

Corporate Governance Report

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Corporate governance refers to the entire system for managing and supervising a company. This includes its organization, values, corporate principles and guidelines as well as internal and external control and monitoring mechanisms. Effective and transparent corporate governance ensures that BASF is managed and supervised responsibly with a focus on value creation and sustainability. It fosters the confidence of our investors, the financial markets, our customers and other business partners, employees, other groups affiliated with our company (stakeholders) as well as the public in BASF.

The fundamental elements of BASF SE's corporate governance system are: its two-tier management system, with a transparent and effective separation of company management and supervision between BASF's Board of Executive Directors and the Supervisory Board; the equal representation of shareholders and employee representatives on the Supervisory Board; and the shareholders' rights of co-administration and supervision at the Annual Shareholders' Meeting.

Board of Executive Directors

At a glance

- Responsible for company management and represents BASF SE in business with third parties
- Sets goals and strategic direction
- Strictly separate from the Supervisory Board

Direction and management by the Board of Executive Directors

The Board of Executive Directors is responsible for managing the company and represents BASF SE in business undertakings with third parties. BASF's Board of Executive Directors is strictly separated from the Supervisory Board, which monitors the Board of Executive Directors' activities and decides on its composition. A member of the Board of Executive Directors cannot simultaneously

be a member of the Supervisory Board. As the central duty of company management, the Board of Executive Directors defines the corporate goals and strategic direction of the BASF Group as well as its individual business areas, including the sustainability strategy. In doing so, the Board ensures that the risks and opportunities associated with social and environmental factors for our company as well as the ecological and societal impacts of BASF's activities are systematically identified and evaluated. In addition to long-term economic goals, the corporate strategy appropriately takes environmental and social objectives into account, too. The corporate planning defined on this basis comprises financial and sustainability-related goals.

Furthermore, the Board of Executive Directors determines the company's internal organization and decides on the composition of management positions on the levels below the Board. It also manages and monitors BASF Group business by planning and setting the corporate budget, allocating resources and management capacities, monitoring and making decisions on significant individual measures, and supervising operational management.

The Board's actions and decisions are geared toward the company's best interests. It is committed to the goal of sustainably increasing the company's value and developing the company over the long term, taking into account environmental and social goals as well as economic targets. The Board's responsibilities include the preparation of the Consolidated and Separate Financial Statements of BASF SE and reporting on the company's financial and nonfinancial performance as well as half-year and quarterly reporting. It must

also ensure that the company's activities comply with the applicable legislation and regulatory requirements, as well as internal corporate directives (compliance). This includes the establishment of appropriate systems for control, compliance and risk management as well as embedding a company-wide compliance culture with undisputed standards.

Decisions that are reserved for the Board as a whole by law, through the Board of Executive Directors' Rules of Procedure or through resolutions adopted by the Board, are made and all important matters of the company are discussed at regularly held Board meetings called by the chair of the Board of Executive Directors. Board decisions are based on detailed information and analyses provided by the business areas and specialist units, and, if deemed necessary, by external consultants. The chair of the Board of Executive Directors leads the Board meetings. Board decisions can generally be made via a simple majority. In the case of a tied vote, the chair of the Board of Executive Directors gives the casting vote. However, the chair of the Board of Executive Directors cannot enforce a decision against the Board of Executive Directors' majority vote. The chair of the Board also does not have the right to veto. Outside of matters that are assigned to the entire Board for consultation and decision-making, all members of the Board of Executive Directors are authorized to make decisions individually in their designated areas of responsibility.

The Board of Executive Directors can set up Board committees to consult and decide on individual issues such as proposed material acquisition or divestiture projects or to prepare decisions to be

made by the entire Board. These must include at least three members of the Board of Executive Directors. For the preparation of important decisions, such as those on acquisitions, divestitures, investments and personnel, the Board has various commissions at the level below the Board. Independently of the affected business area, these committees thoroughly assess the planned measures and evaluate the associated opportunities and risks. Based on this information, they report and make recommendations to the Board.

The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to planning, business development, risk situation, risk management and compliance. Furthermore, the Board of Executive Directors coordinates the company's strategic orientation with the Supervisory Board.

The Statutes of BASF SE and the Supervisory Board have defined certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases that require approval include the acquisition and disposal of enterprises and parts of enterprises, as well as the issue of bonds or comparable financial instruments. However, this is only necessary if the acquisition or disposal price or the amount of the issue in an individual case exceeds 3% of the equity reported in the most recent approved Consolidated Financial Statements of the BASF Group.

 For more information on risk management, see the Forecast report from page 157 onward

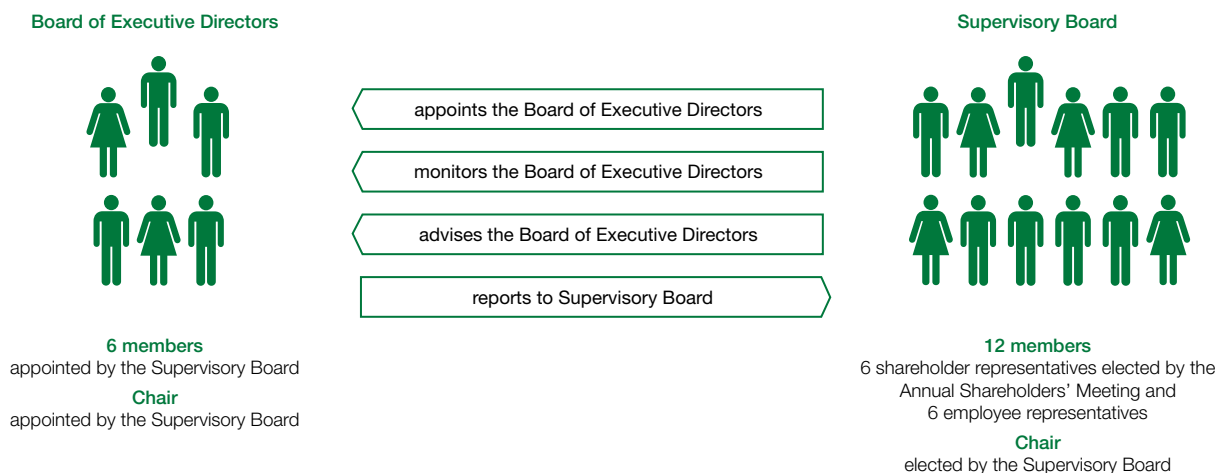
The members of the Board of Executive Directors, including their areas of responsibility and memberships in the supervisory bodies of other companies, are listed from page 182 onward.

 For more information on the compensation of the Board of Executive Directors, see basf.com/compensationreport

Competence profile, diversity concept and succession planning for the Board of Executive Directors

The Supervisory Board works hand in hand with the Board of Executive Directors to ensure long-term succession planning for the composition of the Board of Executive Directors. BASF aims to fill

BASF SE's two-tier management system



most Board positions with leaders from within the company. It is the task of the Board of Executive Directors to propose a sufficient number of suitable individuals to the Supervisory Board.

BASF's long-term succession planning is guided by the corporate strategy. It is based on systematic management development characterized by the following:

- Early identification of suitable leaders of different professional backgrounds, nationalities and genders
- Systematic development of leaders through the successful assumption of tasks with increasing responsibility, where possible in different business areas, regions and functions
- Desire to shape strategic and operational decisions and proven success in doing so, as well as leadership skills, especially under challenging business conditions
- Role model function in putting corporate values into practice

The aim is to enable the Supervisory Board to ensure a reasonable level of diversity with respect to education and professional

experience, cultural background, international representation, gender and age when appointing members of the Board of Executive Directors. Irrespective of these individual criteria, a holistic approach will ultimately determine a person's suitability for appointment to the Board of Executive Directors of BASF SE. Both systematic succession planning and the selection process aim to ensure that the Board of Executive Directors as a whole has the following profile, which serves as a diversity concept:

- Many years of leadership experience in scientific, technical and commercial fields
- International experience based on background and/or professional experience
- At least one female Board member
- A balanced age distribution to ensure the continuity of the Board's work and enable seamless succession planning

The first appointment of members of the Board of Executive Directors is for a term of no more than three years. The standard age limit for members of the Board of Executive Directors is 63. The

Supervisory Board determines the number of members on the Board of Executive Directors. It is guided by insights gained by BASF as a company with an integrated leadership culture and is determined by the needs arising from cooperation within the Board of Executive Directors. The Supervisory Board considers six to be an appropriate number of Board members given the current business composition, future responsibilities associated with development and the fundamental organizational structure of the BASF Group.

The current composition of the Board of Executive Directors meets the competence profile and the requirements of the diversity concept in full.

Supervisory Board

At a glance

- Appoints, monitors and advises Board of Executive Directors
- Four Supervisory Board committees
- Composition criteria: professional and personal qualifications, diversity, and independence

Supervision of company management by the Supervisory Board

The Supervisory Board appoints the members of the Board of Executive Directors and supervises and advises the Board of Executive Directors on management issues. It must also be involved in making decisions that are of key importance for the company. This also includes the Board of Executive Directors' consideration of sustainability issues with regard to corporate governance. The Supervisory Board is also responsible for auditing BASF SE's and the Group's Annual Financial Statements. As members of the Supervisory Board may not simultaneously be on the Board of

Executive Directors, a high level of autonomy is already structurally ensured with regard to the supervision of the Board of Executive Directors.


In addition to the SE Regulation, the relevant legal basis for the size and composition of the Supervisory Board is provided by the Statutes of BASF SE and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement). The latter also includes the regulations applicable to BASF for implementing the statutory gender quota for the Supervisory Board. The German Codetermination Act does not apply to BASF SE as a European stock corporation (Societas Europaea, SE).


The Supervisory Board of BASF SE comprises 12 members. Six members are elected by the shareholders at the Annual Shareholders' Meeting via a simple majority. Six members are elected by the BASF Europa Betriebsrat (BASF Works Council Europe), the European employee representation body of the BASF Group. In accordance with the resolution of the Annual Shareholders' Meeting on June 18, 2020, the period of appointment for newly elected members of the Supervisory Board was reduced from five to four years; and the Statutes were amended accordingly. This ensures that the maximum membership duration of 12 years up to which a Supervisory Board member can be classified as independent corresponds to a total of three election terms in accordance with the German Corporate Governance Code.

Meetings of the Supervisory Board and its four committees are called by their respective chairs and independently, at the request of one of their members or the Board of Executive Directors. The shareholder and employee representatives of the Supervisory Board prepare for Supervisory Board meetings in separate preliminary discussions in each case. Resolutions of the Supervisory Board are passed by a simple majority vote of the participating Supervisory Board members. In the event of a tie, the vote of the chair of the Supervisory Board, who must always be a shareholder representative, shall be the casting vote. This resolution process is also applicable

for the appointment and dismissal of members of the Board of Executive Directors by the Supervisory Board. Resolutions can, as needed, also be made in writing or through electronic communication outside of the meetings, as long as no Supervisory Board member objects to this form of passing a resolution. The Supervisory Board meets regularly even without the Board of Executive Directors.

The Board of Executive Directors regularly informs the Supervisory Board about matters such as the course of business and expected developments, the financial position and results of operations, corporate planning, the implementation of the corporate strategy, including the sustainability strategy, business opportunities and risks, as well as risk and compliance management. The Supervisory Board has embedded the main reporting requirements in an information policy. The chair of the Supervisory Board is in regular contact with the Board of Executive Directors, especially with its chair, outside of meetings as well.

 A list of the members of BASF SE's Supervisory Board indicating which members are shareholder or employee representatives and their appointments to the supervisory bodies of other companies can be found from page 183 onward.

 Compensation of the Supervisory Board is described in the Compensation Report at basf.com/compensationreport

The Statutes of BASF SE and the Employee Participation Agreement can be found at basf.com/statutes and basf.com/en/corporategovernance

Personnel Committee

Members

Dr. Kurt Bock* (chair)
 Prof. Dr. Stefan Asenkerschbaumer* (since April 29, 2022)
 Franz Fehrenbach (until April 29, 2022)
 Sinischa Horvat*
 Michael Vassiliadis

Duties

– Prepares the appointment of members to the Board of Executive Directors by the Supervisory Board as well as the service contracts

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

to be entered into with members of the Board of Executive Directors

- When making recommendations for appointments to the Board of Executive Directors, considers professional qualifications, international experience and leadership skills as well as long-term succession planning, diversity, and especially the appropriate consideration of women
- Prepares the resolutions made by the Supervisory Board with regard to the system and amount of compensation

Audit Committee

Members

Dame Alison Carnwath DBE* (chair)

Tatjana Diether*

Alessandra Genco* (since April 29, 2022)

Anke Schäferkordt* (until April 29, 2022)

Michael Vassiliadis

Duties

- Prepares the negotiations and resolutions of the Supervisory Board for the approval of the Financial Statements, the Consolidated Financial Statements and the Management's Reports, including the Nonfinancial Statements and sustainability reporting, and discusses the quarterly statements and the half-year financial report with the Board of Executive Directors prior to their publication
- Deals with monitoring the accounting process, the annual audit, including sustainability reporting and its audit, the appropriateness and effectiveness of the internal control system, the risk management system, the internal auditing system and compliance management system as well as compliance issues
- Is responsible for business relations with the company's auditor: prepares the Supervisory Board's proposal to the Annual Shareholders' Meeting regarding the selection of an auditor, monitors the auditor's independence, defines the focus areas of the audit

together with the auditor, discusses the audit risk, audit strategy and audit plan with the auditor, negotiates auditing fees, evaluates the quality of the annual audit, and establishes the conditions for the provision of the auditor's nonaudit services; the chair of the Audit Committee regularly discusses this with the auditor outside of meetings as well and reports to the Committee on such discussions; the Audit Committee regularly consults with the auditor, even without the Chief Financial Officer or another member of the Board of Executive Directors.

- Deals with follow-up assessments of key acquisition and investment projects
- Is responsible for monitoring the internal process of identifying related party transactions and ensuring adherence to statutory approval and disclosure requirements; grants approval of related party transactions
- Is authorized to request any information that it deems necessary from the auditor or from the Board of Executive Directors and has a direct right to information from the heads of central departments such as Corporate Audit or Compliance; can also view all of BASF's business documents and examine these and all other assets belonging to BASF. The Audit Committee can also engage experts such as auditors or lawyers to carry out these inspections.

Special expertise in the areas of the annual audit and accounting

The Audit Committee is comprised of two members with special knowledge and experience within the meaning of the German Corporate Governance Code (special expertise) in the areas of accounting and the annual audit. The chair of the Audit Committee, Dame Alison Carnwath DBE, has special expertise in the field of auditing, including sustainability reporting, and accounting expertise due to her studies in economics, her professional activities as an auditor and many years of work on audit committees of publicly listed and non-listed companies. Alessandra Genco, who has been a member of the Audit Committee since April 29, 2022, has deep expertise in accounting, including sustainability reporting, due to her studies in economics, her professional experience working for

financial institutions and her current role as chief financial officer of a publicly listed international company. Both closely monitor current developments in the sustainability reporting and auditing sector and actively contribute this expertise to the Supervisory Board and Audit Committee.

Nomination Committee

Members

Dr. Kurt Bock* (chair)

Prof. Dr. Stefan Asenkerschbaumer* (since April 29, 2022)

Prof. Dr. Thomas Carell*

Dame Alison Carnwath DBE*

Liming Chen*

Franz Fehrenbach (until April 29, 2022)

Alessandra Genco* (since April 29, 2022)

Anke Schäferkordt* (until April 29, 2022)

Duties

- Identifies suitable individuals for the Supervisory Board based on objectives for the composition decided on by the Supervisory Board
- Prepares the recommendations made by the Supervisory Board for the election of Supervisory Board members representing the shareholders by the Annual Shareholders' Meeting

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

Strategy Committee

Members

Dr. Kurt Bock* (chair)
 Prof. Dr. Stefan Asenkerschbaumer* (since April 29, 2022)
 Dame Alison Carnwath DBE*
 Tatjana Diether* (since April 29, 2022)
 Franz Fehrenbach (until April 29, 2022)
 Waldemar Helber* (until April 29, 2022)
 Sinischa Horvat*
 Michael Vassiliadis

Duties

- Handles the further development of the company's strategy
- Prepares resolutions of the Supervisory Board on the company's major acquisitions and divestitures


The Supervisory Board has not established a separate Sustainability Committee. The sustainability topic is of such pivotal importance to BASF with its economic success, environment and social-related aspects that the entire Supervisory Board regularly discusses it in detail as a cross-cutting issue. This also applies to the significant issue of reducing CO₂ emissions and the targeted conversion of business activities to CO₂-free energy supply and production processes with a lower emission rate.

Meetings and meeting attendance

In the 2022 business year, meetings were held as follows:

- The Supervisory Board met five times.
- The Personnel Committee met four times.
- The Audit Committee met five times.
- The Nomination Committee did not meet.
- The Strategy Committee did not meet.

All members attended all meetings of the Supervisory Board. The meetings of the Supervisory Board committees were also attended by all respective committee members. During the 2022 business year, the meetings of the Supervisory Board and its committees were held almost entirely as in-person meetings in compliance with appropriate safety measures with the additional option of virtual attendance via electronic communication. Only the Audit Committee held two of its five meetings as completely virtual meetings.

 For more information on the Supervisory Board's activities and resolutions in the 2022 business year, see the Report of the Supervisory Board from page 186 onward

 For an overview of meeting attendance, see basf.com/supervisoryboard/meetings

The Rules of Procedure for the Supervisory Board and its committees can be found at basf.com/supervisoryboard

Competence profile, diversity concept and objectives for the composition of the Supervisory Board

One important concern of good corporate governance is to ensure that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board, are appropriately filled. In December 2017, the Supervisory Board agreed for the first time on objectives for the composition, the competence profile and the diversity concept of the Supervisory Board. These objectives and the competence profile have since been continuously updated in the implementation of legal requirements and further developed, taking into account the recommendations of the German Corporate Governance Code. The guiding principle for the composition of the Supervisory Board is to ensure qualified supervision and guidance for the Board of Executive Directors of BASF SE. For the election of shareholder representatives to the Supervisory Board, individuals shall be nominated to the Annual Shareholders' Meeting who can, based on their professional knowledge and experience, integrity, commitment, independence and character, successfully perform the work of a supervisory board member at an international chemical company.

Competence profile

The following requirements and objectives (as amended in December 2022) are considered essential to the composition of the Supervisory Board as a collective body:

- Leadership experience in managing companies, associations and networks
- Members' collective knowledge of the chemical sector and the related value chains
- Appropriate knowledge within the body as a whole of finance, accounting, financial reporting, risk management, law and compliance
- Appropriate expertise within the body as a whole on sustainability issues that are of key importance for BASF
- At least one member with special knowledge and experience (special expertise) in accounting, including sustainability reporting
- At least one member with special knowledge and experience (special expertise) in the annual audit, including the audit of sustainability reporting
- At least one member with in-depth experience in innovation, research & development and technology
- At least one member with in-depth experience in the areas of digitalization, information technology, business models and start-ups
- At least one member with in-depth experience in the areas of human resources, society, communications and the media
- Specialist knowledge and experience in sectors outside of the chemical industry

The status of implementation of the Supervisory Board's competence profile is shown in the following qualifications matrix on page 174.

 For more information on the Supervisory Board's competence profile, see basf.com/competence-profile/supervisoryboard

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 174 for the criteria used to determine independence)

The Supervisory Board's competence profile

	Leadership experience in managing companies, associations and networks	Chemical sector and related value chains	Finance, accounting, financial reporting, risk management, law and compliance	Sustainability topics	Accounting and auditing, including sustainability reporting	Innovation, research & development and technology	Digitalization, IT, business models and start-ups	Human resources, society, communications and the media	Economic sectors other than the chemical industry
Dr. Kurt Bock	■	■	■	■	■		■	■	■
Prof. Dr. Stefan Asenkerschbaumer	■	■	■	■	■		■	■	■
Prof. Dr. Thomas Carell		■		■		■	■	■	■
Dame Alison Carnwath DBE	■	■	■	■	■ ^a		■	■	■
Liming Chen	■	■		■		■	■	■	■
Alessandra Genco	■		■	■	■ ^b	■	■		■
Sinischa Horvat	■	■				■	■	■	
Tatjana Diether	■	■			■	■		■	
André Matta	■	■					■	■	
Natalie Mühlenfeld	■	■	■					■	■
Michael Vassiliadis	■	■	■	■	■		■	■	■
Peter Zaman		■						■	

^a Member with special knowledge of and experience in auditing, including sustainability auditing^b Member with special knowledge of and experience in accounting and reporting, including sustainability reporting

Diversity concept

The Supervisory Board strives to achieve a reasonable level of diversity with respect to character, gender, international representation, professional background, specialist knowledge and experience as well as age distribution. It takes the following composition criteria into account:

- At least 30% women and 30% men
- At least 30% of members have international experience based on their background or professional experience
- At least 50% of members have different educational backgrounds and professional experience
- At least 30% under the age of 60

Further composition objectives

- **Character and integrity:** Members of the Supervisory Board must be personally reliable and have the knowledge and

experience required to diligently and independently perform the work of a supervisory board member.

- **Availability:** Each member of the Supervisory Board ensures that they invest the time needed to properly perform their role as a member of the Supervisory Board of BASF SE. The statutory limits on appointments and the recommendations of the German Corporate Governance Code must be complied with when accepting further appointments.
- **Age limit and period of membership:** Persons who have reached the age of 72 on the day of election by the Annual Shareholders' Meeting should generally not be nominated for election. Membership on the Supervisory Board should generally not exceed three regular statutory periods in office, which corresponds to 12 years.

- **Independence:** To ensure the independent monitoring and consultation of the Board of Executive Directors, the Supervisory Board should have an appropriate number of independent members on the board as a whole and an appropriate number of independent shareholder representatives. The Supervisory Board deems this to be the case if more than half of the shareholder representatives and at least eight members of the Supervisory Board as a whole can be considered independent. The Supervisory Board's assessment of independence is based on the assessment criteria in the current respective version of the German Corporate Governance Code. Among other things, this means that members of the Supervisory Board are no longer considered independent if they have been a member of the board for 12 years or longer. The Supervisory Board has additionally defined the following principles to clarify the meaning of independence: The independence of employee representatives is not compromised by their role as an employee representative or employment by BASF SE or a Group company. Prior membership

of the Board of Executive Directors of BASF SE does not preclude independence following the expiry of the statutory cooling-off period of two years. Material transactions between a Supervisory Board member or a related party or undertaking of the Supervisory Board member on the one hand, and BASF SE or a BASF Group company on the other, exclude a member of the Supervisory Board from being qualified as independent. A material transaction is defined as one or more transactions in a single calendar year with a total volume of 1% or more of the sales of the companies involved in each case. In the same way, if a Supervisory Board member or a related party or undertaking of a Supervisory Board member has a personal service or consulting agreement with BASF SE or one of its Group companies with an annual compensation of over 50% of the Supervisory Board compensation, they do not qualify as independent. Furthermore, if a Supervisory Board member or a related party of a Supervisory Board member holds more than 20% of the shares in a company in which BASF SE is indirectly or directly the majority shareholder, the necessary independence is also not met.

Status of implementation

According to the Supervisory Board's own assessment, its current composition meets all of the requirements of the competence profile: 11 of the 12 current members, of which six are shareholder representatives and five are employee representatives, are considered independent based on the above criteria.

Only the employee representative Michael Vassiliadis is no longer considered independent as he has been a member of the Supervisory Board since August 2004, and therefore for over 12 years.

 For more information on the statutory minimum quotas for the number of women and men on the Supervisory Board, see the section on this page "Commitments to promote the participation of women in leadership positions at BASF SE"

The independent Supervisory Board members are named under Management and Supervisory Boards from page 183 onward.

Compensation of the Board of Executive Directors and the Supervisory Board

The Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) and the assurance statement of the substantive and formal audit issued by the auditor, the effective compensation system for the Board of Executive Directors in accordance with section 87a AktG, as well as the most recent resolution of the Annual Shareholders' Meeting on the compensation of the Supervisory Board in accordance with section 113(3) AktG have been made publicly available on the BASF website at basf.com/compensationreport.

Commitments to promote the participation of women in leadership positions at BASF SE


The supervisory board of a publicly listed European stock corporation (SE) that is composed of the same number of shareholder and employee representatives must, according to section 17(2) of the SE Implementation Act, consist of at least 30% women and 30% men. Since the 2018 Annual Shareholders' Meeting, the Supervisory Board of BASF SE comprises four women, of whom two are shareholder representatives and two are employee representatives, and eight men. The Supervisory Board's composition meets the statutory requirements.

Following the entry into force of the Act to Supplement and Amend the Regulations on Equal Participation of Women and Men in Management Positions in the Private and Public Sector (FüPoG) on August 12, 2021, if the management board of a listed company consists of more than three persons, at least one woman and one man must be members of the management board (section 76 (3a) AktG). BASF met this requirement in the reporting year. There have been two female Board members since the appointment of Dr. Melanie Maas-Brunner to the Board of Executive Directors, effective as of February 1, 2021. With six members of the Board of Executive Directors, this corresponds to a 33.3 percentage of women.

In compliance with legal requirements of the FüPoG, the Board of Executive Directors decided on target figures for the proportion of women at the two management levels below the Board of Executive Directors of BASF SE. For the target-attainment period from January 1, 2022, to December 31, 2026, the Board of Executive Directors resolved as targets the quotas achieved as of December 31, 2021: 20.0% for the proportion of women in the management level directly below the Board and 23.2% for the level below that.

BASF views the further development and promotion of women as a global duty independent of individual Group companies. For this purpose, it has committed to ambitious targets on a worldwide scale. The new target is to increase the proportion of women in leadership positions worldwide to 30% by 2030. BASF will continue to work systematically on expanding the percentage of women in its leadership team. To achieve this, global measures will be implemented and enhanced continuously.

 For more information on the percentage of women in leadership positions in the BASF Group worldwide, as well as the inclusion of diversity, including the promotion of women, see the section in the Management's Report under Employees on page 107 onward

 The Employee Participation Agreement relevant to the composition of the Supervisory Board in the version dated November 2015 is available at basf.com/en/corporategovernance

Shareholders' rights

At a glance

- Shareholders exercise rights of co-administration and supervision at the Annual Shareholders' Meeting
- One share, one vote

Shareholders exercise their rights of co-administration and supervision at the Annual Shareholders' Meeting, which usually takes place within the first five months of the business year. The Annual Shareholders' Meeting elects half of the members of the Supervisory Board (shareholder representatives) and, in particular, resolves on the formal discharge of the Board of Executive Directors and the Supervisory Board, the distribution of profits, capital measures, the

authorization of share buybacks, changes to the Statutes and the selection of the auditor.

Each BASF SE share represents one vote. All of BASF SE's shares are registered shares. Shareholders are obliged to have themselves entered with their shares into the company share register and to provide the information necessary for registration in the share register according to the German Stock Corporation Act. There are no registration restrictions and there is no limit to the number of shares that can be registered to one shareholder. Only the persons listed in the share register are entitled to vote as shareholders. Listed shareholders may exercise their voting rights at the Annual Shareholders' Meeting either personally, through a representative of their choice or through a company-appointed proxy authorized by the shareholders to vote according to their instructions. Individual instructions are only forwarded to the company on the morning of the day of the Annual Shareholders' Meeting. Voting rights can be exercised according to shareholders' instructions by company-appointed proxies until the beginning of the voting process during the Annual Shareholders' Meeting. There are neither voting caps to limit the number of votes a shareholder may cast nor special voting rights. BASF has fully implemented the principle of "one share, one vote." All shareholders entered in the share register are entitled to participate in the Annual Shareholders' Meetings, to have their say concerning any item on the agenda and to request information about company issues insofar as this is necessary to make an informed judgment about the item on the agenda under discussion. Registered shareholders are also entitled to file motions pertaining to proposals for resolutions made by the Board of Executive Directors and Supervisory Board at the Annual Shareholders' Meeting and to contest resolutions of the Meeting and have them evaluated for their lawfulness in court. Shareholders who hold at least €500,000 of the company's share capital, a quota corresponding to 390,625 shares, are furthermore entitled to request that additional items be added to the agenda of the Annual Shareholders' Meeting.

Given the particular circumstances of the COVID-19 pandemic, the 2022 Annual Shareholders' Meeting was again held as a virtual event without the physical presence of shareholders in accordance

with the specific legal framework of the statutory provisions on the holding of a virtual Annual Shareholders' Meeting pursuant to Article 2 Section 1(1) and (2) of the COVID-19 Act in the version amended by the Gesetz zur weiteren Verkürzung des Restschuld-befreiungsverfahrens und zur Anpassung pandemiebedingter Vorschriften im Gesellschafts-, Genossenschafts-, Vereins- und Stiftungsrecht sowie im Miet- und Pachtrecht ["Act to further shorten the residual debt discharge process and to adapt pandemic-related provisions in corporate, cooperative, association and foundation legislation as well as in tenancy and lease legislation"] of December 22, 2020. To ensure legally compliant execution of this special Annual Shareholders' Meeting format, whereby shareholders participated solely via electronic communication, some of the aforementioned shareholder rights and options for action were limited or handled in an exceptional manner at this virtual meeting. In contrast, the 2023 Annual Shareholders' Meeting is planned to be held again as an in-person meeting, i.e., with the shareholders physically present at the meeting venue.

Implementation of the German Corporate Governance Code (GCGC)

BASF advocates responsible corporate governance that focuses on sustainably increasing the value of the company. BASF SE follows all of the recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (Code 2022), the version in force at the time of submitting the Declaration of Conformity on December 15, 2022. Until then, BASF has complied with all recommendations of the German Corporate Governance Code in the version dated December 16, 2019 (Code 2020). In the same manner, BASF follows all of the nonobligatory suggestions of the German Corporate Governance Code.

 The joint Declaration of Conformity 2022 by the Board of Executive Directors and Supervisory Board of BASF SE is rendered on page **193**

 For more information on the Declaration of Conformity 2022, the implementation of the Code's suggestions and the German Corporate Governance Code, see basf.com/en/corporategovernance

Disclosures according to section 315a of the German Commercial Code (HGB) and explanatory report of the Board of Executive Directors according to section 176(1) sentence 1 of the German Stock Corporation Act (AktG)

Share capital and shares

As of December 31, 2022, BASF SE's subscribed capital was €1,144,134,309.12 after the redemption of 24,623,765 repurchased own company shares in December 2022 (December 31, 2021: €1,175,652,728.23), divided into 893,854,929 registered shares with no par value (December 31, 2021: 918,478,694). Each share entitles the holder to one vote at the Annual Shareholders' Meeting. Restrictions on the right to vote or transfer shares do not exist. The same rights and duties apply to all shares. According to the Statutes, shareholders are not entitled to receive share certificates (issuance of share certificates). There are neither different classes of shares nor shares with preferential voting rights.

Appointment and dismissal of members of the Board of Executive Directors

The appointment and dismissal of members of the Board of Executive Directors is legally governed by the regulations in Article 39 of the SE Council Regulation, section 16 of the SE Implementation Act and sections 84 and 85 AktG as well as Article 7 of the Statutes of BASF SE. Accordingly, the Supervisory Board determines the number of members of the Board of Executive Directors (at least two), appoints the members of the Board of Executive Directors, and can nominate a chair, as well as one or more vice chairs. The members of the Board of Executive Directors are appointed for a maximum of five years. The maximum initial term of appointment is three years. Reappointments are permissible. The Supervisory Board can dismiss a member of the Board of Executive Directors if there is serious cause to do so. Serious cause includes, in particular, a gross breach of the duties pertaining to the Board of Executive Directors and a vote of no confidence by the Annual Shareholders' Meeting. The Supervisory Board decides on appointments and dismissals according to its own best judgment.

Amendments to the Statutes

According to Article 59(1) of the SE Council Regulation, amendments to the Statutes of BASF SE require a resolution of the Annual Shareholders' Meeting adopted with at least a two-thirds majority of the votes cast, provided that the legal provisions applicable to German stock corporations under the German Stock Corporation Act do not stipulate or allow for larger majority requirements. In the case of amendments to the Statutes, section 179(2) of the German Stock Corporation Act requires a majority of at least three-quarters of the subscribed capital represented. Pursuant to Article 12(6) of the Statutes of BASF SE, the Supervisory Board is authorized to resolve on amendments to the Statutes that merely concern their wording. This applies in particular to the adjustment of the share capital and the number of shares after the redemption of repurchased BASF shares and after an issue of shares from authorized capital.

Authorized capital

By way of a resolution of the Annual Shareholders' Meeting on May 3, 2019, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to increase, until May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470 million by issuing new shares against contributions in cash or in kind (authorized capital). A right to subscribe to the new shares shall be granted to shareholders. This can also be achieved by a credit institution acquiring the new shares with the obligation to offer these to shareholders (indirect subscription right). The Board of Executive Directors is authorized to exclude the statutory subscription right of shareholders to a maximum amount of a total of 10% of share capital in certain exceptional cases that are defined in Article 5(8) of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization does not exceed 10% of the shares currently in issue or, in eligible individual cases, to acquire companies or shares in companies in exchange for surrendering BASF shares.

Conditional capital

By way of a resolution of the Annual Shareholders' Meeting on April 29, 2022, the share capital was increased conditionally by up to €117,565,184 by issuing up to 91,847,800 new shares. The contingent capital increase serves to grant shares to the holders of convertible bonds or warrants attached to bonds with warrants of BASF SE or a subsidiary, which the Board of Executive Directors is authorized to issue up to April 28, 2027, by way of a resolution of the Annual Shareholders' Meeting on April 29, 2022. A right to subscribe to the bonds shall be granted to shareholders. The Board of Executive Directors is authorized to exclude the shareholders' subscription right in certain exceptional cases – as defined in Article 5(9) of the BASF SE Statutes.

Authorization of share buybacks

At the Annual Shareholders' Meeting on April 29, 2022, the Board of Executive Directors was authorized to purchase up to 10% of the shares in issue at the time of the resolution (10% of the company's share capital) until April 28, 2027. At the discretion of the Board of Executive Directors, the shares can be bought back via the stock exchange, via a public purchase offer addressed to all shareholders, via a public request to shareholders for the submission of offers to sell or by other means in accordance with section 53a AktG. The Board of Executive Directors is authorized to sell the repurchased company shares again (a) on a stock exchange, (b) through an offer directed to all shareholders, (c) with approval of the Supervisory Board, to third parties by means other than via the stock exchange or through an offer addressed to all shareholders in return for cash payment at a price that is not significantly lower than the stock exchange price of a BASF share at the time of the sale, or (d) with approval of the Supervisory Board, to third parties for contributions in kind, particularly in connection with the acquisition of companies, parts of companies or shares in companies (including increases in shareholdings) or within the scope of corporate mergers. In the cases specified under (c) and (d), the shareholders' subscription right is excluded. The Board of Executive Directors is furthermore authorized to retire the shares bought back and to reduce the share capital by the proportion of the share capital accounted for by the retired shares.

Share buyback program 2022/2023

On January 4, 2022, BASF SE's Board of Executive Directors resolved on a share buyback program with a volume of up to €3 billion and with the company's own shares to be repurchased in the period from January 2022 until the end of 2023 (share buyback program). Based on the authorizations granted by the Annual Shareholders' Meetings on May 12, 2017 and April 29, 2022, altogether 24,623,765 treasury shares were acquired in the period from January 11, 2022 to November 30, 2022 in connection with the share buyback program. The purchase price for these own shares, including compensation payments to the respective banks, totaled €1,325,486,177.80. All own shares repurchased in connection with this share buyback program in 2022 were canceled, and the company's share capital was reduced pro rata by the amount attributable to the canceled shares. No own shares were acquired in December 2022 due to the intended redemption of shares.

Rights during a change of control

Bonds issued by BASF SE and its subsidiaries grant the bearer the right to request early repayment of the bonds at nominal value if, after the date of issue of the bond, one person – or several persons acting together – hold or acquire a volume of BASF SE shares that corresponds to more than 50% of the voting rights (change of control), and one of the rating agencies named in the bond's terms and conditions withdraws its rating of BASF SE or the bond, or reduces it to a noninvestment grade rating within 120 days of the change of control event.

An exceptional change of control compensation awarded to outgoing members of the Board of Executive Directors has not existed since January 1, 2020, as of the introduction of the amended compensation system for the Board of Executive Directors, which was approved by the Annual Shareholders' Meeting on June 18, 2020. The general rule for severance payments granted for premature terminations of appointments to the Board of Executive Directors applies, which states that the maximum severance payment may not exceed the amount of two years' compensation;

however, this may not exceed the compensation for the remaining period of the contract.

By contrast, employees of BASF SE and its subsidiaries who are classified as senior executives will still receive a severance payment if their contract of employment is terminated by BASF within 18 months of a change of control event, provided the employee has not given cause for the termination. The employee whose service contract has been terminated in such a case will receive a maximum severance payment of 1.5 times the annual salary (fixed component) depending on the number of months that have passed since the change of control event. A change of control is assumed when a shareholder informs BASF of a shareholding of at least 25% of the BASF shares or the increase of such a holding. The remaining specifications stipulated in section 315a HGB refer to situations that are not applicable to BASF SE.

 For more information on bonds issued by BASF SE, see basf.com/bonds

Directors' and officers' liability insurance

BASF SE has taken out liability insurance that covers the activities of members of the Board of Executive Directors and the Supervisory Board (directors' and officers' liability insurance). This insurance policy provides for the level of deductibles of 10% of damages up to 1.5 times the fixed annual compensation for the Board of Executive Directors as prescribed by section 93(2) sentence 3 AktG.

Share ownership by members of the Board of Executive Directors and the Supervisory Board

No member of the Board of Executive Directors or the Supervisory Board owns shares in BASF SE and related options or other derivatives that account for 1% or more of the share capital. Furthermore, the total volume of BASF SE shares and related financial instruments held by all members of the Board of Executive Directors and the Supervisory Board accounts for less than 1% of the shares issued by the company.

Share dealings of the Board of Executive Directors and Supervisory Board

(Obligatory reportable and publishable directors' dealings under Article 19(1) of the E.U. Market Abuse Regulation 596/2014 (MAR))

As legally stipulated by Article 19(1) MAR, all members of the Board of Executive Directors and the Supervisory Board as well as certain members of their families are required to disclose the purchase or sale of financial instruments of BASF SE (for example, shares, bonds, options, forward contracts, swaps) to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and to the company if transactions within the calendar year exceed the threshold of €20,000. In 2022, a total of 20 purchases by members of the Board of Executive Directors and the Supervisory Board and members of their families subject to disclosure were reported as directors' dealings, involving between 2 and 2,618 BASF shares or BASF ADRs (American Depositary Receipts). The price per share was between €47.50 and €57.85. The volume of the individual transactions was between €105.45 and €124,987.51. The disclosed securities transactions are published on BASF SE's website.

 For more information on securities transactions reported in 2022, see basf.com/en/directorsdealings

Information on the auditor

The Annual Shareholders' Meeting of April 29, 2022, once again elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor of the BASF Group Consolidated Financial Statements and Separate Financial Statements of BASF SE for the 2022 business year, as well as the corresponding Management's Reports. KPMG member firms also audit the majority of BASF Group companies included in the Consolidated Financial Statements. KPMG has been the continuous auditor of BASF SE since the 2006 Financial Statements. A public call to tender was issued in 2015 to all auditors for the audit of the 2016 Consolidated and Separate Financial Statements, in line with the E.U. Regulation 537/2014 of April 16, 2014 (E.U. Statutory Audit Regulation). Based on the results of the tendering process, the Audit Committee recommended to the Supervisory Board that it once

again propose KPMG for election. Owing to the German Financial Market Integrity Strengthening Act (FISG), KPMG can only be proposed for election by the Annual Shareholders' Meeting as BASF's auditor without further tendering processes up to and including the 2023 business year. Dr. Axel Thümler has been the auditor responsible for the Consolidated Financial Statements since auditing the 2022 Financial Statements. Since the 2020 Financial Statements, the auditor responsible for the Separate Financial Statements has been Dr. Stephan Kaiser. The total fee paid to KPMG and auditing firms of the KPMG group by BASF SE and other BASF Group companies for non-audit services, in addition to the auditing fee, was €0.9 million in 2022. This represents around 4.0% of the fees for auditing the financial statements.

During its meeting on October 20, 2022, BASF SE's Supervisory Board, acting on the recommendation of the Audit Committee and after conducting a tendering process in line with the E.U. Statutory Audit Regulation, resolved to propose to the Annual Shareholders' Meeting in 2024 that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be elected as auditor for BASF SE's Annual Financial Statements and Consolidated Financial Statements for the 2024 business year. For the audit of the Annual Financial Statements and Consolidated Financial Statements 2023, the Supervisory Board intends to propose the current auditor KPMG AG Wirtschaftsprüfungsgesellschaft to be elected by the Annual Shareholders' Meeting in 2023 for the last time. It is legally required to change the auditor starting from the 2024 business year as KPMG will reach the maximum period for annual audits shortened by the Financial Market Integrity Strengthening Act when auditing the 2023 Financial Statements. The decision was preceded by a public and discrimination-free tendering process for the selection of a new auditor in line with the relevant provisions of the E.U. Statutory Audit Regulation. The selection process was conducted at an early stage in order to give the new auditor enough time to complete non-auditing services, in this way ensuring its independence and a seamless transition.

 For more information, see Note 32 on page 290