constitute the Deferred Payment Date with respect to gains and proceeds from the exercise or settlement of the Option rights related to the Corporate Change in Control.

Certain divestitures or joint venture formations

If as a result of a divestiture or the formation of a joint venture or similar transaction, a Service Recipient entity or the entity that is the current employer of a U.S. Taxpayer Employee is no longer a member of the BASF Group, BASF will settle the participant's unexercised Deferred Payment Date Option rights attributed to services performed for such Service Recipient or, if the employer of the participant is no longer part of the BASF Group, BASF will settle all outstanding Options held by the participant.

Settlement will be based on the fair market value of the Options. If a permissible distribution event has occurred, the settlement proceeds and any deferred gains and accumulated interest from previously exercised Options associated with such event will be paid to the participant on the applicable Deferred Payment Date. If no permissible distribution event has occurred with respect to all or part of the participant's unexercised US Plan Options, (for example, if the participant remains an employee of the divested Service Recipient and no Change in Corporate Control or Ownership has occurred with respect to such Service Recipient) the settlement amount will not be paid until the next applicable Deferred Payment Date under the terms of the Plan.

Section iii. Tax consequences for U.S. Taxpayer employees

The following discussion provides only general information and is based on current law. Changes in the tax rules may affect the accuracy of this discussion.

This summary does not cover state and local tax treatment of participation in the Plan; taxes of countries other than the U.S.; alternative minimum tax, or estate or inheritance tax implications. Your individual financial situation and other personal circumstances may have a bearing on the tax consequences of Plan participation, particularly if you provide services outside the U.S. at any time during the two-year period beginning on the date the Options are granted. *You are urged to consult your own accountant, legal counsel or other financial advisor to discuss the specific tax consequences of your participation in the Plan.*

Grant of Options

Generally, taxable income for U.S. federal income tax purposes is not recognized when Options are granted, but is deferred until any proceeds from the exercise or settlement of Options are paid to a U.S. Taxpayer Employee.

Exercise of U.S. Option Rights and Deferred Payment of Gains

When a U.S. Taxpayer Employee exercises a U.S. Option right or when BASF settles a U.S. Option right under the terms of the Plan, the exercise gain or settlement amount will be subject to Social Security and Medicare taxes, but will not be subject to U.S. federal income tax until paid to the participant. Any mandatory Social Security tax, Medicare tax or other social insurance contributions due from the participants before the Deferred Payment Date, will be made by the Company and ordinarily will be deducted from other compensation payable to the participant. If the participant's full tax liability is not withheld from amounts payable to him or her, the participant will be required to make a separate payment to the Company for his or her share of the required taxes and contributions.

When proceeds from exercise or settlement of U.S. Option rights are paid on the applicable Deferred Payment Date, the U.S. participant will recognize the amounts paid as ordinary income for federal income tax purposes. This income is considered taxable compensation, subject to withholding of U.S. income tax, but will not be subject to Social Security and Medicare taxes at that time. No portion of the income will be subject to the 3.8% tax on net investment income.

Dividends on BASF Shares or BASF ADRs

Dividends on BASF Shares or BASF ADRs paid to U.S. Taxpayer Employees are subject to federal income tax both in the U.S. and in Germany in the year paid. However, relief from double taxation is afforded through the Income Tax Treaty between the United States and Germany (the "Treaty"), coupled with the U.S. foreign tax credit.

German Taxation of Dividends

Under the terms of the Treaty, dividends paid by German corporations to certain U.S. qualified pension plans and Individual Retirement Accounts (IRAs) are

exempt from German tax. Dividends paid to individual shareholders who are eligible U.S. residents under the Treaty are taxed at the rate of 15% of the gross dividend. However, under current German law, German corporations are required to withhold from dividends the German capital tax and a solidarity surcharge totaling 26.375% of the gross dividend. Refund of taxes withheld in excess of the lower Treaty rates may be obtained through claims filed with the German tax authorities.

In the case of dividends paid on the Company Stock Fund of the BASF Retirement Savings Plan, the trustee arranges for a collective refund claim of all the German tax withheld and credits this amount directly to the accounts of participants invested in the Stock Fund. No action is needed on the part of participants invested in the Company Stock Fund of the BASF Retirement Savings Plan.

U.S. investors who hold BASF shares or ADRs in Individual Retirement Accounts (IRAs) should check with the trustee/custodian of the IRA to determine whether additional action must be taken to claim the full German tax exemption for qualifying pensions under the Treaty.

U.S. investors who hold BASF shares or ADRs in a taxable investment account will need to check with their broker or custodian to determine if a collective refund claim may be filed through an eligible financial institution, or if the investor should file an individual claim directly with the German tax authorities. In either event, the U.S. investor may need to provide IRS Form 6166, Certification of United States Residency. Application for the certification is made by filing IRS Form 8802, Application for United States Residency Certification, available with instructions on the IRS website, www.irs.gov.

The direct refund claim form, Application for refund of German withholding tax on income from capital under the Double Taxation Convention (DTA) between the Republic of Germany and the United States of America is available from the German government on a webpage for foreign investors:

https://www.bzst.de/DE/Service/service_node.html

Completed refund claims with required documentation would be sent to:

Bundeszentralamt für Steuern, An der Kuppe 1, 53225 Bonn, Germany.

U.S. Taxation of Dividends

Dividends paid by BASF SE are eligible for treatment as “qualified dividend income” under the U.S. federal income tax law. Provided the shareholder has held the stock for the required periods, qualified dividend income is taxed at the rates that apply to net capital gains.

The amount of the dividend reported as income for U.S. federal income tax purposes is the gross dividend amount, not reduced by the German withholding tax. The portion of the German income tax withheld that cannot be refunded under the Treaty may be claimed either as a foreign tax credit against the U.S. federal income tax liability of a U.S. Taxpayer Employee or as a deduction in computing taxable income. For U.S. foreign tax credit purposes, dividends received in respect of the ADRs or BASF Shares generally will be treated as passive income derived from sources outside the United States. Although dividends and German tax withheld with respect to BASF Shares will be denominated in €, they must be translated for U.S. tax reporting purposes into U.S. dollars at the rates of exchange prevailing at the time the dividends are paid and the taxes withheld.

Tax on Sale or Exchange of BASF Shares or BASF ADRs

For U.S. federal income tax purposes, a U.S. Taxpayer Employee will recognize a capital gain or loss on any sale or exchange of BASF Shares or BASF ADRs. This gain or loss, measured by the difference between the amount realized and the tax basis in the BASF Shares or BASF ADRs, will be either a long term or short-term capital gain or loss, depending on the length of time the U.S. Taxpayer Employee holds the BASF Shares or BASF ADRs prior to their disposition. Capital gains of U.S. residents are not taxable in Germany.

Other Taxes

In addition to U.S. and German federal income taxes and Social Security and Medicare taxes, U.S. Taxpayer Employees would be subject to applicable state and local taxes.

Reporting of Foreign Bank and Financial Accounts

U.S. Taxpayer Employees who have an interest in or signature or other authority over bank accounts, securities accounts, or other financial accounts in foreign countries must disclose that information on their individual federal income tax returns and file a Report of Foreign Bank and Financial Accounts, TDF 90-22.1, with the U.S. Department of Treasury. However, a taxpayer is exempt from this requirement if the combined value of all such financial accounts in foreign countries does not exceed \$10,000 at any time during the year.

Section iv. Amendment and termination

The Company has the authority to amend, modify or terminate the Plan at any time, except to the extent such authority would cause the Plan to fail to comply with requirements specified in IRC Section 409A, or would otherwise result in compensation provided under the Plan to be included in gross income for U.S. federal income purposes before it is received by the participants or it would result in the imposition of interest charges or other additions to tax pursuant to IRC Section 409A.