

Implementation of the Suggestions of the Commission of the German Government for the German Corporate Governance Code

Besides Recommendations (Empfehlungen), the German Corporate Governance Code contains a set of Suggestions (Anregungen) whose compliance doesn't need to be disclosed as to the legal regulations. BASF Aktiengesellschaft has implemented the main part of such Suggestions (status of the Code on June 2, 2005 and status of implementation on December 16, 2005). The details are listed in the following overview:

No	Code regulation	Suggestions of the German Corporate Governance Code	fulfilled
S1	2.3.3	...; this representative [the representative who shall exercise shareholders' voting rights] should also be reachable during the General Meeting.	yes
S2	2.3.4	The company should make it possible for shareholders to follow the General Meeting using modern communication media (e.g. internet).	yes
S3	3.6 paragraph 1	In Supervisory Boards with codetermination, representatives of the shareholders and of the employees should prepare the Supervisory Board meetings separately, possibly with members of the Management Board.	yes
S4	3.6 paragraph 2	If necessary, the Supervisory Board should meet without the Management Board.	yes
S5	3.7 paragraph 3	In appropriate cases, the Management Board should convene an extraordinary General Meeting at which shareholders discuss the take-over offer and may decide on corporate actions.	yes
S6	3.10	Comments can also be provided on the Code's suggestions.	no
S7	4.2.3 paragraph 1	Variable compensation [of the members of the Management Board] should include one-time and annually payable components	yes
S8		linked to the business performance	yes
S9		as well as long-term incentives	yes
S10		containing risk elements.	yes

No	Code regulation	Suggestions of the German Corporate Governance Code	fulfilled
S11	5.1.2 paragraph 1	The Supervisory Board can delegate preparations for the appointment of members of the Management Board to a committee which also determines the conditions of the employment contract including compensation.	yes
S12	5.1.2 paragraph 2	For first-time appointments [of the members of the Management Board] the maximum possible appointment period of five years should not be the rule.	yes
S13	5.2 paragraph 2	He [the Chairman of the Supervisory Board] should not be Chairman of the Audit Committee.	yes
S14	5.3.2	He [the Chairman of the Audit Committee] should not be a former member of the Management Board of the company.	no
S15	5.3.3	The Supervisory Board can delegate other subjects to be handled by one or several committees.	yes
S16	5.3.4	The Supervisory Board can arrange for committees to prepare Supervisory Board meetings and to take decisions in place of the Supervisory Board.	yes
S17	5.4.6	The election or re-election of members of the Supervisory Board with different dates and for different periods of office enables changing requirements to be taken into account.	no
S18	5.4.7 paragraph 2	Performance-related compensation [of the members of the Supervisory Board] should also contain components based on the long-term performance of the enterprise.	no
S19	6.8	Publications [of the company] should also be in English.	yes

This survey informs about the implementation of the Suggestions of the Code at the time of the publication of the declaration of compliance 2005 concerning the implementation of Recommendations of the Code on December 16, 2005. It does not state that BASF Aktiengesellschaft intends to continue complying with or not to regard the Suggestions after the named date. BASF Aktiengesellschaft does not take over any obligation to publish any alteration or change immediately or to update the overview.