

Assurance Report of the Independent Auditor

To the Board of Executive Directors of BASF SE, Ludwigshafen

We have been engaged to perform an independent limited assurance engagement on whether the process for measuring the BASF Group's (hereinafter "BASF") Value-to-Society had been implemented as described in the "Value-to-Society – Measurement and monetary valuation of BASF's impacts in society" method paper (hereinafter: "Method Paper"), available at https://www.basf.com/documents/corp/en/sustainability/management-and-instruments/quantifying-sustainability/we-create-value/BASFs_Value-to-Society_Method_Paper.pdf, for the reporting period from January 1 to December 31, 2017.

Management's Responsibility

The legal representatives of BASF are responsible for the proper design and development of the process for measuring the BASF Value-to-Society in accordance with the defined measurement criteria and methodology definitions set forth in the Method Paper.

This responsibility of the legal representatives includes the selection and application of appropriate methods to implement the process for measuring the BASF Value-to-Society. Furthermore, this responsibility includes designing, implementing and maintaining internal controls relevant for the process for measuring the BASF Value-to-Society in a way that is free of – intended or unintended – material misstatements.

Independence and Quality Assurance on the Part of the Auditing Firm

We are independent from the entity in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the national statutory provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed within our limited assurance engagement on whether the process for measuring the BASF Value-to-Society had been implemented as described in the Method Paper for the reporting period from January 1 to December 31, 2017.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" published by IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance of whether any matters have come to our attention that cause us to believe that the process for measuring the BASF Value-to-Society had not been implemented, for the reporting period from January 1 to December 31, 2017, in all material respects, as described in the Method Paper. In a limited assurance engagement, the evidence gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed the following procedures:

- Obtain an understanding of the approach for measuring the BASF Value-to-Society with regards to the selection and collection of input factors, modelling of upstream and downstream effects (assumptions, estimations, external data sources) as well as for the monetization of quantitative impacts of considered indicators
- Evaluation of documentation and process descriptions of BASF and the third party service provider
- Evaluation of the process and internal controls of BASF to select and collect input data (primary and secondary data), which are forwarded to the third party service provider who quantifies impacts
- Reconciliation of the consistency of the input data (primary data) with the data points used in financial reporting and integrated reporting of BASF for the business year from January 1 to December 31, 2017
- Analytical evaluation of the process and internal controls of the third party service provider to process BASF input data in its systems (data consistency)
- Obtain an understanding of the quantification models used by the third party service provider to quantify upstream and downstream impacts as well as methods and applied parameters to monetize impacts
- Evaluation of the process to assess the impacts, including the selection process of applied parameters
- Evaluation of internal controls of the third party service provider to ensure the arithmetical correctness of calculated quantitative impacts and monetized results (obtaining a declaration on quality management)
- Inquiries of personnel at BASF responsible for measuring the BASF Value-to-Society to develop an understanding of the plausibility and completeness of calculated results regarding economic, social, and environmental impacts
- Assessment of the appropriateness of the explanatory notes on the process for measuring the BASF Value-to-Society in the Method Paper

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the processes for measuring the BASF Value-to-Society for the reporting period from January 1 to December 31, 2017, had not been implemented, in all material aspects, as described in the Method Paper.

Restriction of Use/Clause on General Engagement Terms

This assurance report is issued for the purposes of the Board of Executive Directors of BASF SE, Ludwigshafen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Board of Executive Directors of BASF SE, Ludwigshafen, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Duesseldorf, December 13, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Laue
Wirtschaftsprüfer
[German Public Auditor]

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