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BASF SE, 67056 Ludwigshafen, Germany

To whom it may concern

March 25, 2024
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**Re: Annual Shareholders' Meeting of BASF SE on April 25, 2024 – Item 8:
Compensation system for members of the Board of Executive Directors as of 2024**

Dear Sir/Madam,

We herewith provide additional information on the compensation system for members of the Board of Executive Directors of BASF SE as of 2024.

In the new system, the target total compensation will be increased for the first time since 2020 by a moderate 5.3% as a result of the higher target amount for the long-term incentive (LTI). The target amount for the multi-year variable compensation component LTI is raised to €1,600,000 (previously €1,400,000).

The amount of the non-performance related compensation will remain unchanged: The annual fixed salary for a member of the Board of Executive Directors has been €800,000 since January 1, 2017. As a result of parts of the company pension benefits being shifted into fixed salary, the fixed salary will rise to €1,000,000 for an ordinary Board member (previously: €800,000) and to €2,000,000 for the Chairman of the Board of Executive Directors (previously: €1,600,000). The pension plan contributions will decline from €500,000 to €300,000 for an ordinary Board member and from €1,000,000 to €600,000 for the Chairman of the Board of Executive Directors.

The shift between annual fixed salary and company pension benefits caters to the investor perception that pension benefits were too high in comparison with peers. In future, the share of pension benefits will be below the DAX average and will correspond to 30% of the fixed salary (previously: 62.5%).

The new compensation system for members of the Board of Executive Directors is applicable for all current service contracts for the Board of Executive Directors, the extension of these contracts as well as new contracts to be signed. Having the same service contracts for all members of the Board of Executive Directors increases the transparency of the compensation report for investors and supports equal incentivization.

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Chairman of the Supervisory Board:
Kurt Bock

Board of Executive Directors:
Martin Bruder Müller, Chairman;
Dirk Elvermann, Michael Heinz, Markus Kamieth,
Anup Kothari, Stephan Kothrade, Katja Scharpwinkel

In view of the unchanged Share Ownership Guideline, an indirect effect of the increase in the annual fixed salary at the expense of the company pension benefits is that members of the Board of Executive Directors must increase their holding in BASF shares. According to the guideline, 150% of the member's annual gross fixed salary has to be invested. The number of shares to be held rises accordingly with the increase in fixed salary. The share ownership obligation ends two years after the end of the mandate of the member of the Board of Executive Directors (post-mandate share ownership obligation). Under the German corporate governance system, members of the Board of Executive Directors must purchase the shares with after-tax net income. The value of the minimum mandatory share ownership obligation therefore corresponds to around 300% of the annual net fixed salary.

hkp: External appropriateness review

Regarding the appropriateness of the absolute level of the fixed salary for members of the Board of Executive Directors of BASF SE in comparison to peers, we have asked hkp to compile an appropriateness review (see selected slides in appendix 1).

Both the German Stock Corporation Act and the German Corporate Governance Code legally require the review of the market appropriateness of the remuneration of the Board of Executive Directors on the basis of the criteria country, size and industry. Since BASF is listed on the DAX, a comparison is made with DAX companies.

With regard to the size of BASF (in terms of sales 2022, number of employees 2022 and current market capitalization), BASF ranks 11 out of 40 DAX companies and is at the 73rd percentile (i.e., 73% of the DAX companies are smaller than BASF and only 27% are larger). Based on BASF's positioning at the 73rd percentile, a market-appropriate range is defined 15 percentiles above and below the 73rd percentile, i.e., between 58th and 88th percentile.

Both the base salary (CEO: 87th percentile, Board member: 84th percentile) and the resulting target total compensation (CEO/Board member: 85th percentile) are within the market-appropriate range. DAX companies with comparable base salaries include Allianz, Bayer, Deutsche Telekom, Siemens and Volkswagen (see appendix 2).

The structure of the target total compensation (i.e., the relative shares of the components in relation to the target total compensation) is aligned with the long-term development of the company. As required by the German Stock Corporation Act and the German Corporate Governance Code, the multi-year focus of the variable compensation is achieved.

Compared to the DAX peer group, BASF's compensation structure is more variable and performance related. The fixed, non-performance-related components (base salary plus company pension) are around 33% for BASF, while in the DAX peer group it is 37% for CEOs and 40% for members of the Board of Directors.

Maximum compensation

The total compensation is capped in accordance with the recommendation of the German Corporate Governance Code. By establishing a maximum amount (cap) for the STI and the LTI, the amount of both variable compensation components is limited. The maximum compensation levels based on the new target compensation for members of the Board of Executive Directors are presented in the following overview:

€

	Member of the Board of Executive Directors		Vice chair of the Board of Executive Directors		Chair of the Board of Executive Directors	
	Target amount	Maximum amount	Target amount	Maximum amount	Target amount	Maximum amount
Fixed salary	1,000,000	1,000,000	1,330,000	1,330,000	2,000,000	2,000,000
Regularly provided fringe benefits	50,000	100,000	50,000	100,000	50,000	100,000
Company pension benefits	300,000	300,000	399,000	399,000	600,000	600,000
Short-term incentive	1,000,000	2,000,000	1,330,000	2,660,000	2,000,000	4,000,000
Long-term incentive	1,600,000	3,200,000	2,128,000	4,256,000	3,200,000	6,400,000
Total remuneration 2024	3,950,000	6,600,000	5,237,000	8,745,000	7,850,000	13,100,000

Figure 11

Source: Invitation to the Annual Shareholders' Meeting of BASF SE on April 25, 2024, page 28

Should you have any further questions, please do not hesitate to contact Investor Relations.

Yours sincerely,

BASF SE

Stefanie Wettberg
SVP Investor Relations

Dietrich Spandau
SVP Corporate Human Resources

Appendix 2

Company	CEO Base Pay (excl. fringe benefits)	Member of the managing Board Base Pay (excl. fringe benefits)	Year	Source
BASF SE	€2,000,000	€1,000,000	as of 2024	Link Page 22

Selection of German DAX companies:

German DAX companies that are comparable to BASF SE with regards to revenue, market capitalization and number of employees

Company	CEO Base Pay (excl. fringe benefits)	Member of the managing Board Base Pay (excl. fringe benefits)	Year	Source
Allianz	€2,007,000	€1,024,000	2023	Link Page 39
Bayer	€1,688,000 [Pro-rated for 9 months]	€900,000 to €930,000 [Ø €912,000]	2023	Link Page 28 ff.
Continental	€1,450,000	€800,000	2023	Link Page 12 ff.
Deutsche Post	€1,310,000	€860,000 to €1,005,795 [Ø €920,259]	2023	Link Page 18 ff.
Deutsche Telekom	€2,130,000	€1,008,333 to €1,150,000 [Ø €1,113,690]	2023	Link Page 21 ff.
Fresenius	€1,680,000	€630,000 to €744,000 [Ø ~€687,000]	2023	Link Page 249 ff.
Merck	€1,500,000	€1,200,000	2023	Link Page 184 ff
Mercedes Benz Group	€1,770,000	€885,000 to €904,000 [Ø €887,714]	2023	Link Page 31 ff.
SAP	€1,100,000	€700,000 to €1,000,000 [Ø ~€783,731]	2023	Link Page 18 ff.
Siemens	€1,770,000	€1,101,600	2023	Link Page 7
Volkswagen	€2,600,000	€1,500,000	2023	Link Page 3

Appendix 1

Market comparison: Ranking in DAX 40

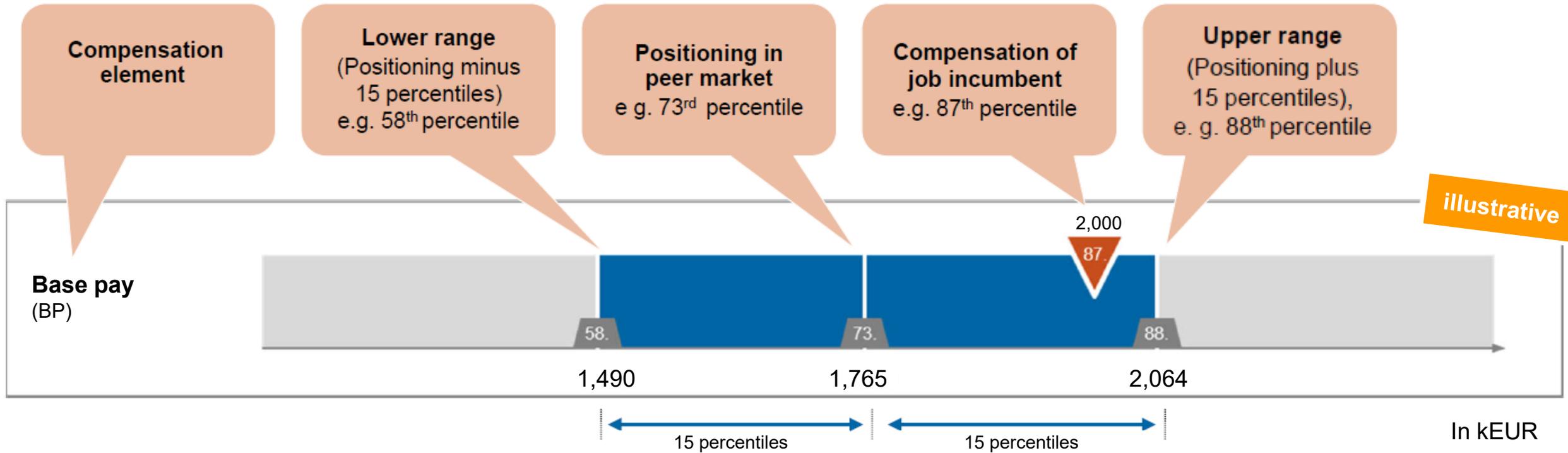
Statistic	Sales 2022 (in million €)	Employees 2022	Ø Market capitalization February 2024 (in million €)
1st decile	4,600	11,200	11,600
1st quartile	9,200	17,800	15,400
Median	22,500	51,800	29,000
3rd quartile	50,900	123,100	63,100
9th decile	115,200	221,800	99,900

➤ BASF Positioning

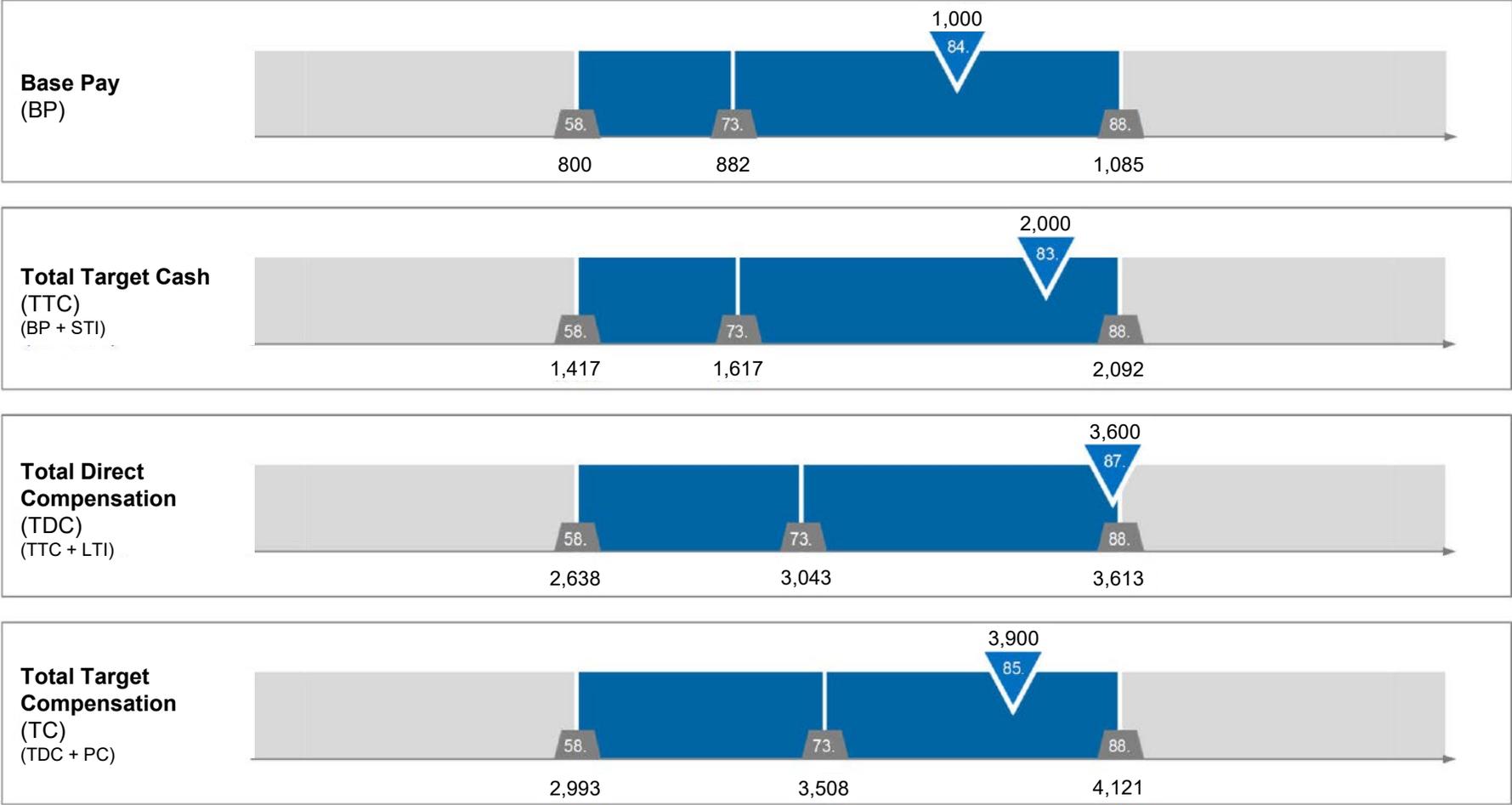
BASF	87,327	111,481	40,796
Absolute rank	7	12	15
Absolute rank (Ø)	11		
Relative rank	82 %	72 %	64 %
Relative rank (Ø)	73 %		

Company	Sales 2022 (in million €)	Employees 2022	Ø Market capitalization February 2024 (in million €)
adidas	22,511	51,777	32,237
Airbus	58,763	134,267	117,694
Allianz	–	159,253	97,062
Bayer	50,739	101,369	28,014
Beiersdorf	8,799	21,401	34,850
BMW	142,610	149,475	65,276
Brenntag	19,429	17,540	11,981
Commerzbank	–	37,852	13,232
Continental	39,409	199,038	14,963
Covestro	17,968	17,985	9,172
Daimler Truck	50,945	104,729	29,001
Deutsche Bank	–	84,930	24,740
Deutsche Börse	4,692	11,078	35,728
Deutsche Post	94,436	554,975	53,181
Deutsche Telekom	114,197	206,759	111,120
E.ON	115,660	69,378	31,588
Fresenius	40,840	282,024	17,229
Hannover Rück	–	3,526	27,772
Heidelberg Materials	21,095	50,780	15,832
Henkel	22,397	51,200	29,020
Infineon	14,218	56,194	43,573
Mercedes-Benz	150,017	168,797	72,307
Merck	22,232	64,243	66,780
MTU Aero Engines	5,330	11,273	11,723
Munich Re	–	41,389	55,956
Porsche AG	37,630	39,162	74,307
Porsche Automobil Holding	4,555	38	14,400
Qiagen	2,036	6,178	8,904
Rheinmetall	7,096	21,788	16,370
RWE	38,366	18,310	23,846
SAP	30,871	111,961	204,778
Sartorius	4,175	15,942	22,704
Siemens	71,977	308,000	135,790
Siemens Energy	28,997	91,000	11,158
Siemens Healthineers	21,714	70,000	61,164
Symrise	4,618	12,043	13,551
Volkswagen	279,232	675,805	65,060
Vonovia	6,257	15,915	21,703
Zalando	10,345	16,999	5,068

Market comparison: Approach and method



Market comparison: Target remuneration Member of the Board of Executive Directors

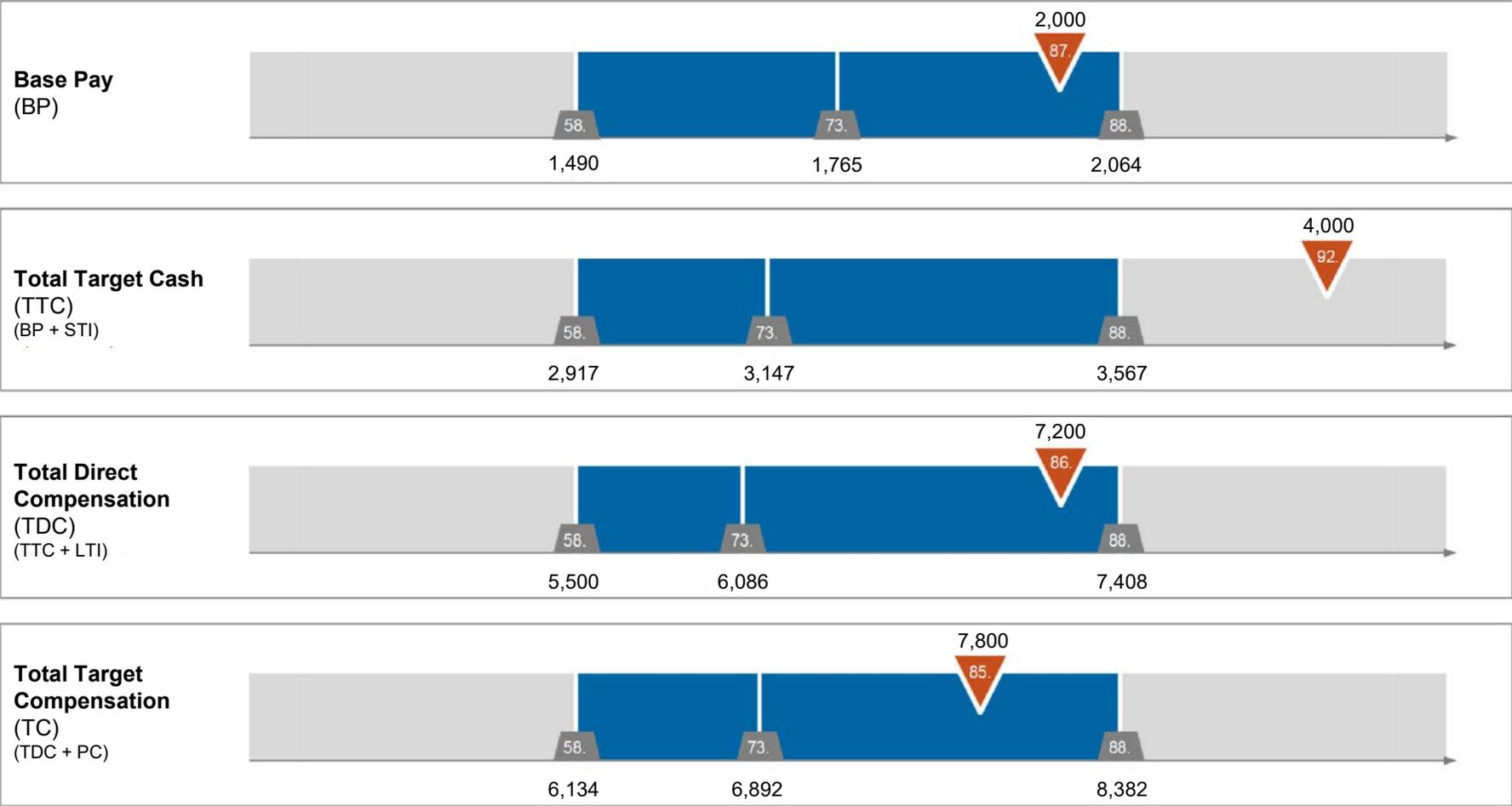


▼ Member of the Board of Executive Directors

In kEUR



Market comparison: Target remuneration Chairman of the Board of Executive Directors



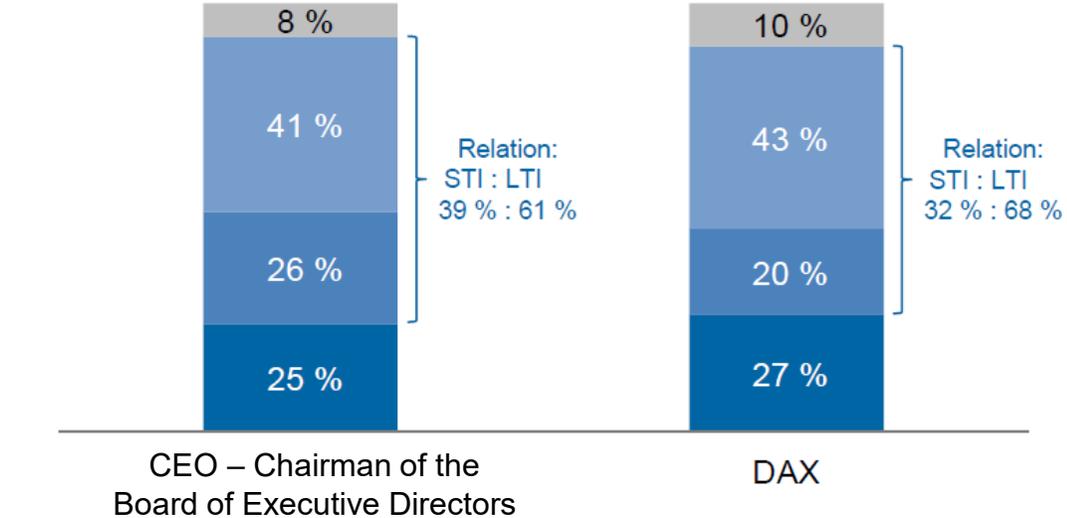
CEO - Chairman of the Board of Executive Directors

In kEUR

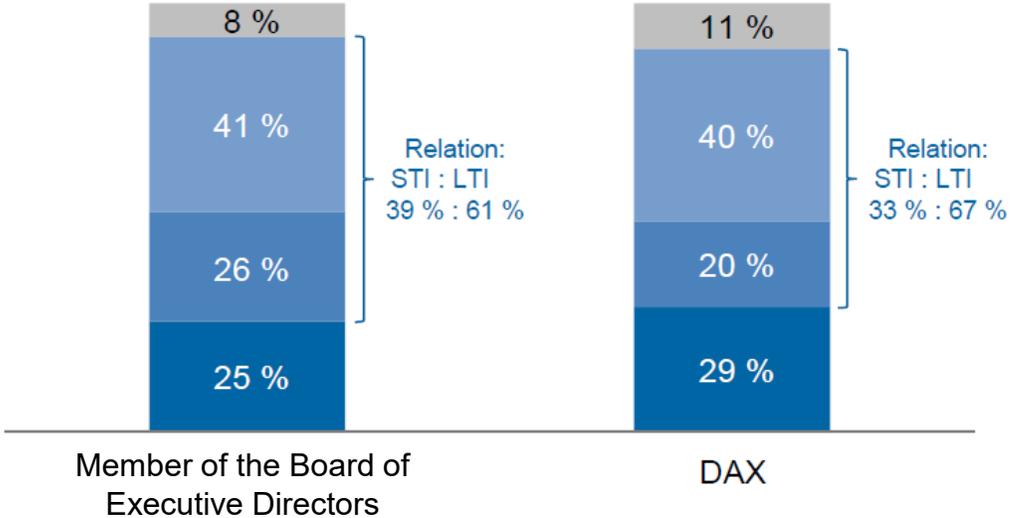


Market comparison: Remuneration Structure

CEO – Chairman of the Board of Executive Directors



Member of the Board of Executive Directors



Base Pay (BP)
 Short-Term Incentive (STI)
 Long-Term Incentive (LTI)
 Pension Contribution (PC)