

# **BASF SE**

# **Financial Statements 2012**



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# Management's Analysis of BASF SE

## Corporate structure

As the publicly traded parent company of the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies that belong to the BASF Group and is also the Group's largest operating company.

Until the end of 2012, six segments contained 15 divisions which bore operational responsibility and managed our 70 global and regional business units. Changes in the segments and operating divisions as of the beginning of 2013 are described in the chapter Events After the Reporting Period on page 15.

The operational business of BASF SE represents a portion of the overall global business, for which the Consolidated Financial Statements of the BASF Group provide a complete insight. To assess the net income of BASF SE, a differentiation must be made between income from operations from BASF SE's own production and from the sale of products of other European BASF Group companies as well as the income from the function of BASF SE as a parent company. This function as a parent company is primarily reflected in the financial result.

## Accounting principles

The Financial Statements of BASF SE are prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*, HGB) and the German Stock Corporation Act (*Aktiengesetz*, AktG).

The Consolidated Financial Statements of the BASF Group, however, take into account the Financial Statements of BASF SE that are prepared in accordance with the International Financial Reporting Standards (IFRS).

## Corporate Governance Statement according to Section 289a HGB

The Corporate Governance Statement according to Section 289a HGB, printed on pages 16 to 22 (Corporate Governance Report, Compliance, Declaration of Conformity), is an element of the Management's Analysis. Disclosures in the Corporate Governance Report in accordance with Section 317(2)(3) HGB are not included in the audit of the external auditor, with the exception of the disclosures according to Section 289(4) HGB.

## Trends in the global economy

Worldwide economic growth was significantly weaker in 2012 than in the previous year. After a positive start to the year, the debt crisis intensified once again in several eurozone countries. Dampening influences on the global economy also came from the emerging markets, especially from China. In this environment, Japan's economic recovery proceeded more slowly than expected. At 2.2%, global gross domestic product therefore did not rise as sharply as it did in 2011 (+2.7%) or as we had originally forecast for 2012 (+2.7%).

With an increase of only 2.4% in 2012, global industrial production remained significantly behind the previous year's growth level (+4.3%) and our forecast (+4.1%). Production growth decreased in both industrialized countries (2012: +0.5%; 2011: +2.1%) as well as in emerging markets (2012: +5.0%; 2011: +7.7%). This was primarily due to the recession in Europe and the slowdown of economic growth in Asia.

Global chemical production (excluding pharmaceuticals) grew by 2.6% in 2012 – significantly slower than in the previous year (+3.8%) and than our original forecast for 2012 (+4.1%). The upswing in demand expected for the second half of the year did not appear.

## Business Development

### Results of operations

Million €	2012	2011
<b>Sales</b>	<b>23,011</b>	<b>21,599</b>
<b>Gross profit on sales</b>	<b>5,055</b>	<b>5,229</b>
<b>Income from operations (EBIT)</b>	<b>903</b>	<b>1,522</b>
Income from participations	1,995	2,827
Interest result	3	(474)
Other financial result	29	(4)
<b>Financial result</b>	<b>2,027</b>	<b>2,349</b>
<b>Income before taxes<sup>1</sup></b>	<b>2,930</b>	<b>3,871</b>
<b>Net income</b>	<b>2,880</b>	<b>3,506</b>

<sup>1</sup> Corresponds to income from ordinary operations

### Sales

#### Change

	2012		2011	
	Million €	%	Million €	%
Change in volumes	883	4.1	(831)	(4.0)
Change in prices	111	0.5	1,630	7.8
Currency effects	402	1.8	(233)	(1.1)
Commissions, licenses, other businesses, etc.	16	.	292	1.4
	<b>1,412</b>	<b>6.5</b>	<b>858</b>	<b>4.1</b>

#### Regions (million €)

	2012	2011
Europe	16,774	16,014
Thereof Germany	5,971	5,733
North America	1,766	1,495
Asia Pacific	2,847	2,810
South America, Africa, Middle East	1,624	1,280
	<b>23,011</b>	<b>21,599</b>

### Income from operations

In 2012, BASF SE's sales increased by 6.5% to €23,011 million compared with the previous year. The rise in sales resulted primarily from higher volumes and positive currency effects, in which the volumes-driven year-on-year increase was marked by the integration of the former Cognis businesses as of July 2011. We were not able to fully pass on higher raw material and energy costs through sales prices, which led to falling margins in some value chains. Furthermore, gross profit on sales decreased by €174 million to €5,055 million due to lower capacity utilization in our production facilities. This was mainly caused by scheduled large-scale shutdowns for inspection and maintenance.

Income from operations decreased by €619 million to €903 million. In addition to the effects described above, selling and marketing expenses rose by €163 million, largely as a result of increased distribution costs due to higher sales volumes. Furthermore, research and development spending rose by €115 million, expenses for stock-price-based variable compensation rose by €87 million and the currency result declined by €63 million. Offsetting this was €101 million in higher income from a contractually agreed compensation payment related to the BASF Group's fertilizer activities and their disposal.

### Financial result

The decline of €322 million in the financial result came from lower income from participations, which was due to lower profits from the disposal of participations. The previous year had included the sale of shares in K+S Aktiengesellschaft. Contrasting this were higher interest income and lower interest expenses, primarily due to the improvement in the balance of pension obligations and corresponding plan assets.

### Net income

Net income in 2012 amounted to €2,880 million, representing a decline of €626 million or 17.9% compared with the previous year.

Current taxes were lower despite higher income from subsidiaries, owing particularly to the results of the tax audit. This led to a decline in income taxes.

**Net assets and financial position**

	2012		2011	
	Million €	%	Million €	%
Fixed assets	27,265	69.1	26,624	64.5
Current assets and other assets	12,198	30.9	14,639	35.5
<b>Total assets</b>	<b>39,463</b>	<b>100.0</b>	<b>41,263</b>	<b>100.0</b>
Stockholders' equity	13,284	33.7	12,700	30.8
Provisions	2,005	5.1	2,474	6.0
Liabilities and other liabilities	24,174	61.2	26,089	63.2
<b>Total stockholders' equity and liabilities</b>	<b>39,463</b>	<b>100.0</b>	<b>41,263</b>	<b>100.0</b>

**Net assets**

The balance sheet total decreased by €1,800 million, or 4.4%, to €39,463 million.

The increase of €641 million in fixed assets was mainly the result of an increase in value of financial assets due to the granting of loans and capital increases at associated companies, as well as an increase of €286 million in fixed assets by way of investments which significantly exceeded the level of depreciation.

The decline in current assets is largely attributable to the decrease of €2,913 million in receivables from affiliated companies related to returns from Group-internal cash investments. By contrast, inventories increased by €320 million.

The positive development in plan assets resulted in an excess of plan assets over obligations of €180 million. In the previous year, an excess of liabilities amounted to €114 million.

The increase of €584 million in stockholder's equity resulted from the net income, which exceeded the level of dividend payments in 2012. The decline of €469 million in provisions was due to the decrease in tax provisions in the amount of €341 million.

Liabilities and other liabilities declined by €1,915 million. Reduced liabilities to affiliated companies were mostly the result of the repayment of intercompany loans in the amount of €2,220 million. This was partially offset by an increase of €325 million in financial indebtedness.

**Financial position**

At €2,529 million, cash provided by operating activities in 2012 slightly exceeded the level of the previous year (2011: €2,480 million). Net income declined; however, the previous year had included high revenue from the disposal of financial assets (including shares in K+S Aktiengesellschaft) which had been reported in cash used in investing activities.

Cash provided by investing activities amounted to €1,718 million compared with minus €668 million in the previous year. A high level of investment in property, plant and equipment was offset by returns from intercompany financial investments.

Cash used in financing activities (minus €4,398 million, compared with minus €1,535 million in 2011) was affected by the payment of dividends as well as the repayment of intercompany loans.

Due to the previously mentioned cash flow, cash and cash equivalents declined by €151 million to €701 million. Cash and cash equivalents comprise cash on hand and balances with banks (€601 million) and the marketable securities which represent cash equivalents (€100 million).

Corporate bonds form the basis of our medium to long-term debt financing, which we issued in euros and British pounds with different maturities to ensure a balanced maturity profile and diverse range of investors, and to optimize our debt capital financing conditions. We use the commercial paper program for short-term financing purposes.

With "A+/A-1/outlook stable" from rating agency Standard & Poor's and "A1/P-1/outlook stable" from Moody's, we have good credit ratings, also compared with competitors in the chemical industry. Standard & Poor's last confirmed our long-term rating on July 24, 2012; Moody's last confirmed our long-term rating on October 12, 2012, and pronounced the outlook stable. Both agencies maintained BASF's short-term ratings.

## Employees and Society

### Employees

Our employees are fundamental to achieving the goals of our corporate strategy. We want to attract the right people and support them in their development within our company. To do so, we cultivate a working environment that inspires and connects people. It is founded on inclusive leadership based on mutual trust, respect and dedication to top performance.

With variable compensation components, employees participate in the company's success and are rewarded for their individual performance. The same basic principles apply to all employees. The variable component is determined by the economic success of the BASF Group – measured by return on assets – and the employee's individual performance. The bonus payment for 2012 will once again reach a high level.

The increase in personnel expenses for BASF SE in 2012 to €3.21 billion (2011: €3.00 billion) is largely attributable to the comparatively higher wages and salaries, the rise in number of employees and the increase in stock-price-based variable compensation. On December 31, 2012, BASF SE had 34,769 employees (2011: 33,761)

As in numerous other companies in the BASF Group, our employees can acquire shares in BASF SE. The "plus" share program promotes the long-term participation of our employees in the company through incentive shares, allowing them to invest a part of their compensation in BASF shares. In 2012, employees of BASF SE purchased 633,530 shares under the "plus" program.

Since 1999, BASF has offered its senior executives the opportunity to participate in a stock-price-based compensation program. This long-term incentive (LTI) program ties a proportion of their compensation to the long-term performance of BASF shares. In 2012, 92% of the approximately 1,200 senior executives eligible worldwide participated in the LTI program, investing up to 30% of their variable compensation.

### Innovation

Effective and efficient research and development are the foundations for innovations for a sustainable future. Our employees work in interdisciplinary teams to find solutions for almost all industry sectors. With innovative processes and products based on intelligent chemistry, we secure BASF's organic and profitable long-term growth.

Our global network with more than 600 excellent universities, research institutes and companies is also an important part of our Know-How Verbund. We cooperate with them in many different disciplines in order to achieve our ambitious growth goals. The number and quality of our patents attest to our power of innovation and long-term competitiveness. The BASF Group registered around 1,170 new patents worldwide in 2012. BASF SE had 5,282 employees in research and development in 2012 and spending for research and development amounted to €1,084 million.

### Environmental protection and safety

We are committed to energy efficiency and global climate protection. We make an important contribution with our efforts to further reduce emissions along the value chain, as well as with our climate protection products. The conservation of resources is also one of our fundamental principles. We use efficient technologies to generate steam and electricity as well as energy-efficient production processes, and have implemented comprehensive energy management.

BASF SE spent €458 million (2011: €410 million) on climate protection in 2012. This amount included both end-of-pipe measures and integrated environmental protection measures. As of December 31, 2012, provisions established for environmental protection measures and remediation amounted to €109 million (December 31, 2011: €114 million).

At our sites, we never compromise on safety. For occupational safety and health protection, we rely on comprehensive preventive measures as well as on the involvement of all employees and contractors. The number of work-related accidents of BASF employees and employees from other companies at the Ludwigshafen site has remained at a low level for years; with additional measures, we aim to reduce the number of work-related accidents even further.



We act responsibly as an integral part of society. We never compromise on the safety and security of our employees, contractors and neighbors as well as our facilities, transportation and products. Our Responsible Care Management System sets out the framework for our voluntary commitments.

We set ourselves ambitious goals for environmental and health protection, safety and security. Our guidelines and requirements are constantly updated. In 2012, we enacted two new global Group directives for energy and for emergency response, and defined new worldwide requirements for occupational safety as well as for safety in transportation and storage.

Our regulations and measures for transportation and warehouse safety comprise the delivery of raw materials, the storage and distribution of chemical products among BASF sites and customers, and the transportation of waste from our sites to the disposal facilities.

We have set out global directives for the transportation and storage of chemical products both in our own warehouses as well as in rented facilities. In order to make the storage of goods – especially sensitive ones – even safer, we defined a new requirement in 2012. Moreover, we implemented a further global requirement in 2012 for the consistent assessment of transportation safety in deep-sea tankers.

If an incident occurs despite all preventive measures, we provide swift and specially coordinated assistance worldwide. Our transportation safety advisors are involved in these processes and procedures, and they subsequently evaluate all of the information. More than 150 employees are active around the world as trained transportation safety advisors. They collaborate within a global network, helping us to establish proper measures and to avoid incidents in the future. We are actively involved in external networks which quickly provide information and assistance in emergencies.

### **Principles and objectives of our financial management**

Financial management in the BASF Group is centralized and supported by regional finance units. Our value-based financing principles are aimed at securing liquidity at all times, limiting the risks associated with financing and optimizing our cost of capital. We preferably meet our financing needs on international capital markets. We aim to maintain at least a solid "A" rating.

## Opportunities and Risks Report

The goal of BASF's risk management is to identify and evaluate opportunities and risks as early as possible and to take appropriate measures in order to seize opportunities and limit business losses. The aim here is to avoid risks that pose a threat to BASF's continued existence and to make improved managerial decisions to create lasting value.

We understand risk to be any event that can negatively impact the achievement of our short-term operational or long-term strategic goals. We define opportunities as possible successes that exceed our defined goals.

### Overall assessment

We still expect the global economy to continue to grow in the next two years. However, the sovereign debt crises in Europe and the United States as well as possibly decelerating economic growth in China all pose considerable risks. A new global economic crisis could result if market uncertainty continues or demand is impaired more strongly than anticipated by extensive fiscal austerity measures. Important opportunities and risks for our earnings are also associated with uncertainty regarding the development of key customer industries and raw material prices, as well as volatility in foreign currency exchange rates and margins.

According to our assessment, there continue to be no significant individual risks that pose a threat to the continued existence of BASF SE. The same applies to the sum of individual risks, even in the case of another global economic crisis.

### Risk management process

The BASF Group's risk management process is based on the international risk management standard COSO II Enterprise Risk Management – Integrated Framework, and has the following key features:

### Organization and responsibilities

- Risk management is the responsibility of the Board of Executive Directors, which also determines the processes for approving investments, acquisitions and divestitures.
- The Board of Executive Directors is supported by the corporate divisions Finance, Strategic Planning & Controlling and Legal, Taxes & Insurance, as well as the Corporate Controlling unit and the Chief Compliance Officer. They coordinate the risk management process at Group level and provide the structure and appropriate methodology. Opportunity and risk management is thus integrated in the strategy, planning and budgeting processes.
- A network of risk managers in the business and central units advances the implementation of appropriate risk management practices in daily operations.

- The management of specific opportunities and risks is largely delegated to the business units and is steered at a local level. Risks relating to exchange rates and raw material prices are an exception. In this case, there is an initial consolidation at a Group-wide level before derivative hedging instruments, for example, are used.
- The internal auditing unit is responsible for regularly auditing the risk management system to be established by the Board of Executive Directors in accordance with Section 91(2) of the German Stock Corporation Act. Furthermore, as part of its monitoring of the Board of Executive Directors, the Supervisory Board considers the effectiveness of the risk management system. An external auditor evaluates the establishment and suitability of an early detection system for risks.

### Instruments

- The Risk Management Process Manual, applicable throughout the Group, forms the framework for risk management and is adapted by the business units to suit their particular business conditions.
- A catalog of opportunity and risk categories helps to identify all relevant opportunities and risks as comprehensively as possible.
- Standardized evaluation and reporting tools are available for the identification and evaluation of risks. The aggregation of opportunities, risks and sensitivities at the division and Group level using a Monte Carlo simulation helps us to identify effects and trends across the organization.
- Company management is informed about operational opportunities and risks (observation period of up to one year) in the monthly management report produced by the Corporate Controlling unit. In addition, the corporate divisions Strategic Planning & Controlling and Finance provide information twice a year about the aggregated opportunity/risk exposure of the BASF Group. Furthermore, if a new individual risk is identified which bears reputational risks or has a more than €10 million impact on earnings, it must be immediately reported.
- As part of our strategy development, the Strategic Planning unit conducts strategic opportunity/risk analyses with a ten-year assessment period. These analyses are annually reviewed during the course of the strategic controlling and are adapted if necessary.

When BASF was included in the Dow Jones Sustainability Index in September 2012, the company once again received special recognition for its risk management system.

### **Significant features of the internal control and risk management system with regard to the Group financial reporting process (Section 289 (5) HGB)**

The Financial Statements are prepared by a unit in the corporate division Finance. BASF SE's accounting process is based on a uniform accounting guideline that sets out accounting policies and the significant processes and deadlines on a Group-wide basis. There are binding directives for the internal reconciliations and other accounting operations. Standard software is used to carry out the accounting processes for the Financial Statements. There are clear rules for the access rights of each participant in these processes.

Employees involved in the accounting and reporting process meet the qualitative requirements and participate in training on a regular basis. There is a clear assignment of responsibilities between the specialist units, companies and regional service units involved. We strictly adhere to the principles of segregation of duties and dual control. Complex actuarial reports and evaluations are produced by specialized service providers or specially qualified employees.

An internal control system for financial reporting continuously monitors these principles. To this end, methods are provided for the structured and Group-wide uniform evaluation of the internal control system in financial reporting.

A central risk catalog covers the significant risks for BASF SE regarding a reliable control environment and proper financial reporting. The risk catalog is revised and updated annually.

In a centralized selection process, units are identified that are exposed to particular risks, that have a material impact on the Financial Statements of BASF SE or that provide service processes. The selection process is conducted annually. In the relevant units, one person is given responsibility to coordinate and monitor the execution of the steps.

The annual evaluation process consists of the following steps:

#### **– Evaluation of the control environment**

The adherence to internal and external guidelines that are relevant for the maintenance of a reliable control environment is checked by means of a standardized questionnaire. The assessment is performed by checking the involved employees' awareness of rules and is supported by sample taking.

#### **– Identification of control activities**

In order to mitigate the risks to the financial reporting process listed in our central risk catalog, corresponding control activities are conducted.

#### **– Assessment of control activities**

After documentation, a test is performed to verify whether the described controls are capable of adequately mitigating the risks. In the subsequent test phase, samples are taken to test whether the controls were effective in practice.

#### **– Monitoring of control weaknesses**

The managers responsible receive reports on any control weaknesses identified and their resolution, and an interdisciplinary committee investigates their relevance for the BASF Group. The Board of Executive Directors is informed once control weaknesses have been identified that have a considerable impact on the financial reporting.

#### **– Internal confirmation of the internal control system**

The managing director and chief financial officer responsible for each consolidated Group company confirm to the Board of Executive Directors of BASF SE at the end of the annual cycle the effectiveness of the internal control system with regard to accounting as well as the accuracy and reliability of financial reporting.

### **Short-term opportunities and risks**

**Demand fluctuation due to volatility in market growth:** The development of our sales markets is one of the strongest drivers of opportunities and risks. We are planning to achieve volume growth in our chemicals business in nearly all segments. We consider risk scenarios. These include, for example, an intensification of the sovereign debt crises in Europe and the United States, which would dampen private demand and limit the ability of businesses to get refinancing. There could also be strong negative effects on consumer and industrial demand from extensive fiscal austerity measures in the form of tax increases and cuts to government spending. In these risk scenarios, a demand-driven decline in oil prices can be expected.

**Margin volatility due to fluctuating raw material prices and/or product oversupply/shortage:** We generally anticipate stable margins in 2013. For some products and value chains, however, there is likely to be pressure on margins, which would have a negative effect on our earnings.

The average oil price (Brent crude) in 2012 was around \$112 per barrel, slightly higher than in the previous year. For 2013, we anticipate an average oil price of \$110 per barrel. We therefore expect the price level of the raw materials and petrochemical basic products that are important to our business to remain high. If there were a considerable decline in demand, this could lead to significant narrowing of our margins and the need to write down inventories.

The influence of the oil price is reduced through the contribution of the Oil & Gas business in the BASF Group.

**Regulation and political risks:** Due to the European chemicals regulation REACH, which came into force in 2007, we and our European customers face the risk of being placed at a disadvantage to our non-European competitors due to the cost-intensive test and registration procedures.

In the third E.U. emissions trading period, which begins in 2013, all CO<sub>2</sub> certificates for industrial electricity generation will have to be purchased. For chemical production, on the other hand, the number of certificates allocated free-of-charge is based on very ambitious benchmarks. As a result of the above-average efficiency in our production facilities, we expect allocation for our chemical plants to be nearly sufficient. However, due to the auctioning of 100% of certificates for electricity generation, we expect that, overall, the BASF Group will face an undersupply of certificates; the number of certificates we need each year ranges in the low end of the single-digit millions. The extent to which this can negatively affect the global competitiveness of our European sites depends on the trading price of these CO<sub>2</sub> certificates. These effects will likely be limited by national financial compensatory measures for energy-intensive production facilities competing at a global level.

Other risks for us include further regulation, for example, for the use of chemicals as well as the intensification of geopolitical tensions, the destabilization of political systems and the imposition of trade barriers (for example, OPEC quotas for oil production).

On the other hand, regulatory decisions also offer opportunities that we want to seize: As a result of Germany's decision to phase out the use of nuclear power, as well as global programs to support the expansion of renewable energy and measures to increase energy efficiency, we expect higher demand for our products. Our building insulation materials are used to increase energy efficiency in housing and office buildings. Furthermore, we offer a diverse range of solutions for the construction and operation of wind turbines, such as intermediates, coatings and foams for rotor manufacturing as well as construction chemicals for the base and supports. Our catalysts business benefits from the tightening of emissions regulations.

**Delivery bottlenecks resulting from interruptions in production or the supply chain and raw material shortages:** We try to prevent unscheduled plant shutdowns by adhering to high technical standards and continuously improving our plants.

We minimize procurement risks through our broad portfolio, our global purchasing activities and the purchase of additional quantities of raw materials on spot markets. If possible, we avoid procuring raw materials from a single supplier. When this cannot be avoided, we try to foster competition or we knowingly enter into this relationship and assess the consequences of potential non-delivery. We continuously monitor the credit risk of important business partners, both customers as well as suppliers.

**Information technology risks:** BASF relies on a number of IT systems in order to carry out its day-to-day operations. The non-availability of critical IT systems and applications can have a direct impact on production and logistic processes. If data are lost or manipulated, this can negatively affect process safety and the accuracy of our financial reporting. Unauthorized access to sensitive data, such as personnel records, competition-related information or research results, can result in legal consequences or jeopardize our competitive advantage.

To minimize such risks, BASF has implemented application-specific measures such as stable and redundantly designed IT systems, backup processes, virus and access protection and encryption systems as well as integrated, Group-wide standardized IT infrastructure and applications. The systems used for information security are continuously tested and updated. In addition, our employees receive regular training on information and data protection. IT-related risk management is conducted using uniform regulations for organization and application, as well as an internal control system based on these regulations.

**Litigation and claims:** In order to assess the risks from current legal disputes and proceedings and any potential need to recognize provisions, we prepare our own analysis and assessment of the circumstances and claims considered. In addition, in individual cases, we consider the results of comparable proceedings and independent legal opinions. Furthermore, we make assumptions regarding the probability of claims being successful and their potential financial impact. The actual costs can deviate from these estimates.

We use an internal control system to limit risks from potential wrongdoing or legal infringements. For example, we try to avoid patent and licensing disputes whenever possible with the help of extensive clearance research. As part of our Group-wide Compliance Program, our employees receive regular training.

### Financial opportunities and risks

The management of liquidity, currency and interest rate risks is conducted in the Treasury unit. The management of commodity price risks takes place in the Procurement competence center or in the appropriately authorized Group companies. Detailed guidelines and procedures exist for dealing with financial risks. Among other things, they provide for the segregation of trading and back office functions.

**Exchange rate volatility:** Our competitiveness on global markets is influenced by fluctuations in exchange rates. For BASF's purchasing, opportunities and risks arise in particular when the U.S. dollar exchange rate fluctuates. A full-year rise in the value of the U.S. dollar would result in an increase in BASF's earnings, assuming other conditions remain the same.

We incorporate planned purchase and sales transactions in foreign currencies in our financial foreign currency risk management. These risks are hedged using derivative instruments, if required.

**Interest rate risks:** Interest rate risks result from potential changes in prevailing market interest rates. These can cause a change in the present value of fixed-rate instruments and fluctuations in the interest payments for variable-rate instruments, which would positively or negatively affect earnings. To hedge these risks, interest rate swaps and combined interest rate and currency derivatives are used in individual cases.

In addition to market interest rates, BASF's financing costs are determined by the credit risk premiums to be paid. These are mainly influenced by our credit rating and the market conditions at the time of issue. In the short to medium term, BASF is largely protected from the possible effects on its interest result thanks to the well-balanced maturity profile of its financial debt.

**Liquidity risks:** Risks from fluctuating cash flows are recognized in a timely manner as part of our liquidity planning. We have access to extensive liquidity at any time thanks to our good ratings, our unrestricted access to the commercial paper market and committed bank credit lines. In the short to medium term, BASF is largely protected against potential refinancing risks thanks to our balanced maturity profile for financial indebtedness as well as diversification in various financial markets.

**Risk of asset losses:** We limit country-specific risks with measures based on internally determined country ratings, which are continuously updated to reflect changing environment conditions. We selectively use export credit insurance and investment guarantees to limit specific country-related risks. We lower credit risks for our financial investments by engaging in transactions only with banks with good credit ratings and by adhering to fixed limits. The credit ratings are continuously monitored and the limits are adjusted accordingly. We reduce the risk of default on receivables by continuously monitoring the creditworthiness and payment behavior of our customers and by setting appropriate credit limits. Due to the global activities and diversified customer structure of the BASF Group, there are no major concentrations of credit default risk. Risks are also limited through the use of credit insurance and bank guarantees.

**Impairment risks:** The risk of an asset impairment occurs if the assumed interest rate in an impairment test increases or the predicted cash flows decline. In the current business environment, we consider the risk of impairment of individual assets such as customer relationships, technologies and brands, as well as goodwill, to be low.

**Long-term incentive program for executives:** Our executives have the opportunity to participate in a stock-price-based compensation program. The need for provisions for this program varies according to the development of the BASF share price; this leads to a corresponding increase or decrease in personnel costs.

**Risks from pension obligations:** We predominantly finance company pension obligations externally through separate plan assets. This applies particularly to BASF Pensionskasse VVaG and BASF Pensionstreuhand e.V. in Germany. To address the risk of underfunding due to market-related fluctuations in plan assets, we have investment strategies that align return and risk optimization to the structure of the pension obligations. Stress scenarios are also simulated regularly by means of portfolio analyses. Furthermore, new employees are almost always offered defined contribution plans. An adjustment to the interest rates used in discounting pension obligations leads immediately to changes in earnings.

### Long-term opportunities and risks

**Long-term demand development:** In our “We create chemistry” strategy, we expect chemical production (excluding pharmaceuticals) to grow worldwide by 4.0% annually until 2020, faster than global gross domestic product and also more rapidly than in the previous 10 years. We want to increase our sales using our market-oriented and innovative portfolio, which we will continue to strengthen in the years ahead through investments in new production capacity, R&D activities and acquisitions.

If the continuing sovereign debt crises result in a long-lasting stagnation in the markets of the West, these goals could prove to be too ambitious. As a result of our high degree of diversification across various customer industries and regions, we would still expect our growth to be above the market average, even under these conditions.

### Development of the competitive and customer landscape:

We expect competitors from emerging markets to become increasingly important in the coming years. Furthermore, we anticipate that many raw material suppliers will broaden their value chains. We are addressing this risk through active portfolio management. We exit markets where risks outweigh opportunities, and in which we do not see satisfactory opportunities to stand out from our competitors in the long term. For example, we concluded the sale of our fertilizer business in 2012 and for 2013, we are planning to dispose of our natural gas trading and storage business as part of an asset swap with Gazprom.

In order to remain competitive, we continuously improve our operational excellence. Our strategic excellence program, STEP, also contributes to this.

In order to achieve long-term profitable growth, our research and business focus is on highly innovative business areas, which we sometimes enter into through strategic cooperative partnerships.

**Innovation:** We are observing a trend toward more sustainability in our customer industries. We want to take advantage of the resulting opportunities with innovations – particularly in the growth fields we have identified. These include Batteries for Mobility, Functional Crop Care to improve agricultural efficiency, solutions for water treatment and technologies for the use of renewable energy (wind, solar thermal and photovoltaic power).

We also address the risk of the technical or economic failure of research and development projects by maintaining a balanced and diversified project portfolio, as well as through professional project management (R&D controlling).

We optimize the effectiveness and efficiency of our research activities through our global Know-How Verbund as well as through collaboration with partners and customers. Furthermore, in a program and project management process, we continuously review the chances of success and the underlying assumptions of research projects; this review includes all phases from idea generation to product launch. The trust of customers and consumers is essential for the successful introduction of new technologies. That is why we enter into dialog with stakeholders at an early stage of development.

**Portfolio development through investments:** Our decisions on the type, size and locations of our investment projects are based on assumptions related to the long-term development of markets, margins and costs, as well as raw material availability and country, currency and technology risks. Opportunities and risks arise when real developments deviate from our assumptions, particularly with respect to demand development and competition intensity.

In the implementation phase, we make use of our experience in project management and controlling, in order to minimize technical risks as well as the risk of cost overruns or missed deadlines.

**Acquisitions:** In the future, we will continue to refine our portfolio through acquisitions that promise above-average profitable growth, are innovation-driven and offer added value for our customers while reducing the cyclicity of our earnings.

The evaluation of opportunities and risks already plays a significant role during the assessment of potential acquisition targets. A detailed analysis and quantification are conducted as part of due diligence. Examples of risks include increased staff turnover, delayed realization of synergies, and the assumption of obligations that were not precisely quantifiable in advance. If our expectations in this regard are not fulfilled, risks could arise, such as the need to impair intangible assets; however, there could also be opportunities, for example, from additional synergies.

**Recruitment and long-term retention of qualified employees:** Global competition for highly qualified employees and managers has grown in recent years; in the medium to long term, this will likely be further intensified by demographic change. As a result, there is an increased risk that job vacancies cannot be filled with suitable applicants, or only after a delay.

Business could be negatively affected in the medium and long term by the loss of expertise in Europe due to disproportionately high retirement numbers. We address these risks with our global programs Generations@Work and Diversity + Inclusion, the Employee Development project, employer branding and a greater emphasis on human capital development as well as additional regional initiatives. With these measures, we increase BASF's attractiveness as an employer and retain our employees in the long term.

**Sustainability:** BASF is committed to integrating environmental protection and socially responsible conduct into its business activities. Infringements of our voluntary commitments and legal violations also represent a reputational risk and could lead to operational or strategic risks. Before acquiring a company, we take into account its focus on sustainability and we consider this in the acquisition process. We use the results of our global issue management for sustainability to initiate change processes in the company in order to be prepared for any potential risks and to exploit opportunities. We have established global monitoring systems which also include our supply chain – these enable us to ensure adherence to laws and our voluntary commitments in the areas of environment, safety, security and health as well as to labor and social standards. In order to assure society's acceptance of our business activities, we engage in ongoing dialog with relevant stakeholders. The Nano Dialog Forum is an example. Ultimately, however, residual risks remain in all entrepreneurial activities which even comprehensive risk management cannot exclude.



## Outlook

### Global economic environment

The global economy is likely to grow slightly faster in 2013. However, we continue to expect a volatile environment. We anticipate an upturn in the chemical industry, primarily supported by strong growth in the emerging markets.

We expect the following developments in 2013:

- Global economic growth at 2.4%, slightly above the previous year's level
- Recovery in global chemical production (+3.6%)
- Slight growth in gross domestic product in the European Union (+0.3%)
- U.S. growth slightly below previous year's level (+1.8%); growth to gain some momentum in Asia (excluding Japan) (+6.5%); growth to stabilize in Japan (+1.0%); growth to accelerate significantly in South America (+3.7%)
- Growth supported by low interest rates and government stimulus measures in emerging markets
- Average exchange rate of \$1.30 per euro
- Average oil price of \$110 per barrel

In the medium term, we expect global gross domestic product to grow by 2.8%.

The relevant opportunities and risks are presented on pages 8 through 13.

### Sales and earnings forecast

Based on the assumptions described above, we anticipate an increase in sales in 2013 – excluding the effects of acquisitions and divestitures. We assume moderate growth in sales volumes for 2013. Earnings development will be supported by our measures to increase operational excellence and efficiency. Overall, we are striving to exceed the 2012 level of income from operations.

Provided economic recovery continues, we expect a further increase in sales and income from operations for 2014.

### Investment forecast

We plan investments totaling more than €2.40 billion between 2013 and 2015, particularly for the construction of a TDI production plant in Ludwigshafen, begun in 2012. Investments therefore considerably exceed the level of depreciation. This amount does not include acquisitions.

### Forward-looking statements and projections

These forecasts contain forward-looking statements. These statements are based on present estimates and currently available information. Future developments and results are dependent on a number of factors; they involve various risks and uncertainties and are based upon assumptions that may not prove to be accurate.

### Dividend

We stand by our ambitious dividend policy and offer our shareholders an attractive dividend yield. We continue to aim to increase our dividend each year, or at least maintain it at the previous year's level.

→ Information on the proposed dividend can be found on page 33



## Events After the Reporting Period

**The BASF Group has optimized its organizational structure in order to better serve customer industries and further increase our operational and technological excellence. The changes, which became effective as of January 1, 2013, reflect our “We create chemistry” strategy. By combining product lines that share the same business model, we can sharpen our focus on the respective success factors.**

The businesses in the Plastics segment, which has been dissolved, now belong to the Chemicals and Functional Materials & Solutions (formerly Functional Solutions) segments. The Functional Materials & Solutions segment is made up of the Catalysts, Construction Chemicals, Coatings<sup>1</sup> and Performance Materials divisions.

The new Performance Materials division includes the innovative plastics from the former divisions of the Plastics segment. Performance Materials is geared toward key customer industries such as the automotive, construction, electric and electronic sectors. Its product groups comprise polyurethane systems, engineering plastics, thermoplastic polyurethanes, Cellasto<sup>®</sup>, biopolymers, functional foams, Styropor<sup>®</sup>, Neopor<sup>®</sup>, Styrodur<sup>®</sup> and epoxy systems.

In the Chemicals segment, we will continue to concentrate on developing BASF's Production Verbund profitably in the future. We have aligned the segment's divisions – Petrochemicals, Monomers and Intermediates – even more closely along the value chains.

We have expanded the Petrochemicals division to include propylene oxide, thus bringing all important propylene derivatives together with other steam cracker derivatives. In the new Monomers division, we have grouped together most of the product lines from the previous Inorganics division, along with many of the high-volume monomers and basic polymers from the former Plastics segment. The new division's products comprise MDI, TDI, caprolactam, adipic acid, hexamethylenediamine (HMD), polyamides 6 and 6,6, ammonia, nitric acid, sulfur products, chlorine products, melamine, glues and impregnating resins as well as electronic chemicals. In the Intermediates division, we primarily concentrate on the C1 (methane) value chain. Its product lines include amines, butanediol and its derivatives, polyalcohols, organic acids and specialties. The other segments remain unchanged.

### **Acquisition of Pronova BioPharma ASA**

In January 2013, the BASF Group concluded the acquisition of Pronova BioPharma ASA, a provider of omega-3 fatty acids, strengthening our business with these products for the pharmaceutical and dietary supplement industries.

<sup>1</sup> BASF SE is not operationally involved in this division.

## Corporate Governance Statement According to Section 289a HGB

### Corporate Governance Report

**Corporate governance refers to the entire system for managing and supervising a company. This includes the organization, values, corporate principles and guidelines as well as internal and external control and monitoring mechanisms. Effective and transparent corporate governance guarantees that BASF is managed and monitored in a responsible manner focused on value creation. This fosters the confidence of our domestic and international investors, the financial markets, our customers and other business partners, employees and the public in the company.**

#### Management and supervision

BASF has the legal form of a European Company (Societas Europaea, SE). The legal foundations of its corporate constitution are primarily the SE Council Regulation of the European Union, the German SE Implementation Act and the German Stock Corporation Act. The fundamental elements of BASF SE's corporate governance system correspond to the proven principal components of the German Aktiengesellschaft's corporate constitution: these are the two-tier system consisting of BASF's Board of Executive Directors and the Supervisory Board, the equal representation of shareholders and employees in the Supervisory Board and the shareholders' rights of co-administration and supervision at the Shareholders' Meeting.

#### Direction and management by the Board of Executive Directors

Under the two-tier management system of BASF SE, the Board of Executive Directors is responsible for the management of 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: A member of the Board of Executive Directors cannot simultaneously be a member of the Supervisory Board. The Board of Executive Directors agrees on the BASF Group's corporate goals and strategic alignment. It also manages and monitors the business units of the BASF Group through the planning and setting of the corporate budget, the allocation of resources and management capacities, the monitoring and decision-making regarding significant individual measures and the control of the operational management. The Board's actions and decisions are aligned with the company's best interests. It is committed to the goal of sustainably increasing the company's value. Among the Board's responsibilities is the preparation of the consolidated and individual financial statements of BASF SE. Furthermore, it must ensure that the company's activities comply with legal requirements and internal corporate directives. 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 based on a simple majority. In the case of a tied vote, the casting vote is given by the Chairman of the Board. However, the Chairman of the Board does

not have the right to veto the decisions of the Board of Executive Directors. Members of the Board of Executive Directors are authorized to make decisions individually in their assigned areas of responsibility. The Board can set up Board Committees to consult and decide on individual issues; these must include at least three members of the Board of Executive Directors.

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 approach with the Supervisory Board. The Statutes of BASF SE define certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases include the acquisition and disposal of enterprises and parts of enterprises, 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 last approved Consolidated Financial Statements of the BASF Group.

→ **The members of the Board of Executive Directors, including their areas of responsibility and memberships on the supervisory bodies of other companies, are listed on page 28. Compensation of the Board of Executive Directors is described in detail in the Compensation Report on pages 23 to 27.**

#### 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 on management issues. Members of the Supervisory Board cannot simultaneously be members of the Board of Executive Directors. Structurally, this ensures a high level of autonomy with regard to the supervision of the Board of Executive Directors.

Together with the SE Council Regulation, the relevant statutory foundations for the size and composition of the Supervisory Board are the Statutes of BASF SE and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement). The latter was signed on November 15, 2007 by the company management and the representatives of the BASF Group's European employees upon the conversion of BASF Aktiengesellschaft into BASF SE. The Codetermination Act, which is the relevant statutory foundation regarding the size and composition of the Supervisory Board of a German Aktiengesellschaft, does not apply to the SE.

→ **For more on the Statutes of BASF SE and the Employee Participation Agreement, see [basf.com/investor/cg\\_e](http://basf.com/investor/cg_e)**

The Supervisory Board of BASF SE comprises twelve members. Six members are elected by the shareholders at the Shareholders' Meeting.

The remaining six members are elected by the BASF Europa Betriebsrat (European works council), the European employee representation body of the BASF Group, as agreed to in the Employee Participation Agreement.

→ **The members of the Supervisory Board of BASF SE, including their memberships on the supervisory bodies of other companies, are listed on pages 29 and 30. Compensation of the Supervisory Board is described in detail in the Compensation Report on pages 23, 26 and 27.**

One important concern of good corporate governance is that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board, are appropriately filled according to the following criteria: professional and personal qualifications, the diversity of the board members and the independence of the Supervisory Board. Seats on the Board of Executive Directors and Supervisory Board of BASF SE should be filled with members who ensure a well-balanced consideration of all the knowledge, skills and personal qualifications necessary to manage and supervise BASF as a large, globally operating, capital market-oriented company in the chemical industry.

On October 21, 2010, the Supervisory Board agreed upon objectives for the composition of the Supervisory Board in accordance with Section 5.4.1 of the German Corporate Governance Code; in its meeting of December 20, 2012, an objective was added for the number of independent Supervisory Board members. According to these objectives, the Supervisory Board shall be composed in such a way that the members as a group possess knowledge, ability and expert experience

- In the management of an internationally operating company,
- In cross-industry value creation along different value chains,
- In the application of accounting principles and internal control procedures, and
- In the field of technical and scientific innovations in the chemical sector and associated industries as well as in the sectors using chemical products.

With regard to diversity, the Supervisory Board shall consider a variety of professional and international experience as well as the participation of women. At least two women shall belong to the Supervisory Board. With regard to independence, the Supervisory Board aims to ensure that all Supervisory Board members are independent as defined by the terms of the Code. Individuals who may have a conflict of interest shall not be nominated for election to the Supervisory Board. The same applies to candidates who will have reached the age of 70 by the day of the election.

→ **For more on the objectives for the composition of the Supervisory Board, see the Report of the Supervisory Board on page 31**

In accordance with these objectives, the Shareholders' Meeting voted on May 6, 2011, to approve the Supervisory Board's nomination of Anke Schäferkordt as a member of the Supervisory Board. As a result, there are two women among the twelve members of the Supervisory Board. We are committed to maintaining or, if possible, raising the proportion of women at the next scheduled election to the Supervisory Board in 2014. The Nomination Committee will include both appropriately qualified women and candidates with international experience in its selection process. We firmly believe the current formation of the Supervisory Board already fulfills the objectives agreed on by the Supervisory Board regarding its composition.

Resolutions of the Supervisory Board are passed by a simple majority vote of the participating members. In the event of a tie, the vote of the Chairman 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.

BASF SE's Supervisory Board has established a total of three Supervisory Board Committees: the Personnel Committee, the Audit Committee and the Nomination Committee.

The **Personnel Committee's** duties include preparing the appointment of members to the Board of Executive Directors by the Supervisory Board and the employment contracts to be entered into with members of the Board of Executive Directors. When making recommendations on appointments to the Board of Executive Directors, the Personnel Committee takes into account their professional qualifications, international experience and leadership skills as well as long-term succession planning, diversity and, in particular, the appropriate consideration of women. It also prepares the resolutions made by the Supervisory Board with regard to the system and determination of the amount of compensation paid to members of the Board of Executive Directors. The committee comprises Supervisory Board Chairman Dr. h.c. Eggert Voscherau (chairman), Supervisory Board Vice Chairmen Michael Diekmann and Robert Oswald, as well as Michael Vassiliadis.

The **Audit Committee** prepares the negotiations and resolutions of the Supervisory Board for the approval of the Financial Statements and Consolidated Financial Statements, and discusses the quarterly and first-half financial reports with the Board of Executive Directors prior to their publication. It also deals with monitoring the financial reporting process, the annual audit, the effectiveness of the internal control system, the risk management system, and the internal auditing system as well as compliance issues. The Audit Committee is also responsible for business relations with the company's external auditor: It prepares the Supervisory Board's proposal to the Shareholders' Meeting regarding the selection of an auditor, monitors the

auditor's independence, defines the focus areas of the audit together with the auditor, negotiates auditing fees and establishes the conditions for the provision of the auditor's non-audit services. The Audit Committee is authorized to request any information that it deems necessary from the auditor or Board of Executive Directors. It 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. The members of this committee are Max Dietrich Kley (chairman), Ralf- Gerd Bastian, Franz Fehrenbach and Michael Vassiliadis. Max Dietrich Kley has particular knowledge and experience in the application of accounting principles and internal audit procedures, as he was Chief Financial Officer of BASF Aktiengesellschaft until April 2003.

According to the recommendation of the German Corporate Governance Code, BASF SE's Supervisory Board established a **Nomination Committee** that prepares the nominations for the Supervisory Board members to be elected at the Shareholders' Meeting. The members of the Nomination Committee are the members of the Supervisory Board elected at the Shareholders' Meeting: Dr. h.c. Eggert Voscherau, Prof. Dr. François Diederich, Michael Diekmann, Franz Fehrenbach, Max Dietrich Kley and Anke Schäferkordt.

### Shareholders' rights

Shareholders exercise their rights of co-administration and supervision at the Shareholders' Meeting. The Shareholders' Meeting elects half of the members of the Supervisory Board and, in particular, decides 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 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. 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 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 Shareholders' Meeting and to contest resolutions of the Shareholders' Meeting. Shareholders who hold at least €100,000 of the company's share capital are entitled to request that additional items be added to the agenda of the Shareholders' Meeting.

### German Corporate Governance Code

BASF accords great importance to good corporate governance. Therefore, BASF supports the German Corporate Governance Code, which is regarded as an important tool in the capital market-focused continuing development of corporate governance and control, and advocates responsible corporate governance that focuses on sustainably increasing the value of the company.

BASF SE follows all recommendations of the German Corporate Governance Code in its most recently revised version of May 2012. This also applies to the Code's new recommendations regarding the independence and compensation of the Supervisory Board. The objective for the composition of the Supervisory Board is for seats to be filled exclusively by persons considered independent according to the regulations and criteria of the Code. The Supervisory Board of BASF SE receives annual compensation made up of fixed and performance-related components. The Supervisory Board's performance-related compensation component is aligned with the sustainable growth of the company insofar as the earnings per share required to attain the same variable compensation increase annually. This creates an incentive to devote particular attention to the company's long-term development and sustainably increase its enterprise value in the shareholders' interests.

In the same manner, BASF fulfills nearly all of the non-obligatory suggestions of the German Corporate Governance Code. We have not implemented the suggestion to enable shareholders to follow the proceedings of the entire Shareholders' Meeting online. The Shareholders' Meeting is publicly accessible via online broadcast until the end of the speech by the Chairman of the Board of Executive Directors. The subsequent discussion of items on the agenda is not accessible online in order to preserve the character of the Shareholders' Meeting as a meeting attended by our shareholders on-site.

- **The joint Declaration of Conformity 2012 by the Board of Executive Directors and Supervisory Board of BASF SE is rendered on page 22**
- **For more on the Declaration of Conformity 2012, an overview of the implementation of the Code's suggestions and the German Corporate Governance Code, see [basf.com/governance\\_e](http://basf.com/governance_e)**

### **Disclosure according to Section 289(4) of the German Commercial Code and the explanatory report of the Board of Executive Directors according to Section 176(1)(1) of the German Stock Corporation Act**

As of December 31, 2012, the subscribed capital of BASF SE was €1,175,652,728.32, divided into 918,478,694 registered shares with no par value. Each share shall, at a Shareholders' Meeting, entitle the holder to one vote. 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. There are neither different classes of shares nor shares with preferential voting rights (golden shares).

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, 85 of the German Stock Corporation Act, as well as Article 7 of the BASF SE Statutes. According to these regulations, members of the Board of Executive Directors are appointed and dismissed by the Supervisory Board. The members of the Board of Executive Directors are appointed for a maximum of five years, and 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 at the Shareholders' Meeting. The Supervisory Board decides on appointments and dismissals according to its own dutiful discretion.

According to Article 59(1) SE Council Regulation, amendments to the Statutes of BASF SE require a resolution of the 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, the 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 No. 6 of the Statutes of BASF SE, the Supervisory Board is authorized to resolve upon 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 a new issue of shares from the authorized capital.

Until April 30, 2014, the Board of Executive Directors of BASF SE is empowered by a resolution passed at the Annual Shareholders' Meeting of April 30, 2009, to increase the subscribed capital – with the approval of the Supervisory Board – by a total amount of €500 million through the issue of new shares (authorized capital).

A right to subscribe to the new shares shall be granted to shareholders. This can also be done 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 in certain exceptional cases that are narrowly defined in Section 5 No. 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 is not more than 10% of the subscribed capital on the date of issue.

At the Annual Shareholders' Meeting on April 27, 2012, the Board of Executive Directors was authorized to purchase up to 10% of the shares existing at the time of the resolution (10% of the company's share capital) until April 26, 2017. At the discretion of the Board of Executive Directors, the purchase can take place on the stock exchange or by way of a public purchase offer directed to all shareholders. The Board of Executive Directors is authorized to sell the repurchased company shares (a) through a stock exchange, (b) through a public offer directed to all shareholders and – with the approval of the Supervisory Board – to third parties, (c) for a cash payment that is not significantly lower than the stock exchange price at the time of sale and (d) for contributions in kind, particularly in connection with the acquisition of companies, parts of companies or participations in companies or in connection with mergers. In the cases specified under (c) and (d), the shareholders' subscription right is excluded. The Board of Executive Directors is furthermore authorized to redeem the shares bought back and to reduce the share capital by the proportion of the share capital accounted for by the redeemed shares.

Publicly traded bonds issued by BASF SE grant the bearer the right to request early repayment of the bonds at nominal value if one person – or several persons acting in concert – hold or acquire a BASF SE share volume after the time of issuance which 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 non-investment grade rating within 120 days after the change-of-control event.

→ For more on bonds issued by BASF SE, see [basf.com/investor/bonds\\_e](http://basf.com/investor/bonds_e)

In the event of a change of control, members of the Board of Executive Directors shall, under certain additional conditions, receive compensation (details of which are listed in the Compensation Report on pages 25 and 26). A change of control is assumed when a shareholder informs BASF of a shareholding of at least 25% or the increase of such a holding. In addition, employees of BASF SE and its subsidiaries who are classed as senior executives (Obere Führungskräfte) will receive a severance payment if their contract of employment is terminated by



BASF within 18 months of the occurrence of a change of control, 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.

The remaining specifications stipulated in Section 289(4) of the German Commercial Code refer to situations that are not applicable to BASF SE.

#### **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 (D&O insurance). This policy provides for the level of deductibles for the Board of Executive Directors as prescribed by Section 93(2)(3) of the German Stock Corporation Act and for the level of deductibles for the Supervisory Board as recommended in Section 3.8, Paragraph 3 of the German Corporate Governance Code.

#### **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 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 (Directors' Dealings under Section 15a of German Securities Trading Act)**

In accordance with Section 15a of the German Securities Trading Act (*Wertpapierhandelsgesetz*), 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 BASF shares and other related rights to the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) and to the company if transactions within the calendar year exceed the threshold of €5,000.

In 2012, a total of five purchases and one disposal 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 112 and 17,000 BASF shares. The price per share was between €53.88 and €64.78. The volume of the individual trades was between €7,002.24 and €1,002,541.00. The disclosed share transactions are published on the website of BASF SE.

→ For more on directors' dealings in 2012, see [basf.com/governance/sharedealings\\_e](http://basf.com/governance/sharedealings_e)

## Compliance

**Our Group-wide Compliance Program aims to ensure adherence to legal regulations and the company's internal guidelines. With the statement "We strictly adhere to our compliance standards," we have integrated compliance into our "We create chemistry" strategy. The employee codes of conduct we have established around the world firmly embed these mandatory standards into day-to-day business activities.**

Based on worldwide standards, our Group companies have created codes of conduct for the regions, taking into account local laws and rules. These codes are binding for all employees in the respective countries. In 2012, we updated our codes of conduct and united these under one global Code of Conduct. This will replace the regional codes in 2013 and be implemented for all company employees worldwide, enabling us to ensure adherence to our high standards in an even more consistent manner.

Our efforts are principally aimed at preventing violations from the outset. To this end, all employees are required within a prescribed time frame to take part in basic compliance training, refresher courses and special tutorials dealing with, for example, antitrust law or trade control regulations. In 2012, more than 49,000 employees worldwide took part in a total of around 71,000 hours of compliance training.

We particularly encourage our employees to proactively and promptly seek guidance in cases of doubt. For this, they can consult not only their supervisors but also numerous specialist departments and company compliance officers. We have also set up 46 hotlines worldwide which our employees can turn to anonymously.

BASF's Chief Compliance Officer (CCO) manages the implementation of the program, supported by more than 100 compliance officers worldwide. The CCO regularly reports to the Board of Executive Directors on progress in the program's implementation as well as on any significant findings; furthermore, the CCO reports to the Supervisory Board's Audit Committee in at least one of its meetings each year on the status of the Compliance Program as well as any major developments. In the event of significant incidents, the Audit Committee is immediately informed by the Board of Executive Directors.

BASF's Corporate Audit department monitors adherence to compliance principles. In 2012, 92 Group-wide audits of this kind were performed (2011: 75). If violations occur despite preventive measures, we investigate and rectify these as quickly as possible. In 2012, 308 calls and emails were received by our external hotlines. These related to topics ranging from questions about personnel management to the handling of company property and information on the behavior of business partners.

We launch an investigation into all cases of suspected misconduct that we become aware of. Confirmed violations are penalized and can lead to dismissal. In doing so, we make sure to take necessary action in accordance with consistent company criteria. This includes the possible involvement of the public authorities.

In 2012, we included compliance for the first time as a topic in our Global Employee Survey. The results confirm that our employees are upholding compliance standards in their day-to-day business. The positive employee feedback spurs us to constantly enhance our compliance culture.

In 2012, we continued the investigation of our suppliers in terms of compliance with corporate governance standards and performed the first comprehensive environmental, social and corporate governance audits. In addition, our Supplier Code of Conduct was fundamentally revised in order to make our expectations even more transparent worldwide.

We support the respect of human rights and the fight against corruption outside of our company, as well. We are a founding member of the U.N. Global Compact as well as a member of Transparency International Deutschland and the Partnering Against Corruption Initiative (PACI) of the World Economic Forum, and assist in the implementation of these organizations' objectives. As a member of the U.N. Global Compact LEAD, we also report in accordance with the Blueprint for Corporate Sustainability Leadership. This action plan comprises concrete sets of measures to support the U.N.'s sustainability goals, addressing topics such as transparency and stakeholder engagement.

**Declaration of Conformity 2012**

of the Board of Executive Directors and the Supervisory Board of BASF SE

**The Board of Executive Directors and the Supervisory Board of BASF SE hereby declare pursuant to § 161 AktG [Stock Corporation Act]**

1. The recommendations of the Government Commission on the German Corporate Governance Code as amended on May 26, 2010 published by the Federal Ministry of Justice on July 2, 2010 in the official section of the electronic Federal Gazette have been complied with since the submission of the last Declaration of Conformity on December 15, 2011.

2. The recommendations of the Government Commission on the German Corporate Governance Code as amended on May 15, 2012 published by the Federal Ministry of Justice on June 18, 2012 in the official section of the electronic Federal Gazette are complied with and will be complied with.

Ludwigshafen, dated December 20, 2012

**The Supervisory Board**  
of BASF SE

**The Board of Executive Directors**  
of BASF SE



## Compensation Report

**This report outlines the main principles of the compensation for the Board of Executive Directors and discloses the amount and structure of the compensation of each Board member. Furthermore, it provides information on end-of-service undertakings with respect to Board members, as well as information on the compensation of Supervisory Board members.**

### Compensation of the Board of Executive Directors

This report meets the disclosure requirements of the German Commercial Code, supplemented by the additional requirements based on the German Act on Disclosure of Management Board Remuneration (*Vorstandsvergütungs-Offenlegungsgesetz*) as well as the German Act on the Appropriateness of Management Board Remuneration (*Gesetz zur Angemessenheit der Vorstandsvergütung*), and is aligned with the recommendations of the German Corporate Governance Code.

Based on a proposal by the Personnel Committee (see page 17), the Supervisory Board (see page 29) determines the amount and structure of compensation of members of the Board. The amount of compensation is determined by the company's size and financial position, as well as the performance of the Board of Executive Directors. Globally operating companies based in Germany and Europe serve as a reference. A review of the structure and amount of compensation of Board members takes place at regular intervals.

The compensation of Board members comprises:

1. A fixed annual salary,
2. An annual variable bonus,
3. A stock-price-based long-term incentive (LTI) program,
4. Non-monetary compensation and other additional compensation in varying amounts, and
5. Company pension benefits.

The compensation of the Board of Executive Directors is designed to promote sustainable corporate development. It is marked by a pronounced variability in relation to the performance of the Board of Executive Directors and BASF Group's return on assets.

The compensation components are shown in detail below:

1. The annual fixed compensation is paid in equal monthly payments.
2. The annual variable compensation (variable bonus) is based on the performance of the entire Board and the return on assets. The return on assets is also used to determine the variable compensation of all other employee groups. In order to assess the sustainable performance of the Board of Execu-

tive Directors, each year the Supervisory Board sets a target agreement with the entire Board of Executive Directors that primarily contains medium and long-term goals.

The Supervisory Board assesses the achievement of goals in relation to the last three years. A performance factor with a value between 0 and 1.5 is determined on the basis of the goal achievement ascertained by the Supervisory Board. The variable bonus for the prior fiscal year is payable after the Annual Shareholders' Meeting.

Board members, like other employee groups, may contribute a portion of their annual variable gross bonus into a deferred compensation program. For members of the Board of Executive Directors, as well as for all other senior executives of the German BASF Group, the maximum amount that can be contributed to this program is €30,000. Board members have taken advantage of this offer to varying degrees.

3. A stock-price-based remuneration program (the LTI program) exists for members of the Board of Executive Directors. It is also offered to all other senior executives of BASF Group. Members of the Board of Executive Directors are subject to a stricter set of rules than are contained in the general program conditions: They are required to participate in the program with at least 10% of their gross bonus. This mandatory investment consisting of BASF shares is subject to a holding period of four years. For any additional voluntary investment of up to 20% of the gross bonus, the general holding period of two years applies. Members of the Board of Executive Directors may only exercise their options at least four years after they have been granted (vesting period).
4. Non-monetary compensation and other additional compensation include: delegation allowances, accident insurance premiums and other similar benefits, as well as the personal use of, or benefit from, communication equipment, company cars and security measures made available by the company. The members of the Board did not receive loans or advances from the company in 2012.
5. For details on the company pension benefits, see the section on pension benefits on page 25.

Based on the principles listed above, individual Board members received the following compensation:

**Total compensation of the Board of Executive Directors** (thousand €)

	Non-performance related compensation			Performance related compensation	Options granted			Total compensation (cash compensation plus options granted)
	Year	Fixed salary	Non-monetary & other additional compensation	Variable bonus <sup>1</sup>	Total cash compensation	Number	Market value at option grant date	
Dr. Kurt Bock Chairman (since May 6, 2011)	2012	1,200	142	3,174	4,516	56,004	770	5,286
	2011	1,044 <sup>2</sup>	504 <sup>3</sup>	2,948	4,496	29,460	757	5,253
Dr. Martin Brudermüller Vice Chairman (since May 6, 2011)	2012	868 <sup>2</sup>	719 <sup>3</sup>	2,111	3,698	41,184	566	4,264
	2011	767 <sup>2</sup>	691 <sup>3</sup>	2,158	3,616	29,460	757	4,373
Dr. Hans-Ulrich Engel	2012	708 <sup>2</sup>	773 <sup>3</sup>	1,587	3,068	33,876	466	3,534
	2011	635 <sup>2</sup>	525 <sup>3</sup>	1,769	2,929	29,460	757	3,686
Michael Heinz (since May 6, 2011)	2012	600	335	1,587	2,522	25,860	355	2,877
	2011	391	148	1,179	1,718	9,912	255	1,973
Dr. Andreas Kreimeyer	2012	600	93	1,587	2,280	33,876	466	2,746
	2011	600	144	1,769	2,513	29,460	757	3,270
Dr. Stefan Marcinowski (until April 27, 2012)	2012	198	31	516	745	27,952	384	1,129
	2011	600	111	1,769	2,480	29,460	757	3,237
Dr. Harald Schwager	2012	600	104	1,587	2,291	33,876	466	2,757
	2011	600	119	1,769	2,488	29,460	757	3,245
Wayne T. Smith (since April 27, 2012)	2012	375	314 <sup>3</sup>	1,076	1,765	10,748	148	1,913
	2011	-	-	-	-	-	-	-
Margret Suckale (since May 6, 2011)	2012	600	139	1,587	2,326	26,092	359	2,685
	2011	391	52	1,179	1,622	7,148	184	1,806
<b>Summe</b>	<b>Total 2012:</b>	<b>5,749</b>	<b>2,650</b>	<b>14,812</b>	<b>23,211</b>	<b>289,468</b>	<b>3,980</b>	<b>27,191</b>
Summe	Total 2011:	5,662 <sup>4</sup>	2,384 <sup>4</sup>	16,309 <sup>4</sup>	24,355 <sup>4</sup>	268,884 <sup>4</sup>	6,910 <sup>4</sup>	31,265 <sup>4</sup>

<sup>1</sup> The basis for the variable bonus is the return on assets adjusted for special items and the performance factor. These include all contributions made to the deferred compensation program.

<sup>2</sup> Payment is made in local currency based on a theoretical net salary in Germany (on a pro rata basis, where applicable).

<sup>3</sup> Includes payments to cover additional costs of transfers, such as assumption of prevailing local rental fees

<sup>4</sup> Prior-year figures include compensation for members who left the Board of Executive Directors in 2011.

The options granted led to expenses (personnel expense) in 2012. This personnel expense refers to the sum of all options from the LTI programs 2004 to 2012. It is calculated as the difference in the value of the options on December 31, 2012, compared with the value on December 31, 2011, considering the options exercised and granted in 2012. The value of the options is based primarily on the development of the BASF share price and its outperformance compared with the benchmark indices specified for the LTI programs 2004 to 2012.

The personnel expenses reported below are purely accounting figures which do not equate with the actual cash gains should options be exercised. Each member of the Board may decide on the timing and scope of the exercise of options of the individual years, while taking into account the general terms and

conditions and ceilings of the LTI program. The personnel expenses for the year 2012 relating to all options issued were as follows: Dr. Kurt Bock €4,525 thousand (2011: €182 thousand); Dr. Martin Brudermüller €5,355 thousand (2011: €182 thousand); Dr. Hans-Ulrich Engel €3,741 thousand (2011: €517 thousand); Michael Heinz €1,661 thousand (2011: €748 thousand); Dr. Andreas Kreimeyer €3,134 thousand (2011: €346 thousand); Dr. Harald Schwager €3,839 thousand (2011: €385 thousand); Wayne T. Smith €698 thousand; and Margret Suckale €532 thousand (2011: €107 thousand).

The members of the Board are covered by loss liability insurance concluded by the company (D&O insurance) which includes a deductible.

### Pension benefits

Annual pension units are accrued for the members of the Board ("Board Performance Pension"). The method of determination of the amount of the pension benefits generally corresponds to that used for the other senior executives of the German BASF Group. The method is designed such that both the performance of the company and the progression of the individual Board member's career significantly affect the pension entitlement.

The annual pension benefits accruing to Board members in a given reporting year (pension unit) are composed of a fixed and a variable component. The fixed component is calculated by multiplying the annual fixed compensation above the Social Security Contribution Ceiling by 32% (contribution factor). The resulting amount is converted into a lifelong pension using actuarial factors based on an actuarial interest rate (5%), the probability of death, invalidity and bereavement (Heubeck-Richttafeln, 2005G) and an assumed pension increase (at least 1.0% per annum). This is the amount that is payable upon retirement. The variable component of the pension unit depends on the return on assets in the reporting year and the performance factor, which is also decisive for the bonus. The fixed and the variable components together result in the acquired pension unit for the reporting year. The sum of the pension units accumulated over the reporting years determines the respective Board member's pension benefit in the event of a claim. The pension benefit takes effect at the end of service upon reaching retirement age of 60 years, or disability or death. Pension payments are reviewed on a regular basis and adjusted by at least 1.0% each year.

The pension units also include survivor benefits. Upon the death of an active or former member of the Board, the surviving spouse receives a survivor pension amounting to 60% of the Board member's pension entitlement. The orphan pension amounts to 10% for each half-orphan, 33% for an orphan, 25% each for two orphans and 20% each for three or more orphans of the pension entitlement of the deceased (former) Board member. The survivor benefits may not exceed 75% of the Board member's total pension entitlement. If the survivor pensions exceed the upper limit, they will be proportionately reduced.

Board members are members of the BASF Pensionskasse VVaG, as are generally all employees of BASF SE. Contributions and benefits are determined by the Statutes of the BASF Pensionskasse VVaG and the General Conditions of Insurance.

The service costs attributable to 2012 in accordance with German commercial law include costs for BASF Pensionskasse VVaG as well as for the Performance Pension and are as follows: Dr. Kurt Bock €794 thousand (2011: €732 thousand); Dr. Martin Bruder Müller €547 thousand (2011: €542 thousand); Dr. Hans-Ulrich Engel €442 thousand (2011: €464 thousand); Michael Heinz €399 thousand (2011: €214 thousand €); Dr. Andreas Kreimeyer €456 thousand (2011: €477 thousand); Dr. Stefan Marcinowski (until April 27, 2012) €154 thousand (2011: €483 thousand); Dr. Harald Schwager €421 thousand (2011: €444 thousand); Wayne T. Smith €310 thousand; and Margret Suckale €400 thousand (2011: €250 thousand).

The present value of pension benefits (defined benefit obligation) is an accounting figure for the entitlements that the Board members have accumulated in their years of service at BASF. The defined benefit obligations up to and including 2012 in accordance with German commercial law are as follows: Dr. Kurt Bock €9,509 thousand (2011: €8,242 thousand); Dr. Martin Bruder Müller €6,284 thousand (2011: €5,433 thousand); Dr. Hans-Ulrich Engel €4,994 thousand (2011: €4,308 thousand); Michael Heinz 3,441 thousand (2011: €2,876 thousand); Dr. Andreas Kreimeyer 8,469 thousand (2011: €7,544 thousand); Dr. Harald Schwager 4,618 thousand (2011: €3,977 thousand); Wayne T. Smith 363 thousand; and Margret Suckale 1,426 thousand (2011: 954 thousand).

### End of service benefits

In the event that a member of the Board of Executive Directors retires from employment before the age of 60, either because their appointment was not extended or was revoked for an important reason, they are entitled to pension benefits if they have served on the Board for at least ten years or if the time needed to reach legal retirement age is less than ten years. The company is entitled to offset compensation received for any other work done against pension benefits until the legal retirement age is reached.

The following applies to end-of-service due to a change-of-control event: A change-of-control event, in terms of this provision, occurs when a shareholder informs BASF of a shareholding of at least 25%, or the increase of such a holding.

If a Board member's position is revoked within one year following a change-of-control event, the Board member will receive the contractually agreed payments for the remaining contractual term of office as a one-off payment (fixed compensation and variable bonus). Furthermore, the Board member

may receive the fair value of the option rights acquired in connection with the LTI program within a period of three months or may continue to hold the existing rights under the terms of the program. For the determination of the accrued pension benefits from the "Board Performance Pension," the time up to the regular expiry of office is taken into consideration.

There is a general limit on severance pay (severance payment cap) for all Board members. Accordingly, payments made to a Board member upon premature termination of their contract, without serious cause, may not exceed the value of two years' compensation nor compensate more than the remaining term of the contract. The severance payment cap is to be calculated on the basis of the total compensation for the past full financial year and, if appropriate, also the expected total compensation for the current financial year. If membership of the Board of Executive Directors is terminated prematurely as the result of a "Change of Control," the payments may not exceed 150% of the severance compensation cap.

### **Former members of the Board of Executive Directors**

Total compensation for previous Board members and their surviving dependents amounted to €23.7 million in 2012 (2011: €12.8 million). This figure also contains payments that previous Board members have themselves financed through the deferred compensation program and personnel expense for the year 2012 relating to options that previous members of the Board still hold from the time of their active service period. The continuation of the options that have not yet been exercised at the time of retirement, along with the continuation of the associated holding period for individual investment in BASF shares under the conditions of the program, is intended in order to particularly emphasize how sustainability is incorporated into the compensation for the Board members. Pension provisions for previous Board members and their surviving dependents in accordance with German commercial law amounted to €117.8 million (2011: €110.3 million).

### **Compensation of Supervisory Board members**

The disclosure of compensation of the Supervisory Board is based on the German Commercial Code and is aligned with the recommendations of the German Corporate Governance Code. The compensation of the Supervisory Board is regulated by the Articles of Association of BASF SE passed by the Shareholders' Meeting.

Each member of the Supervisory Board receives an annual fixed compensation of €60,000 and a performance-related variable compensation for each full €0.01 by which the earnings per share of the BASF Group, as declared in the BASF Group Consolidated Financial Statements for the year for which the remuneration is paid, exceeds the minimum earnings per share.

The minimum earnings per share figure for the year 2012 is €1.55. The performance-related variable remuneration is €800 for each full €0.01 of earnings per share up to an earnings per share of €2.30, €600 for each further €0.01 of earnings per share up to an earnings per share of €2.80, and €400 for each €0.01 beyond this. The performance-related variable compensation is limited to a maximum amount of €120,000. The minimum earnings per share and the corresponding thresholds shall increase by €0.05 for each subsequent financial year. Based on the earnings per share of €5.31 published in the BASF Group Consolidated Financial Statements 2012, the performance-related compensation reached the maximum amount of €120,000. The chairman of the Supervisory Board receives two-and-a-half times and a vice chairman one-and-a-half times the compensation of an ordinary member.

Members of the Supervisory Board who are members of a committee, except for the Nomination Committee, shall receive a further fixed compensation for this purpose in the amount of €12,500. For the Audit Committee, the further fixed compensation shall be €50,000. The chairman of a committee shall receive twice and a vice chairman one-and-a-half times the further fixed compensation.

The company reimburses members of the Supervisory Board for out-of-pocket expenses and value-added tax to be paid with regard to their activities as members of the Supervisory Board or of a committee. The company further grants the members of the Supervisory Board a fee of €500 for attending a meeting of the Supervisory Board or one of its committees to which they belong and includes the performance of the duties of the members of the Supervisory Board in the cover of a loss liability insurance concluded by it (D&O insurance), which includes a deductible.

Total compensation of the Supervisory Board of the company for the activity in 2012, including the attendance fees, was €3.0 million (2011: €3.0 million). The compensation of the individual Supervisory Board members is as follows:

**Compensation of the Supervisory Board of BASF SE** (thousand €)

	Fixed compensation		Performance-oriented variable compensation		Payment for committee membership(s)		Total compensation	
	2012	2011	2012	2011	2012	2011	2012	2011
Dr. h.c. Eggert Voscherau, Chairman of the Supervisory Board <sup>1</sup>	150.0	150.0	300.00	300.0	25.0	25.0	475.0	475.0
Michael Diekmann, Vice Chairman of the Supervisory Board <sup>2</sup>	90.0	90.0	180.0	180.0	12.5	12.5	282.5	282.5
Robert Oswald, Vice Chairman of the Supervisory Board <sup>2</sup>	90.0	90.0	180.0	180.0	12.5	12.5	282.5	282.5
Ralf-Gerd Bastian <sup>4</sup>	60.0	60.0	120.0	120.0	50.0	50.0	230.0	230.0
Wolfgang Daniel	60.0	60.0	120.0	120.0	–	–	180.0	180.0
Prof. Dr. François Diederich	60.0	60.0	120.0	120.0	–	–	180.0	180.0
Franz Fehrenbach <sup>4</sup>	60.0	60.0	120.0	120.0	50.0	50.0	230.0	230.0
Max Dietrich Kley <sup>3</sup>	60.0	60.0	120.0	120.0	100.0	100.0	280.0	280.0
Anke Schäferkordt	60.0	60.0	120.0	120.0	–	–	180.0	180.0
Denise Schellemans	60.0	60.0	120.0	120.0	–	–	180.0	180.0
Ralf Sikorski	60.0	60.0	120.0	120.0	–	–	180.0	180.0
Michael Vassiliadis <sup>2,4</sup>	60.0	60.0	120.0	120.0	62.5	62.5	242.5	242.5
<b>Total:</b>	<b>870.0</b>	<b>870.0</b>	<b>1,740.0</b>	<b>1,740.0</b>	<b>312.5</b>	<b>312.5</b>	<b>2,922.5</b>	<b>2,922.5</b>

<sup>1</sup> Chairman of the Personnel Committee

<sup>2</sup> Member of the Personnel Committee

<sup>3</sup> Chairman of the Audit Committee

<sup>4</sup> Member of the Audit Committee

Compensation for Supervisory Board membership and membership of Supervisory Board committees is payable after the Annual Shareholders' Meeting, which approves the Consolidated Financial Statements upon which the variable compensation is based. Accordingly, compensation relating to the year 2012 will be paid following the Annual Shareholders' Meeting on April 26, 2013.

In 2012, as in 2011, the company paid the Supervisory Board member Prof. Dr. François Diederich a total of CHF 38,400 (2012: approximately €31,900; 2011: approximately €31,200) plus value-added taxes and out-of-pocket expenses for consulting work in the area of chemical research based on a consulting contract approved by the Supervisory Board.

Beyond this, no other Supervisory Board members received any compensation in 2012 for services rendered personally, in particular, the rendering of advisory and agency services.

→ For more on share ownership by members of the Board of Executive Directors and the Supervisory Board, see page 20

# Management and Supervisory Boards

## Board of Executive Directors

**There were eight members on the Board of Executive Directors of BASF SE as of December 31, 2012.**

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### Dr. Kurt Bock

Chairman of the Board of Executive Directors  
Degree: Business Administration; 54 years old; 22 years at BASF

**Responsibilities:** Legal, Taxes & Insurance; Strategic Planning & Controlling; Communications & Government Relations; Global Executive Human Resources; Investor Relations; Compliance

**First appointed:** 2003

**Term expires:** 2016

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### Dr. Martin Bruder Müller

Vice Chairman of the Board of Executive Directors  
Degree: Chemistry; 51 years old; 25 years at BASF

**Responsibilities:** Performance Materials; Market & Business Development Asia Pacific; Regional Functions & Country Management Asia Pacific; Corporate Technology & Operational Excellence

**First appointed:** 2006

**Term expires:** 2016

**Comparable German and non-German controlling bodies:**

Styrolution Holding GmbH (Vice Chairman of the Advisory Board)

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### Dr. Hans-Ulrich Engel

Degree: Law; 53 years old; 24 years at BASF

**Responsibilities:** Finance; Catalysts; Corporate Controlling; Corporate Audit; Information Services & Supply Chain Management; Market & Business Development North America; Regional Functions North America

**First appointed:** 2008

**Term expires:** 2016

**Internal memberships as defined in Section 100(2) of the German Stock Corporation Act:**

BASF Personal Care and Nutrition GmbH (member of the Supervisory Board)

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### Michael Heinz

Degree: Business Administration (MBA); 48 years old; 27 years at BASF

**Responsibilities:** Dispersions & Pigments; Care Chemicals; Nutrition & Health; Paper Chemicals; Performance Chemicals; Advanced Materials & Systems Research; Perspectives

**First appointed:** 2011

**Term expires:** 2014

**Internal memberships as defined in Section 100(2) of the German Stock Corporation Act:**

BASF Coatings GmbH (member of the Supervisory Board)  
BASF Personal Care and Nutrition GmbH (Chairman of the Supervisory Board)

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### Dr. Andreas Kreimeyer

Degree: Biology; 57 years old; 27 years at BASF

**Responsibilities:** Crop Protection; Coatings; Biological & Effect Systems Research; Plant Science; BASF New Business; Region South America

**First appointed:** 2003

**Term expires:** 2015

**Internal memberships as defined in Section 100(2) of the German Stock Corporation Act:**

BASF Coatings GmbH (Chairman of the Supervisory Board since April 28, 2012)  
Wintershall Holding GmbH (member of the Supervisory Board until April 27, 2012)

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### Dr. Harald Schwager

Degree: Chemistry; 52 years old; 25 years at BASF

**Responsibilities:** Oil & Gas; Construction Chemicals; Procurement; Region Europe

**First appointed:** 2008

**Term expires:** 2016

**Internal memberships as defined in Section 100(2) of the German Stock Corporation Act:**

Wintershall Holding GmbH (Chairman of the Supervisory Board)  
Wintershall AG (Chairman of the Supervisory Board)

**Comparable German and non-German controlling bodies:**

Nord Stream AG (member of the Shareholders' Committee)  
South Stream Transport Services AG (until December 5, 2012; South Stream Transport AG) (member of the Administrative Council since April 12, 2012)  
South Stream Transport B.V. (member of the Board of Directors since November 14, 2012)

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### Wayne T. Smith (since April 27, 2012)

Degrees: Chemical Engineering, Business Administration (MBA); 52 years old; 9 years at BASF

**Responsibilities:** Petrochemicals; Monomers; Intermediates; Process Research & Chemical Engineering

**First appointed:** 2012

**Term expires:** 2015

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### Margret Suckale

Degrees: Law, Business Administration (MBA); 56 years old; 4 years at BASF

**Responsibilities:** Human Resources; Engineering & Maintenance; Environment, Health & Safety; Verbund Site Management Europe

**First appointed:** 2011

**Term expires:** 2014

**Comparable German and non-German controlling bodies:**

BASF Antwerpen N.V. (Chairwoman of the Administrative Council)



The following member left the Board of Executive Directors upon conclusion of the Annual Shareholders' Meeting on April 27, 2012:

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**Dr. Stefan Marcinowski**

**Responsibilities:** Crop Protection; Coatings; BASF Plant Science; Biological & Effect Systems Research; Region South America

**First appointed:** 1997

**Term expires:** 2012

**Supervisory Board memberships (excluding internal memberships):**

DWS Investment GmbH (member of the Supervisory Board)

**Internal memberships as defined in Section 100(2) of the German Stock Corporation Act:**

Wintershall Holding GmbH (member of the Supervisory Board until April 27, 2012)

BASF Coatings GmbH (Chairman of the Supervisory Board until April 27, 2012)

## Supervisory Board

### In accordance with the Statutes, the Supervisory Board of BASF SE comprises twelve members.

Pursuant to Section 35 Paragraph 1 of the Act on the Participation of Employees in a European Company (*SE-Beteiligungsgesetz* – “SEBG”) and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement) signed on November 15, 2007 by company management and the representatives of BASF Group’s European employees, seats on the board are accorded following the principle of parity. The six shareholder representatives on the Supervisory Board of BASF SE are elected by the Shareholders’ Meeting. By way of derogation from Section 40(2) of the Council Regulation (EC) No. 2157/2001, the six employee representatives are not elected by the Shareholders’ Meeting, but appointed by the representative body of the employees, the BASF Europa Betriebsrat, in accordance with the Employee Participation Agreement. The term of office of the Supervisory Board commenced following the Annual Shareholders’ Meeting on April 30, 2009, in which the shareholder representatives on the Supervisory Board were elected. It terminates upon conclusion of the Annual Shareholders’ Meeting which resolves on the discharge of members of the Supervisory Board for the fourth complete financial year after the term of office commenced; this is the Annual Shareholders’ Meeting in 2014. On May 6, 2011, the Annual Shareholders’ Meeting elected Anke Schäferkordt as a member of the Supervisory Board to succeed Stephen K. Green, who resigned his Supervisory Board membership at the close of December 16, 2010. Anke Schäferkordt had already been appointed to the Supervisory Board, effective December 17, 2010, upon request of the Chairman of the Supervisory Board, by decision of the Ludwigshafen district court on November 18, 2010. The Supervisory Board comprises the following members:

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**Dr. h.c. Eggert Voscherau, Wachenheim, Germany**

**Chairman of the Supervisory Board of BASF SE**

**Former Vice Chairman of the Board of Executive Directors of BASF SE**

**Supervisory Board memberships (excluding internal memberships):**

Hochtief AG (member of the Supervisory Board until June 30, 2012)

**Comparable German and non-German controlling bodies:**

Zentrum für Europäische Wirtschaftsforschung GmbH (Centre for European Economic Research) (ZEW) (Vice Chairman of the Supervisory Board)

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**Michael Diekmann, Munich, Germany**

**Vice Chairman of the Supervisory Board of BASF SE**

**Chairman of the Board of Management of Allianz SE**

**Supervisory Board memberships (excluding internal memberships):**

Linde AG (Vice Chairman of the Supervisory Board)

Siemens AG (member of the Supervisory Board)

**Internal memberships as defined in Section 100(2) of the German Stock Corporation Act:**

Allianz Deutschland AG (member of the Supervisory Board)

Allianz Asset Management AG (Chairman of the Supervisory Board)

**Comparable German and non-German controlling bodies:**

Allianz France S.A. (Vice Chairman of the Administrative Council)

Allianz S.p.A. (member of the Administrative Council)

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**Robert Oswald, Altrip, Germany**

**Vice Chairman of the Supervisory Board of BASF SE**

**Chairman of the Works Council of the Ludwigshafen site of BASF SE and Chairman of the Joint Works Council of the BASF Group**

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**Ralf-Gerd Bastian, Neuhofen, Germany**

**Member of the Works Council of the Ludwigshafen site of BASF SE**

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**Wolfgang Daniel, Heidelberg, Germany**

**Vice Chairman of the Works Council of the Ludwigshafen site of BASF SE**

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**Prof. Dr. François Diederich, Zurich, Switzerland**

**Professor at the Swiss Federal Institute of Technology, Zurich**

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**Franz Fehrenbach, Stuttgart, Germany**

**Chairman of the Supervisory Board of Robert Bosch GmbH**

**Supervisory Board memberships (excluding internal memberships):**

Stihl AG (member of the Supervisory Board since July 1, 2012)

**Comparable German and non-German controlling bodies:**

Robert Bosch Corporation (member of the Board of Directors)

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**Max Dietrich Kley, Heidelberg, Germany**

**Lawyer**

**Supervisory Board memberships (excluding internal memberships):**

SGL Carbon SE (Chairman of the Supervisory Board)

HeidelbergCement AG (member of the Supervisory Board)

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**Anke Schäferkordt, Cologne, Germany**

**Member of the Executive Board of Bertelsmann SE & Co. KGaA**

**Chief Executive Officer of RTL Television GmbH**

**Supervisory Board memberships (excluding internal memberships):**

Software AG (member of the Supervisory Board)

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**Denise Schellemans, Kalmthout, Belgium**

**Full-time trade union delegate**

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**Ralf Sikorski, Wiesbaden, Germany**

**Regional manager of the Rhineland-Palatinate/Saarland branch of the Mining, Chemical and Energy Industries Union**

**Supervisory Board memberships (excluding internal memberships):**

Villeroy & Boch AG (member of the Supervisory Board)

Villeroy & Boch Fliesen GmbH (member of the Supervisory Board)

Steag Power Saar GmbH (Vice Chairman of the Supervisory Board)

Steag New Energies GmbH (Vice Chairman of the Supervisory Board)

KSBG Kommunale Verwaltungsgesellschaft mbH (Vice Chairman of the Supervisory Board)

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**Michael Vassiliadis, Hannover, Germany**

**Chairman of the Mining, Chemical and Energy Industries Union**

**Supervisory Board memberships (excluding internal memberships):**

K+S Aktiengesellschaft (Vice Chairman of the Supervisory Board)

Henkel AG & Co. KGaA (member of the Supervisory Board)

Steag GmbH (Vice Chairman of the Supervisory Board)

Evonik Industries AG (Vice Chairman of the Supervisory Board since September 1, 2012)



# Report of the Supervisory Board

## Dear Shareholder,

Despite the difficult situation in the chemical market worldwide, BASF can look back on a successful year, with sales and earnings levels which, overall, tie into the very good levels of 2011. In view of the development of the global economy and the continuing effects of the debt crisis on the economic situation in Europe, this was by no means a given. A crucial element of both this and future success is the ability to recognize new, fast-growing business areas, and to develop innovative products and solutions for them to offer our customers. With its "We create chemistry" strategy, BASF is turning even more in this direction, without neglecting its proven strengths.

The Board of Executive Directors continued to demonstrate impressive company leadership in 2012. The high-quality, interconnected work of the entire team of the Board of Executive Directors and employees was once again crucial to BASF's success. Again and again, maintaining continuity while embracing change has proven to be one of BASF's great strengths.

## Monitoring and consultation in an ongoing dialog with the Board of Executive Directors

In 2012, the Supervisory Board of BASF SE exercised its duties as required by law and the Statutes with the utmost care. We regularly monitored the management of the Board of Executive Directors and provided advice on the company's strategic development and important individual measures, about which the Supervisory Board was thoroughly informed by the Board of Executive Directors. This occurred in the form of written and verbal reports on business policies and the business situation, as well as the company's performance, profitability, global HR policy and planning with regard to finances, capital expenditures and human resources at BASF SE and its major subsidiaries. Information was also provided as to any deviations of business performance from planning. The Supervisory Board discussed in detail the reports from the Board of Executive Directors, and also discussed prospects for the company and its individual business areas with the Board of Executive Directors. Outside of Supervisory Board meetings, the Chairman of the Supervisory Board also regularly requested information from the Chairman of the Board of Executive Directors regarding current developments and items relevant to the company. The Supervisory Board was always involved at an early stage in decisions of major importance. The Supervisory Board discussed and voted on all of those individual measures taken by the Board of Executive Directors, which by law or the Statutes required the approval of the Supervisory Board. In 2012, this included:

- The transfer of shares in the natural gas trading and storage companies previously jointly operated with Gazprom, along with a share in Wintershall Noordzee B.V. which conducts crude oil and natural gas exploration and production in the southern North Sea, in return for an additional share in the natural gas and condensate fields in Western Siberia from Gazprom;
- The swap with Statoil comprising oil and gas fields in the Norwegian North Sea with a cash consideration from Wintershall to Statoil; and
- The acquisition of the U.S. company Becker Underwood.

## Supervisory Board meetings

The Supervisory Board held five meetings in the 2012 reporting year. With the exception of one meeting in which one member did not participate, all twelve Supervisory Board members attended the Supervisory Board meetings in 2012. The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions.

In all of its meetings, the Supervisory Board discussed the further development of the BASF Group's business activities through acquisitions, divestitures and investment projects. One of the focus areas comprised the Oil & Gas segment's important agreements with Gazprom and Statoil on intensive collaboration in the exploration and production of natural gas and crude oil in Western Siberia and the Norwegian North Sea. The agreement with Gazprom will further expand the already very successful and unique cooperation in the exploration and production of natural gas in Russia. In return, BASF will withdraw from the natural gas trading business by completely transferring its shares in the WINGAS companies. The agreement with Statoil provides the Oil & Gas segment with an additional strong base in the production of oil and gas. Another topic surrounded the Agricultural Solutions segment, with the acquisition of Becker Underwood and its biological seed treatment technologies, as well as the investment in extensive expansions of the production facilities for the fast-growing Fungicide F 500®. The ultimately successful takeover bid for Pronova BioPharma ASA – with which BASF will further expand its business with products for health and nutrition – comprised a further discussion point.

In addition to dealing with strategically significant individual measures, the Supervisory Board also addressed BASF's strategy and long-term business prospects in individual regions and business areas. In the meeting of July 19, 2012, we intensively discussed the Board of Executive Directors' strategic objectives for sustainability, technology, innovation, industry orientation

and employees, derived from the “We create chemistry” strategy adopted in 2011. Furthermore, we requested information on the strategy and development of the Petrochemicals division. In the meeting of December 20, 2012, we were presented with the 2025 Strategy for the Asia Pacific region, which we thoroughly discussed.

In four Supervisory Board meetings, examples of innovations were used to inform us about research and development topics and the development of future markets, and we discussed these with the Board of Executive Directors. These examples included innovative pigments for liquid crystal displays and biopolymers for use as oilfield chemicals. At the meeting of December 20, 2012, we discussed and approved the Board of Executive Directors’ operative and financial planning for 2013. In addition, we once again empowered the Board of Executive Directors to procure necessary financing in 2013.

The Supervisory Board thoroughly considered the personnel issues concerning the Board of Executive Directors during the meeting of December 20, 2012. Based on preparations conducted by the Personnel Committee, we advised the Board of Executive Directors on its objectives for 2013, agreed on these with them, and determined the Board of Executive Directors’ performance evaluation for 2012. Together with the return on assets of the BASF Group, this evaluation is essential in ascertaining the performance-related component of the compensation of the Board of Executive Directors.

## Committees

BASF SE’s Supervisory Board has a total of three committees: 1) the committee for personnel affairs of the Board of Executive Directors and the granting of loans in accordance with Section 89 (4) of the German Stock Corporation Act (Personnel Committee), 2) the Audit Committee and 3) the Nomination Committee. Following each Committee meeting, the chairmen of the Committees reported in detail about the meetings and the activities of the Committees at the next meeting of the Supervisory Board.

The **Personnel Committee** comprises Supervisory Board Chairman Dr. h.c. Eggert Voscherau (chairman), Supervisory Board Vice Chairmen Michael Diekmann and Robert Oswald, and Supervisory Board member Michael Vassiliadis. The Personnel Committee met on December 19, 2012. In this meeting, it thoroughly discussed the Board of Executive Directors’ 2012 performance evaluation and the level of their goal achievement, as well as the Supervisory Board’s target agreements with the Board of Executive Directors for 2013, and dealt with the topic of succession planning for the Board of Executive Directors. The Committee made recommendations to the Supervisory Board regarding the first two points mentioned. The Supervisory Board adopted the recommended proposals at its meeting on December 20, 2012.

The **Audit Committee** consists of Supervisory Board members Max Dietrich Kley, Ralf Gerd Bastian, Franz Fehrenbach and Michael Vassiliadis. The Chairman of the Audit Committee is Max Dietrich Kley, who has also been appointed Audit Committee Financial Expert. The Audit Committee is responsible for all the tasks of an audit committee listed in Section 107(3)(2) of the German Stock Corporation Act and in subsection 5.3.2 of the German Corporate Governance Code in its most recent version of May 15, 2012. The Audit Committee met five times in the reporting period. All committee members attended all committee meetings. Following each Committee meeting, the Chairman of the Audit Committee reported on the agenda items and audit work of the Committee at the subsequent Supervisory Board meeting. The core duties were to review BASF SE’s Financial Statements and Consolidated Financial Statements, as well as to discuss the quarterly and first-half financial reports with the Board of Executive Directors prior to their publication. Other important activities included advising the Board of Executive Directors on accounting issues and the internal control system. The topics internal auditing system and compliance in the BASF Group were each a focus at one meeting of the Audit Committee. In these meetings, the head of the Corporate Audit department and the Chief Compliance Officer reported to the Audit Committee and answered its questions. In its meeting of July 23, 2012, the Audit Committee charged KPMG – the auditor elected at the Annual Shareholders’ Meeting – with the audit for the 2012 reporting year and agreed on the auditing fees. The focus areas for the annual audit were discussed and defined together with the auditor. The Audit Committee approved certain non-audit services and authorized the Board of Executive Directors to engage KPMG for such services. The authorization of each service applies for one reporting year and is limited in amount. Other services provided by the auditor must be individually approved by the Audit Committee. Furthermore, the Audit Committee recommended to the Supervisory Board that KPMG once again be nominated as the auditor at the Annual Shareholders’ Meeting 2013.

The members of the **Nomination Committee** are the members of the Supervisory Board elected at the Annual Meeting: Dr. h.c. Eggert Voscherau, Prof. Dr. François Diederich, Michael Diekmann, Franz Fehrenbach, Max Dietrich Kley and Anke Schäferkordt. The Nomination Committee is responsible for preparing candidate proposals for the election of those Supervisory Board members who are elected by the Shareholders’ Meeting. The Nomination Committee is guided by the objectives for the composition of the Supervisory Board that were adopted by the Supervisory Board in 2010, revised in 2012 and adjusted to conform to the new recommendations made by the German Corporate Governance Code. There was no occasion for a meeting of the Nomination Committee in 2012, since no new appointments to the Supervisory Board were pending and the next regular election will not take place until 2014.

### Corporate Governance and Declaration of Conformity

In 2012, the Supervisory Board again addressed in detail the corporate governance standards applied by BASF and their implementation in the company. The Supervisory Board particularly addressed the changes to the German Corporate Governance Code adopted by the Code Commission in May 2012. The main topics of the consultation included the determination of concrete goals for the number of independent Supervisory Board members and the question as to the point at which a Supervisory Board member is considered independent according to the German Corporate Governance Code, and which conditions exclude independence. After intensive discussion, the Supervisory Board adopted the objective for all Supervisory Board members to be independent in accordance with Section 5.4.2 of the German Corporate Governance Code. This includes the assumption that neither election as employee representative nor membership on the Board of Executive Directors more than two years in the past exclude the classification as independent when taken in isolation. On this basis, the Supervisory Board has determined that all of its current members can be considered independent. The Supervisory Board has affirmed that there are no conflicts of interest for its members.

At its meeting of December 20, 2012, the Supervisory Board approved the joint Declaration of Conformity by the Supervisory Board and the Board of Executive Directors in accordance with Section 161 of the German Stock Corporation Act, and carried out assessments of efficiency and independence. BASF complies with the recommendations of the German Corporate Governance Code in its version of May 15, 2012, without exception. The entire Declaration of Conformity is provided on page 22 and is also available to shareholders on BASF's website. The Corporate Governance Report of the BASF Group provides extensive information on BASF's corporate governance. It also includes the compensation report, containing full details on the compensation for the Board of Executive Directors and the Supervisory Board.

### Annual Financial Statements of BASF SE and Consolidated Financial Statements

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditor elected by the Annual Shareholders' Meeting for the 2012 reporting year, has audited the Financial Statements of BASF SE and the BASF Group Consolidated Financial Statements, including the Management's Analysis and the accounting records from which they were prepared, and have approved them free of qualification. Furthermore, the auditor certified that the Board of Executive Directors had taken the measures incumbent on it under Section 91(2) of the German Stock Corporation Act in an appropriate manner. In particular, it had instituted an appropriate information and monitoring system that met the needs of the company and appeared suitable, both in design and applica-

tion in practice, to provide early warning of developments that pose a threat to the continued existence of the company.

The documents to be examined and the auditor's reports were sent in a timely manner to every member of the Supervisory Board. The auditor attended the accounts review meeting of the Audit Committee on February 20, 2013, as well as the accounts meeting of the Supervisory Board on February 21, 2013, and reported on the main findings of the audit. The auditor also provided detailed explanations of the reports on the day before the accounts meeting of the Supervisory Board.

The Audit Committee reviewed the Financial Statements and Management's Analysis at its meeting on February 20, 2013, and discussed them in detail with the auditor. The Chairman of the Audit Committee gave a detailed account of the preliminary review at the Supervisory Board meeting on February 21, 2013. On the basis of this preliminary review by the Audit Committee, the Supervisory Board has examined the Financial Statements and Management's Analysis of BASF SE for 2012, the proposal by the Board of Executive Directors for the appropriation of profit as well as the Consolidated Financial Statements and Management's Analysis for the BASF Group for 2012. We have reviewed, acknowledged and approved the auditor's reports. The results of the preliminary review by the Audit Committee and the results of our own examination fully concur with those of the audit. The Supervisory Board sees no grounds for objection to the management and submitted reports.

At the Supervisory Board's accounts meeting on February 21, 2013, we approved the Financial Statements of BASF SE and the Consolidated Financial Statements of the BASF Group prepared by the Board of Executive Directors, making the Financial Statements final. We concur with the proposal of the Board of Executive Directors regarding the appropriation of profit and the payment of a dividend of €2.60 per share.

### Thanks

The Supervisory Board thanks the management and all employees of the BASF Group worldwide for the work they performed in 2012.

Ludwigshafen, February 21, 2013

The Supervisory Board



**Dr. h.c. Eggert Voscherau**  
Chairman of the Supervisory Board

# Financial Statements of BASF SE

## Statement of Income

### Statement of income (million €)

	Explanations in Note	2012	2011
<b>Sales</b>	<b>(2)</b>	<b>23,011</b>	<b>21,599</b>
Cost of sales		17,956	16,370
<b>Gross profit on sales</b>		<b>5,055</b>	<b>5,229</b>
Selling expenses		2,037	1,874
General and administrative expenses		478	440
Research and development expenses		1,084	969
Other operating income	(3)	412	475
Other operating expenses	(4)	965	899
<b>Income from operations</b>		<b>903</b>	<b>1,522</b>
Income from participations		1,995	2,827
Interest result		3	(474)
Other financial result		29	(4)
<b>Financial result</b>	<b>(5)</b>	<b>2,027</b>	<b>2,349</b>
<b>Income before taxes<sup>1</sup></b>		<b>2,930</b>	<b>3,871</b>
Income taxes	(6)	50	365
<b>Net income</b>		<b>2,880</b>	<b>3,506</b>

<sup>1</sup> Corresponds to income from ordinary operations

## Balance Sheet

### Assets (million €)

	Explanations in Note	December 31, 2012	December 31, 2011
Intangible assets	(8)	603	681
Property, plant and equipment	(9)	1,819	1,533
Financial assets	(10)	24,843	24,410
<b>Fixed assets</b>		<b>27,265</b>	<b>26,624</b>
<b>Inventories</b>	<b>(11)</b>	<b>2,143</b>	<b>1,823</b>
Accounts receivable, trade		1,863	1,748
Receivables from affiliated companies		6,637	9,550
Miscellaneous receivables and other assets		405	426
<b>Receivables and other assets</b>	<b>(12)</b>	<b>8,905</b>	<b>11,724</b>
Marketable securities		106	178
Cash on hand and cash at bank		601	680
<b>Liquid funds</b>	<b>(13)</b>	<b>707</b>	<b>858</b>
<b>Current assets</b>		<b>11,755</b>	<b>14,405</b>
<b>Prepaid expenses</b>	<b>(14)</b>	<b>71</b>	<b>42</b>
<b>Deferred tax assets</b>	<b>(6)</b>	<b>192</b>	<b>192</b>
<b>Excess of plan assets over obligations</b>	<b>(17)</b>	<b>180</b>	<b>-</b>
<b>Total assets</b>		<b>39,463</b>	<b>41,263</b>

### Stockholders' equity and liabilities (million €)

	Explanations in Note	December 31, 2012	December 31, 2011
Subscribed capital	(15)	1,176	1,176
Capital surplus		3,139	3,139
Retained earning	(16)	6,089	4,879
Profit retained	(16)	2,880	3,506
<b>Stockholders' equity</b>		<b>13,284</b>	<b>12,700</b>
<b>Special reserves</b>		<b>90</b>	<b>95</b>
Provisions for pensions and similar obligations	(17)	21	130
Provisions for taxes		593	934
Other provisions	(18)	1,391	1,410
<b>Provisions</b>		<b>2,005</b>	<b>2,474</b>
Financial indebtedness		4,594	4,269
Accounts payable, trade		728	592
Liabilities to affiliated companies		18,323	20,543
Miscellaneous liabilities		266	398
<b>Liabilities</b>	<b>(19)</b>	<b>23,911</b>	<b>25,802</b>
<b>Deferred income</b>		<b>173</b>	<b>192</b>
<b>Total stockholders' equity and liabilities</b>		<b>39,463</b>	<b>41,263</b>

## Notes

**Accounting principles:** The Financial Statements of BASF SE are prepared according to the German Commercial Code (*Handelsgesetzbuch*, HGB) and the German Stock Corporation Act (*Aktiengesetz*, AktG). The Statement of Income is prepared using the cost-of-sales method.

### 1 – Accounting and valuation methods

**Revenue recognition:** Revenues from goods or services are recognized upon the transfer of ownership and risk to the buyer or when the services are rendered. Allowances are made for rebates and trade discounts. Provisions are recognized to cover the expected return of products, estimated future warranty obligations and other claims, taking into account the individual circumstances.

**Intangible assets:** Intangible assets are valued at cost less scheduled straight-line amortization. In 2012, the weighted average amortization period was 10 years and was based on the following useful lives:

	2012	2011
Goodwill	12 years	12 years
Software	3 years	4 years
Patents, licenses, know-how other rights	9 years	9 years

The average useful life of 12 years for goodwill reflects the future economic use potential of intangible goods. The useful lives of individual goodwill items are determined by the expected economic use of the acquired businesses or are based on expert opinions of the useful lives of patents, licenses, know-how and other rights purchased as part of the acquisition.

Write-downs are made when there is an other-than-temporary impairment. If the reason for the impairment no longer exists in subsequent years, the asset is written up to an amount which may not exceed the amortized cost. For goodwill, the lower carrying amount is maintained.

BASF SE does not make use of the optional right to capitalize internally generated intangible assets forming part of fixed assets.

**Property, plant and equipment:** They are stated at acquisition or production cost less scheduled depreciation over their estimated useful lives. In 2008 and 2009, assets whose costs exceeded €150 but were less than €1,000 were allocated to a low-value asset pool and depreciated on a straight-line basis over five years. From January 1, 2010, additions that cost more than €150 but not more than €410 are written off immediately in the year of purchase. Items that cost less than €150 are recognized directly as expenses. Movable depreciable fixed assets that are functionally integrated are treated as a single asset item.

The cost of self-constructed plants includes direct costs, appropriate allocations of material and manufacturing costs, depreciation of fixed assets provided this is necessitated by the production, and a share of the general and administrative costs of the divisions associated with the construction of the plants. Financing costs, costs for social services, costs for voluntary social benefits and pension costs are not capitalized.

Both movable and immovable fixed assets are depreciated using the straight-line method. Declining-balance depreciation of additions from previous years will be continued. For declining-balance depreciations, a systematic transition to straightline depreciation takes place if this results in higher depreciation amounts.

The weighted-average depreciation periods used were as follows:

	2012	2011
Buildings and structural installations	25 years	24 years
Machinery and technical equipment	11 years	11 years
Factory and office equipment and other facilities	10 years	9 years

Write-downs are made when there is an other-than-temporary impairment. Measurement is based on the expected future cash flows from the use of the asset less costs for its removal. A write-down is made in the amount of the difference between the current book value and the discounted future cash flows. If the reason for the impairment no longer exists in subsequent years, the asset is written up to an amount which may not exceed the amortized cost.

**Financial assets:** In accordance with the principle of individual valuation, shares in affiliated companies and participating interests are carried at cost, or in the case of an other-than-temporary impairment, at the lower fair value. Interest-bearing loans are stated at cost; loans bearing no interest or below-market interest rates are stated at their present value. Existing risks are recognized through an impairment loss based on the estimated fair value of the loan. If the reason for the impairment no longer exists in subsequent years, the asset is written up to an amount which may not exceed the acquisition cost.

Financial activities are shown under income from participations, interest result and miscellaneous financial result in the Statement of Income.

**Inventories:** Inventories are carried at cost. They are valued at quoted, market or fair values if lower than cost. These lower values are the replacement costs for raw materials and factory supplies. Merchandise is valued at the expected sales proceeds less costs to be incurred prior to sale or lower replacement costs. Work-in-process and finished products are valued at the expected sales proceeds less costs to be incurred prior to sale or lower reproduction cost. The acquisition or production costs of raw materials, work-in-process, finished goods and merchandise are determined by the last-in-first-out (LIFO) method.

Production costs include, in addition to direct costs, an appropriate allocation of overhead cost of production using normal utilization rates of the production plants. Furthermore, depreciation of fixed assets is reported in cost of sales provided this is necessitated by the production. Financing costs, social services, voluntary social benefits and pensions are not included in production costs.

Construction in progress relates mainly to chemical plants under construction for BASF Group companies. Profits are recognized upon the final invoicing of a project or the invoicing of part of a project. Expected losses are recognized by write-downs to the lower fair values.

**Receivables and other assets:** Receivables are generally carried at their nominal value. Notes receivable and loans generating no or low interest income are discounted to their present values. For risks of collectability, transfer risks and general credit risks appropriate valuation allowances and write-downs are carried out to take into account lower fair values.

**Liquid funds:** This position includes marketable securities, cash at banks and cash on hand. Marketable securities are valued at cost. They are valued at quoted, market or fair values if lower than cost. Cash on hand and bank balances are valued at nominal costs.

**Deferred taxes:** Deferred taxes are recorded for temporary differences between the valuation of assets and liabilities in the Financial Statements and the corresponding carrying values for tax purposes. Deferred tax assets are recognized if the net temporary difference is an asset balance. Deferred taxes from subsidiary companies of BASF SE are not recognized; these are accounted for within the subsidiary companies.

**Offsetting of assets as well as income and expenses:** Assets that cannot be accessed by any other creditors and that only serve to meet debts allocated to these assets arising from obligations related to pensions, early retirement programs and working-time accounts are offset with these debts and measured at fair value. The fair value of the plan assets generally corresponds to the market price. If there is no active market, the fair value is calculated using options pricing models such as the Black-Scholes model. If the obligation is found to exceed the plan assets, the remaining difference is reported as part of provisions. If the plan assets exceed the corresponding obligation, the difference is reported as an excess of plan assets over obligations.

For pensions, early retirement programs and working-time accounts, income and expenses from plan assets are offset with the income and expenses of the corresponding obligation. These balances are reported under the interest result.

**Special reserves:** The special reserves were maintained pursuant to Section 67(3)(1) of the Introductory Law to the German Commercial Code (EGHGB), as these were established before the year in which the conversion to the provisions of the Act to Modernize Accounting Law (BilMoG) took place. This referred primarily to transmissions of revealed inner reserves in accordance with Section 6b of the German Income Tax Act (*Einkommenssteuergesetz*, EStG). Since January 1, 2010, no new special reserves have been established.

**Provisions:** Provisions for pensions are determined on the basis of actuarial assumptions made according to the internationally accepted projected unit credit method. The obligations are valued using assumptions regarding future pay and pension increases. It is based on the 2005 G mortality tables by Prof. Dr. Klaus Heubeck modified by the mortality and invalidity expectations for the BASF population. The discount rate is the average market interest rate of the past seven years as published by Deutsche Bundesbank with an assumed residual period of 15 years. The obligations as of December 31, 2012, were valued using a discount rate of 5.05%. Indirect pension obligations are not capitalized as liabilities according to the optional right under Article 28(1)(2) of the EGHGB.



Tax provisions are recognized for German trade income tax and German corporate income tax based on the expected trade earnings and the expected taxable corporate income.

Other provisions are recognized for the expected amounts of contingent liabilities and probable losses from pending transactions, as well as to cover omitted maintenance procedures as of the end of the year, which will be incurred within the first three months of the following year. The amounts provided are based on reasonable commercial judgment of the amount necessary to meet obligations, while taking into consideration expected future price and cost increases. Provisions with a maturity of more than one year are discounted in accordance with their maturity with the average market interest rate of the past seven years, as published by the Deutsche Bundesbank.

Provisions are established for environmental protection measures or risks if the measures are likely to be necessary to comply with legal or regulatory obligations, provided these measures do not lead to the capitalization of costs.

Provisions for recultivation obligations associated with the operation of landfill sites are built up in installments over the expected service lives.

Provisions for long-service bonuses and pre-retirement part-time programs are calculated based on actuarial principles corresponding to the projected unit credit method taking into account the rate of compensation increase and the adequate periodical interest rate pursuant to Section 253(2) HGB.

Provisions for the LTI program are valued at the fair values of existing options as of the balance sheet date. The valuation is based on the arbitrage-free valuation model according to Black-Scholes. The amounts are accrued proportionally as provisions over the respective vesting period.

**Liabilities:** Liabilities are recognized at the amount required for settlement.

**Translation of foreign-currency items:** The cost of assets acquired in foreign currencies and revenues from sales in foreign currencies are recorded at the exchange rate on the date of the transaction.

Short-term foreign-currency receivables and liabilities are valued at the average spot currency exchange rate on the balance sheet date. Long-term foreign-currency receivables are recorded at the rate prevailing on the acquisition date or at the rate on the balance sheet date if lower. Long-term foreign-currency liabilities are recorded at the rate prevailing on the acquisition date or at the rate on the balance sheet date if higher. Foreign-currency receivables or liabilities that are hedged are carried at hedge rates.

**Derivative financial instruments:** Derivative financial instruments are treated as pending transactions and are generally not recorded as assets or liabilities. The associated underlying transactions and derivatives are combined into valuation units. Profits from hedging transactions, which cannot be allocated to a particular underlying transaction, are realized upon maturity. Unrealized losses from derivative financial instruments are recognized through profit or loss and included in provisions, provided they are not combined into valuation units and the unrealized losses are not offset by changes in value of the underlying transactions.

The use of derivative financial instruments to hedge against foreign currency, interest rate and price risks is described in detail in Section 23 – Derivative Instruments.

**Use of estimates and assumptions in the preparation of the Financial Statements:** The carrying amount of assets, liabilities and provisions, contingent liabilities and other financial obligations in the Financial Statements depends on the use of estimates and assumptions. They are based on the circumstances and estimates on the balance sheet date and affect the reported amounts of income and expenses during the reporting periods. In the preparation of these Financial Statements, estimates and assumptions have been made by management concerning the selection of useful lives of property, plant and equipment and intangible assets, the measurement of provisions, the carrying amount of investments, and other similar evaluations of assets and obligations. Although uncertainty is appropriately incorporated in the valuation factors, actual results can differ from these estimates.

**Customer facilities:** The energy facilities operated by BASF to produce electricity and gas are customer facilities for internal supply in accordance with Section 3(24b) of the German Energy Act (*Energiewirtschaftsgesetz*, EnWG). BASF SE is therefore not subject to the regulatory requirements for network operators under the EnWG.



## 2 – Sales

### Sales by segment (million €)

	2012	2011
Chemicals	5,681	5,381
Plastics	3,507	3,787
Performance Products	9,815	8,662
Functional Solutions	384	403
Agricultural Solutions	2,499	2,128
Other	1,125	1,238
	<b>23,011</b>	<b>21,599</b>

### Sales by region (million €)

	2012	2011
Europe	16,774	16,014
Thereof Germany	5,971	5,733
North America	1,766	1,495
Asia Pacific	2,847	2,810
South America, Africa, Middle East	1,624	1,280
	<b>23,011</b>	<b>21,599</b>

## 3 – Other operating income

Other operating income declined by €63 million to €412 million, partly as a result of the reversal recognized in the income statement of provisions amounting to €72 million (2011: €142 million). In addition, income from miscellaneous revenue-generating activities decreased by €54 million. This included out-of-period income from insurance claims amounting to €22 million (2011: €21 million).

Gains on foreign-currency transactions stood at €5 million (2011: €14 million).

In 2012, a contractually agreed compensation payment related to the fertilizer activities of the BASF Group and their disposal resulted in an increase of €101 million in income.

Release of special reserves of €5 million mainly included the transfer of capital gains from the sale of fixed assets to additions to fixed assets in accordance with Section 6b of the German Income Tax Act (EStG).

## 4 – Other operating expenses

Other operating expenses rose by €66 million to €965 million, partly as a result of the increase of €80 million in expenses for the stock-price-based compensation program (LTI program) reported in this item. In addition, the previous year's other operating income had included €7 million from the reversal of provisions for the LTI program. Losses of €66 million from

foreign-currency transactions (2011: €12 million) resulted mainly from the hedging of future sales and purchases in U.S. dollars.

By contrast, expenses from miscellaneous revenue-generating activities decreased by €46 million.

## 5 – Financial result

Million €	2012	2011
Income from participations and similar income	342	1,293
Thereof from affiliated companies	259	236
Income from profit transfer agreements	1,779	1,698
Income from tax allocation to affiliated companies	158	61
Losses from loss transfer agreements	232	210
Write-downs of, and losses from, disposal of participations	52	15
<b>Income from participations</b>	<b>1,995</b>	<b>2,827</b>
Income from other securities and long-term loans	9	4
Thereof from affiliated companies	8	.
Other interest and similar income	332	136
Thereof from affiliated companies	62	75
Thereof from affiliated companies	338	614
Thereof from affiliated companies	138	239
<b>Interest result</b>	<b>3</b>	<b>(474)</b>
Write-downs of, and losses from, disposal of long-term loans and marketable securities	14	1
Miscellaneous other financial result	43	(3)
<b>Other financial result</b>	<b>29</b>	<b>(4)</b>
<b>Financial result</b>	<b>2,027</b>	<b>2,349</b>

The decline in income from participations resulted in particular from lower income from participations. In the previous year, this had included gains on the disposal of our shares in K+S Aktiengesellschaft and the transfer of the styrenic plastics activities to the joint venture with INEOS Industries Holdings Limited.

In the interest result, income and expenses from plan assets were offset with the income and expenses of the corresponding obligation.

Under interest and similar income, €213 million arose from the offset of expenses and income related to pension obligations (2011: expenses of €134 million). In interest and similar expenses, €19 million resulted from the accrual of interest on provisions (2011: €19 million).

## 6 – Income taxes

Million €	2012	2011
Current taxes	50	299
Deferred taxes	.	66
<b>Income taxes</b>	<b>50</b>	<b>365</b>
Other taxes	39	30
<b>Tax expense</b>	<b>89</b>	<b>395</b>

The decline in current taxes was due to the results of the tax audit. This was offset by higher income from subsidiaries of BASF SE. Income taxes include the balance of out-of-period income amounting to €319 million.

Deferred taxes resulting from the temporary differences between valuations in the Financial Statements and valuations for tax purposes were as follows:

Million €	2012	2011
Fixed assets	7	8
Inventories and accounts receivable	(77)	(77)
Pension provisions	188	196
Other provisions, other liabilities	74	65
<b>Total</b>	<b>192</b>	<b>192</b>

An overall tax rate of 29% was applied to determine deferred taxes in 2012 and 2011.

## 7 – Other information

### Cost of materials (million €)

	2012	2011
Cost of raw materials, plant supplies and purchased merchandise	15,134	13,615
Cost of purchased services	2,645	2,408
	<b>17,779</b>	<b>16,023</b>

### Personnel costs (million €)

	2012	2011
Wages and salaries	2,583	2,382
Social security contributions and expenses for pensions and assistance	630	620
Thereof for pensions	242	249
	<b>3,213</b>	<b>3,002</b>

**Average number of employees**

	2012	2011
Non-exempt employees	25,622	25,264
Exempt employees	7,145	6,643
Apprentices	1,374	1,238
Temporary staff	210	202
	<b>34,351</b>	<b>33,347</b>

**Compensation for the Board of Executive Directors and Supervisory Board (million €)**

	2012	2011
Performance-related and fixed payments to the Board of Executive Directors	23.2	24.4
Market value of options granted to the Board of Executive Directors in the fiscal year on date of grant	4.0	6.9
<b>Total compensation for the Board of Executive Directors</b>	<b>27.2</b>	<b>31.3</b>
Service cost of the Board of Executive Directors	3.9	3.7
Compensation for the Supervisory Board	3.0	3.0
Total compensation for former members of the Board of Executive Directors and their surviving dependents	23.7	12.8
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	117.8	110.3

Performance-related compensation for the Board of Executive Directors is based on the return on assets for the BASF Group, as well as the performance of the entire Board. Return on assets corresponds to earnings before taxes plus borrowing costs as a percentage of average assets.

Moreover, in 2012, the members of the Board of Executive Directors were granted 289,468 options under the long-term incentive (LTI) program. The options of active and former members of the Board resulted in personnel expenses of €38 million in 2012. In 2011, options had resulted in expenses of €8 million.

- **More information on the compensation of members of the Board of Executive Directors is available from page 24 onward**
- **More information on the members of the Supervisory Board and Board of Executive Directors, including their memberships on other boards, is available from page 28 onward**

**Declaration of Conformity:** The Declaration of Conformity with the German Corporate Governance Code (see page 22) in accordance with to Section 161 of the AktG was signed by the Board of Executive Directors and the Supervisory Board of BASF SE on December 20, 2012, and is published online at:

→ [basf.com/governance\\_e](http://basf.com/governance_e)

## 8 – Intangible assets

### Developments in 2012 (million €)

	Purchased commercial concessions, trademarks and similar rights and values <sup>1</sup>	Goodwill	Advance payments	Total
<b>Acquisition costs</b>				
Balance as of January 1, 2012	466	655	4	1,125
Additions	41	-	4	45
Disposals	84	-	-	84
Transfers	4	-	(4)	-
Balance as of December 31, 2012	427	655	4	1,086
<b>Accumulated valuation adjustments</b>				
Balance as of January 1, 2012	246	198	-	444
Additions	62	60	-	122
Disposals	83	-	-	83
Write-ups	-	-	-	-
Balance as of December 31, 2012	225	258	-	483
<b>Net carrying amount as of December 31, 2012</b>	<b>202</b>	<b>397</b>	<b>4</b>	<b>603</b>
Net carrying amount as of December 31, 2011	220	457	4	681

<sup>1</sup> Including licenses in such rights and values

## 9 – Property, plant and equipment

### Developments in 2012 (million €)

	Land, land rights and buildings <sup>1</sup>	Machinery and technical equipment	Factory, office equipment and other facilities	Advance payments and construction in progress	Total
<b>Costs</b>					
Balance as of January 1, 2012	2,544	10,390	1,424	297	14,655
Additions	21	109	85	411	626
Disposals	20	126	59	1	206
Transfers	6	144	29	(179)	-
Balance as of December 31, 2012	2,551	10,517	1,479	528	15,075
<b>Accumulated valuation adjustments</b>					
Balance as of January 1, 2012	2,171	9,703	1,248	-	13,122
Additions	32	229	75	-	336
Disposals	18	125	58	-	201
Transfers	.	(1)	1	-	-
Write-ups	1	-	-	-	1
Balance as of December 31, 2012	2,184	9,806	1,266	-	13,256
<b>Net carrying amount as of December 31, 2012</b>	<b>367</b>	<b>711</b>	<b>213</b>	<b>528</b>	<b>1,819</b>
Net carrying amount as of December 31, 2011	373	687	176	297	1,533

<sup>1</sup> Including buildings on land owned by others

## 10 – Financial assets

### Developments in 2012 (million €) Participations

	Shares in affiliated companies	Shares in other participating interests	Total participations
<b>Acquisition costs</b>			
Balance as of January 1, 2012	23,945	593	24,538
Additions	133	1	134
Disposals	39	.	39
Transfers	–	–	–
Balance as of December 31, 2012	24,039	594	24,633
<b>Accumulated valuation adjustments</b>			
Balance as of January 1, 2012	332	29	361
Additions	51	1	52
Disposals	–	–	–
Write-ups	–	–	–
Balance as of December 31, 2012	383	30	413
<b>Net carrying amount as of December 31, 2012</b>	<b>23,656</b>	<b>564</b>	<b>24,220</b>
Net carrying amount as of December 31, 2011	23,613	564	24,177

Financial assets increased mainly as a result of issuing Group-internal loans as well as capital increases at subsidiaries for which BASF SE provides the financing function as the parent company of BASF Group.

This was particularly offset by capital repayment by subsidiaries. Write-downs on participations resulted from the long-term decline in expected earnings for individual participations.

### Developments in 2012 (million €) Loans and other financial assets

	Loans to affiliated companies	Loans to other participating interests	Other loans and other financial assets	Total loans and other financial assets	Total financial assets
<b>Acquisition costs</b>					
Balance as of January 1, 2012	173	4	90	267	24,805
Additions	436	–	.	436	570
Disposals	34	2	9	45	84
Balance as of December 31, 2012	575	2	81	658	25,291
<b>Accumulated valuation adjustments</b>					
Balance as of January 1, 2012	16	.	18	34	395
Additions	14	–	.	14	66
Disposals	–	.	9	9	9
Write-ups	.	–	4	4	4
Balance as of December 31, 2012	30	.	5	35	448
<b>Net carrying amount as of December 31, 2012</b>	<b>545</b>	<b>2</b>	<b>76</b>	<b>623</b>	<b>24,843</b>
Net carrying amount as of December 31, 2011	157	4	72	233	24,410

## 11 – Inventories

Million €	2012	2011
Raw materials and factory supplies	389	337
Work-in-process, finished goods and merchandise	1,692	1,435
Services in process	61	50
Advance payments	1	1
	<b>2,143</b>	<b>1,823</b>

Work-in-process, finished goods and merchandise are combined into one item due to the production conditions in the chemical industry.

The acquisition or production costs of raw materials as well as work-in-process, finished goods and merchandise are determined by the last-in-first-out (LIFO) method. Factory supplies are carried predominantly at average cost. For inventories

valued according to the LIFO method, LIFO reserves (i.e., the difference between LIFO valuation and valuation at average cost or lower quoted or market prices) were €72 million for raw materials (2011: €65 million), and €226 million for finished goods and merchandise (2011: €177 million).

## 12 – Receivables and other assets

Million €	2012		2011	
		Thereof non-current		Thereof non-current
Accounts receivable, trade	1,863	–	1,748	–
Receivables from affiliated companies	6,637	29	9,550	35
Thereof from trade accounts receivable	1,945	–	2,045	–
Receivables from other participating interests	84	–	114	–
Other assets	321	26	312	28
	<b>8,905</b>	<b>55</b>	<b>11,724</b>	<b>63</b>

In 2012, accrued income totaled €17 million (2011: €18 million).

## 13 – Liquid funds

In 2012, marketable securities decreased by €72 million and cash on hand and credit institution balances fell by €79 million.



## 14 – Prepaid expenses

Million €	2012	2011
Discounts	23	12
Other	48	30
	<b>71</b>	<b>42</b>

Discounts from the issuance of bonds (Section 19 – Liabilities: Financial Indebtedness) are capitalized and amortized over the term of the obligations. Other prepaid expenses include prepayments related to ongoing business activities.

## 15 – Subscribed capital

### Subscribed capital

The subscribed capital of BASF SE is €1,175,652,728.32 and is divided into 918,478,694 registered shares with no par value.

### Share buyback/own shares

BASF SE did not acquire any of its own shares in 2012 and did not hold any of its own shares as of December 31, 2012.

### Announcements pursuant to Section 21(1) of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*)

BlackRock Inc., New York, notified us on September 10, 2010, that on September 6, 2010, its share of voting rights exceeded the threshold of 5% and amounted to 5.35%.

The following companies notified us on October 24, 2012, that their shares of voting rights exceeded the threshold of 3%:

- (1) BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands,
- (2) BlackRock International Holdings, Inc., New York, United States,
- (3) BlackRock Advisors Holdings, Inc., New York, United States,
- (4) BlackRock Group Limited, London, United Kingdom

The voting rights are accorded to all parties subject to mandatory reporting pursuant to Section 22(1)(1)(6) in connection with Section 22(1)(2) WpHG.

### Authorized capital

The Annual Shareholders' Meeting of April 30, 2009 authorized the Board of Executive Directors to increase subscribed capital by issuing new shares in an amount of up to €500 million against cash with the approval of the Supervisory Board through April 30, 2014. The Board of Executive Directors can, following the approval of the Supervisory Board, decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. Until now, this option has not been exercised and no new shares have been issued.

## 16 – Retained earnings and profit retained

Million €	2012
<b>Other retained earnings</b>	
Balance as of January 1	4,879
Allocation from profit retained (in accordance with the resolution of the Annual Shareholders' Meeting 2012)	1,210
<b>Balance as of December 31</b>	<b>6,089</b>
<b>Profit retained</b>	
Profit carried forward	–
Net Income	2,880
Transfer to other retained earnings	–
<b>Balance as of December 31</b>	<b>2,880</b>

### Information on amounts subject to dividend payout restrictions

The difference between the acquisition cost and the fair value of plan assets for pension and early-retirement program obligations resulted, less deferred tax liabilities, in an amount of €342 million subject to dividend payout restrictions.

Deferred tax assets exceeded by €290 million the amount of deferred tax liabilities plus deferred tax liabilities from the valuation of plan assets at fair value.

The amounts subject to dividend payout restrictions were €632 million while freely available reserves amounted to €6,190 million. There is therefore no dividend payout restriction for the profit retained.

## 17 – Provisions for pensions and similar obligations

BASF SE employees are granted basic benefits by BASF Pensionskasse VVaG, a legally independent BASF pension fund that is financed from the return on its financial assets, from members' contributions and by the company. BASF SE will ensure the necessary contributions to adequately finance the benefits promised by BASF Pensionskasse VVaG. Additional company pension commitments are covered by pension provisions.

BASF SE approved a 1.0% per year increase in pensions from BASF Pensionskasse VVaG. Furthermore, current pension funds were raised by 5.6% as of January 1, 2013.

The valuation of the pension obligations is based on the following assumptions:

in %	2012
Projected pension increase	2.00
Salary trend	2.75
Interest rate (Section 253(2)(2) HGB)	5.05

Amounts offset in the balance sheet as of December 31, 2012:

Million €	2012
Fair value of pension plan assets	4,664
Pension obligations with plan assets	4,484
<b>Net total</b>	<b>180</b>
Historic acquisition costs for pension plan assets	4,239

Pension obligations without plan assets amounted to €21 million on December 31, 2012.

Income and expenses from plan assets are offset with the expense for accrued interest of the corresponding obligation. Amounts offset in the interest result are as follows:

Million €	2012	2011
Income from pension plan assets	492	213
Expenses from pension plan assets	21	124
Interest expense for interest accrued	261	215
<b>Net interest result</b>	<b>210</b>	<b>(126)</b>

## 18 – Other provisions

Million €	2012		2011	
		Therof current		Therof current
Environmental protection and remediation costs	109	9	114	12
Employee obligations	952	670	956	712
Sales and purchase risks	71	71	64	64
Integration, shutdown and restructuring costs	–	–	–	–
Legal and damage claims, guarantees and related commitments	10	10	11	9
Maintenance and repair	19	19	20	20
Other	230	208	245	223
	<b>1,391</b>	<b>987</b>	<b>1,410</b>	<b>1,040</b>

In the reporting year, provisions in the amount of €72 million were reversed to income and reported under other operating income (2011: €142 million).

The item Other primarily consists of provisions for onerous contracts and outstanding invoices.

The obligations for early-retirement programs amounted to €297 million while the fair value of the assets to be offset was €230 million. The historic acquisition costs for the assets amounted to €215 million. The assets comprise fixed income funds. Amounts offset in the interest result are as follows:

Million €	2012	2011
Income from plan assets of early retirement	14	4
Interest expense for interest accrued	11	12
<b>Net interest result</b>	<b>3</b>	<b>(8)</b>

Obligations from working-time accounts amounting to €311 million were offset with assets of the same amount. The historic acquisition costs for the assets amounted to €284 million. The assets comprise mixed funds. The interest result contains income of €25 million from the plan assets, netted against interest expenses of €25 million from the additions to provisions.

## 19 – Liabilities

### Financial indebtedness (million €)

	2012	2011
3.375% Euro Bond 2005/2012	–	1,400
3.75% Euro Bond 2009/2012	–	1,350
4.5% Euro Bond 2006/2016	500	500
4.25% Euro Bond 2009/2016	200	200
5.875% GBP Bond 2009/2017	434	434
4.625% Euro Bond 2009/2017	300	300
1.5% Euro Bond 2012/2018	750	–
2.0% Euro Bond 2012/2022	1,000	–
Commercial Papers	1,297	–
<b>Bonds and other liabilities to the capital markets</b>	<b>4,481</b>	<b>4,184</b>
Liabilities to credit institutions	113	85
	<b>4,594</b>	<b>4,269</b>

### Liabilities to affiliated companies (million €)

	2012	2011
Accounts payable, trade	1,949	1,813
Other liabilities	16,374	18,730
	<b>18,323</b>	<b>20,543</b>

### Miscellaneous liabilities (million €)

	2012	2011
Advances received on account of orders	12	8
Liabilities to other participating interests	55	53
Other miscellaneous liabilities	199	337
Thereof taxes	58	45
Thereof liabilities relating to social security	16	21
	<b>266</b>	<b>398</b>

### Maturities of liabilities (million €)

	2012		2011	
	Less than 1 year	More than 5 years	Less than 1 year	More than 5 years
Financial indebtedness	1,410	1,750	2,768	734
Accounts payable, trade	728	–	592	–
Liabilities to affiliated companies	16,667	497	18,889	497
Advances received on account of orders	12	–	8	–
Liabilities to other participating interests	55	–	53	–
Other miscellaneous liabilities	179	1	307	3
	<b>19,051</b>	<b>2,248</b>	<b>22,617</b>	<b>1,234</b>

**Secured liabilities** (million €)

	2012	2011
Other liabilities	2	1

Liabilities are collateralized by securities.

**20 – Shares in investment assets**

As of December 31, 2012, BASF SE held more than 10% of the following shares in investment assets as defined by Sections 1 and 2(9) of the German Investment Act (*Investmentgesetz*, InvG):

Million €	Fair value/ carrying amount December 31, 2012	Dividend payment 2012	Returnable daily
Fixed income funds	2,060	36	yes
Equity funds	1,225	117	yes
Mixed funds	303	–	yes

The shares serve as plan assets for obligations relating to pensions, early retirement programs and working-time accounts.

**21 – Contingent liabilities and other financial obligations**

The contingent liabilities and other financial commitments listed below are stated at nominal value.

**Contingent liabilities** (million €)

	2012	2011
Bills of exchange	4	8
Thereof to affiliated companies	–	–
Guarantees	6,238	5,990
Thereof to affiliated companies	6,230	5,979
Warranties	569	733
Thereof to affiliated companies	550	712
	<b>6,811</b>	<b>6,731</b>

Contingent liabilities are primarily related to guarantees for bonds issued by BASF Finance Europe N. V. (based in Arnhem, the Netherlands), which serve to finance the BASF Group. Contingent liabilities are entered into only after careful consideration of risks and only in connection with the business activities of BASF SE or its affiliated companies.

The risk of claims against contingent liabilities was assessed as low on the basis of the existing knowledge about the balance sheet structure, financial position and results of operations of the subsidiaries. At the time the balance sheet was prepared, the identifiable risks were recognized with appropriate provisions in the balance sheet.

**Other financial obligations** (million €)

	2012	2011
<b>Other financial obligations</b>	<b>1,559</b>	<b>876</b>
Thereof to affiliated companies	212	326

**Long-term purchase commitments** (million €)

	2012	2011
<b>Long-term purchase commitments</b>	<b>5,195</b>	<b>7,933</b>
Thereof to affiliated companies	–	1,465

BASF SE purchases raw materials globally, both on the basis of long-term contracts and in spot markets.

**22 – Related party transactions**

Since 2010, BASF SE has granted profit participation capital to BASF Pensionskasse VVaG. As of December 31, 2012, profit participation capital reported under Loans amounted to €76 million.

**23 – Derivative instruments****Use of derivative instruments**

BASF SE is exposed to foreign currency, interest rate and commodity price risks during the normal course of business. These risks are hedged through a centrally determined strategy employing derivative instruments. In addition, derivative instruments are used to replace transactions in original financial instruments, such as shares or fixed-interest securities. Hedging is only employed for underlying positions from the operating business, cash investments, financing or planned sales and raw material purchases.

Where derivatives have a positive market value, BASF SE is exposed to credit risks in the event of nonperformance of their counterparts. This credit risk is minimized by trading contracts exclusively with creditworthy banks and partners within pre-defined credit limits and by the use of collateral.

To ensure effective risk management, risk positions are centralized at BASF SE and certain Group companies. Contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines, and are subject to strict control mechanisms.

The risks arising from the underlying transactions and the derivative transactions concluded to hedge them are monitored constantly. The same is true of the derivative instruments that are used to replace transactions in original financial instruments. For this purpose, market quotations or computer or mathematical models are used to determine the current market values not only of the underlying transactions but also of the derivative transactions, and these are compared with each other.

**Fair value of derivative financial instruments** (million €)

	2012	2011
Foreign currency forward contracts	1	(7)
Foreign currency options	46	17
Interest rate swaps	70	66
Combined interest and cross-currency swaps	56	41
Commodity derivatives	(2)	5
Index swaps	200	514
Options for disposal of participations	(85)	(47)
	<b>286</b>	<b>589</b>

The fair values correspond to the difference between the cost and redemption value, which is determined from market quotations or by the use of options pricing models such as the Black-Scholes model. They are based on the exchange rates published by the European Central Bank and the applicable market interest rates and volatilities based on the remaining term to maturity. In the case of unlisted contracts, the fair value corresponds to the redemption value in the event of premature cancellation.

The total of the nominal values amounts to €15.61 billion, comprised of: €9.74 billion in foreign currency forward contracts, €3.13 billion in currency options, €0.93 billion in options for the disposal of participations, €0.73 billion in interest rate swaps and combined interest and cross-currency swaps, €0.62 billion in index swaps and €0.46 billion in commodity derivatives.

The nominal values are the totals of the purchases and sales of the particular derivatives on a gross basis.

Foreign currency derivatives are primarily aimed at hedging the exchange rate risk against the U.S. dollar, the British pound and the Swiss franc. Commodity derivatives are used to hedge purchase and sales market price risks. Index swaps are used to replace primary financial instruments, especially in duplication of fixed-rate securities.

When it transferred the styrenics activities to the joint venture with INEOS Industries Holdings Limited, BASF SE negotiated options for the disposal of participations. These are pending transactions and are not recorded as assets or liabilities because no loss can arise when they are executed.

Acquisition costs of €140 million for derivatives were capitalized and partly offset against the corresponding obligations.

Provisions amounting to €13 million were recognized for expected losses from currency fluctuations as well as for negative market values in commodity derivatives. Losses of €34 million were recognized as liabilities under Miscellaneous liabilities.

To hedge risks from cash flow and changes in fair value for certain underlying positions in the balance sheet, these are combined with hedging transactions as micro hedges, as they have similar significant risk parameters. The accounting treatment was undertaken according to the net hedge presentation method. The retrospective and prospective effectiveness was determined using the critical terms match method; no ineffectiveness was found.

#### Valuation units (million €)

Underlying transaction	2012	Hedging transaction	2012
Balance sheet item	Carrying amount	Type of hedging transaction	Nominal value
<b>Hedged assets</b>	<b>88</b>	<b>Derivatives to hedge assets</b>	<b>88</b>
Loans to affiliated companies	88	Foreign currency forward contracts	88
<b>Loans to affiliated companies</b>	<b>2,235</b>	<b>Derivatives to hedge liabilities</b>	<b>2,235</b>
Liabilities to affiliated companies	504	Hedging transactions for liabilities to affiliated companies	504
– In foreign currencies	204	– Foreign currency forward contracts	204
– In euros	300	– Interest rate swaps	300
Bonds	434	Interest and cross-currency swaps	434
Commercial paper	1,297	Foreign currency forward contracts	1,297

The receivables and liabilities as well as commercial paper hedged with foreign currency forward contracts generally balance each other out within a year. Interest rate swaps were concluded to hedge internal BASF Group loans (maturity: June 2018). Interest and cross currency swaps were concluded to hedge the GBP bond issued in 2009 (maturity: March 2017).

The table does not include foreign currency forward and currency option contracts concluded with subsidiaries which are also inversely concluded with external contractual partners (respective nominal values: €5.46 billion and €1.29 billion). Also

not included are currency option contracts for hedging future sales and purchases in U.S. dollars (nominal value: €1.70 billion). The term of these contracts is generally less than one year.

In addition, commodity derivatives that are used to hedge price risks with a nominal value of €25 million and the underlying expected high-probability purchase and sales transactions were combined into a valuation unit.

## 24 – Services provided by the external auditor

Information on the services provided by KPMG AG Wirtschaftsprüfungsgesellschaft to BASF SE can be found in Note 32 of the BASF Group's Consolidated Financial Statements.



## 25 – BASF SE List of Shares Held 2012 pursuant to Section 285(11) and Section 285(11a) of the German Commercial Code

Companies acquired in 2012 and included in results as of the date of acquisition. The List of Shares Held contains all direct and indirect participations of BASF SE as well as affiliated companies considered in the Consolidated Financial Statements. In the separate financial statements of BASF SE, only the direct participations are reported under financial assets. Information on stockholders' equity and net income principally refers to IFRS values.

### I. Fully, proportionally and equity consolidated subsidiaries and associated companies accounted for in the Consolidated Financial Statements

#### 1. Fully consolidated subsidiaries

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
astora GmbH & Co. KG	Kassel	50.02		1.5	*	EUR
Axaron Bioscience AG	Ludwigshafen (Rhine)	99.97		16.6	*	EUR
BASF Agro Trademarks GmbH	Ludwigshafen (Rhine)	100.0		7.9	*	EUR
BASF Akquisitions GmbH	Ludwigshafen (Rhine)	100.0		438.3	*	EUR
BASF Battery Technology Investment GmbH & Co. KG	Ludwigshafen (Rhine)	100.0		0.4	(0.2)	EUR
BASF Bautechnik GmbH	Trostberg	100.0		1.2	*	EUR
BASF Beteiligungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0	291.2	*	EUR
BASF Catalysts Germany GmbH	Hanover	100.0		79.8	*	EUR
BASF Catalysts Grundbesitz GmbH	Ludwigshafen (Rhine)	100.0		8.9	*	EUR
BASF Coatings GmbH	Münster	100.0	10.0	200.4	*	EUR
BASF Coatings Oldenburg GmbH	Oldenburg	100.0		9.8	*	EUR
BASF Construction Chemicals GmbH	Trostberg	100.0		297.1	*	EUR
BASF Construction Polymers GmbH	Trostberg	100.0		10.8	*	EUR
BASF Finance Malta GmbH	Ludwigshafen (Rhine)***	100.0	100.0	5,031.4	31.4	EUR
BASF Grenzach GmbH	Grenzach-Wyhlen	100.0		(4.8)**	*	EUR
BASF Handels- und Export GmbH	Ludwigshafen (Rhine)	100.0	100.0	7,574.8	*	EUR
BASF Immobilien Pigment GmbH	Ludwigshafen (Rhine)	100.0		10.8	*	EUR
BASF Isocyanate China Investment GmbH	Ludwigshafen (Rhine)	100.0		0.0	*	EUR
BASF IT Services GmbH	Ludwigshafen (Rhine)	100.0		(13.2)**	*	EUR
BASF IT Services Holding GmbH	Ludwigshafen (Rhine)	100.0		52.6	*	EUR
BASF Lampertheim GmbH	Lampertheim	100.0		127.5	*	EUR
BASF Leuna GmbH	Leuna	100.0		8.7	*	EUR
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhine)	100.0	99.99	7.0	0.4	EUR
BASF Performance Polymers GmbH	Rudolstadt	100.0		41.9	*	EUR
BASF Personal Care and Nutrition GmbH	Monheim	100.0		(146.9)**	*	EUR
BASF PharmaChemikalien GmbH & Co. KG	Ludwigshafen (Rhine)	100.0	100.0	24.8	0.7	EUR
BASF Pigment GmbH	Ludwigshafen (Rhine)	100.0		5.3	*	EUR
BASF Plant Science Company GmbH	Ludwigshafen (Rhine)	100.0	100.0	185.1	*	EUR
BASF Plant Science GmbH	Ludwigshafen (Rhine)	100.0		3.1	*	EUR
BASF Polyurethane Licensing GmbH	Lemförde	100.0		40.9	40.3	EUR
BASF Polyurethanes GmbH	Lemförde	100.0	10.0	85.4	*	EUR
BASF Schwarzheide GmbH	Schwarzheide	100.0	10.0	244.5	*	EUR
BASF Services Europe GmbH	Berlin	100.0		(0.3)**	*	EUR
BASF Specialty Chemicals Marketing GmbH	Ludwigshafen (Rhine)	100.0		99.5	*	EUR
BASF Trostberger Grundbesitz GmbH	Ludwigshafen (Rhine)	100.0	6.0	19.8	*	EUR
BASF US Verwaltung GmbH	Ludwigshafen (Rhine)	100.0		69.5	*	USD
BASF Wall Systems GmbH & Co. KG	Marktredwitz	100.0		7.4	(1.3)	EUR
BASF Wall Systems Verwaltungs-GmbH	Marktredwitz	100.0		0.0	0.0	EUR
BASF watertechnologies GmbH & Co. KG	Ludwigshafen (Rhine)	100.0		1.3	(0.4)	EUR
BPG Immobilien GmbH	Ludwigshafen (Rhine)	100.0	10.0	9.6	*	EUR

\* Profit/loss transfer agreement

\*\* Stockholders' equity under German commercial law is positive

\*\*\* Administrative headquarters St. Julians, Malta

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BPS-Finanzbeteiligungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0		9.3	*	EUR
BTC Europe GmbH	Monheim	100.0		1.0	*	EUR
Cognis Holding GmbH	Ludwigshafen (Rhine)	100.0		237.0	*	EUR
Cognis International GmbH	Monheim	100.0		478.3	*	EUR
Cognis IP Management GmbH	Düsseldorf	100.0		111.0	*	EUR
Construction Research & Technology GmbH	Trostberg	100.0		327.1	*	EUR
Dr. Wolman GmbH	Sinzheim	100.0	10.0	1.0	*	EUR
E & A Internationale Explorations- und Produktions-GmbH	Ludwigshafen (Rhine)	100.0		373.7	*	EUR
GASCADE Gastransport GmbH	Kassel	50.02		419.0	*	EUR
GEWOGGE Wohnungsunternehmen der BASF GmbH	Ludwigshafen (Rhine)	97.00	10.0	113.9	*	EUR
Grünau Illertissen GmbH	Illertissen	100.0		47.3	*	EUR
Guano-Werke GmbH & Co. KG	Ludwigshafen (Rhine)	100.0		63.0	47.9	EUR
hte Aktiengesellschaft - the high throughput experimentation company	Heidelberg	100.0		18.6	2.3	EUR
inge GmbH	Greifenberg	100.0		0.4	*	EUR
LUWOGGE GmbH	Ludwigshafen (Rhine)	100.0	10.0	44.1	*	EUR
Metanomics GmbH	Berlin	100.0		(0.2)**	*	EUR
OPAL Gastransport GmbH	Kassel	50.02		0.0	*	EUR
PCI Augsburg GmbH	Augsburg	100.0		113.4	*	EUR
PolyAd Services GmbH	Lampertheim	100.0		0.3	*	EUR
Relius Coatings Beteiligungs-GmbH	Oldenburg	100.0		0.3	0.2	EUR
SunGene GmbH	Gatersleben	100.0		0.1	*	EUR
Untertage-Speicher-Gesellschaft mbH	Kassel	100.0		4.0	1.7	EUR
W & G Beteiligungs-GmbH & Co. KG	Kassel	50.02		649.2	*	EUR
WINGAS GmbH	Kassel	50.02		540.8	*	EUR
WINGAS Holding GmbH	Kassel	50.02		234.1	*	EUR
Wintershall AG	Kassel	51.00		348.7	174.5	EUR
Wintershall Erdgas Beteiligungs-Gesellschaft mbH	Kassel	100.0		826.2	*	EUR
Wintershall Holding GmbH	Kassel	100.0	10.29	1,667.7	*	EUR
Wintershall Russia Holding GmbH	Kassel	100.0		0.0	*	EUR
Wintershall Vermögensverwaltungsgesellschaft mbH	Kassel	100.0		0.0	*	EUR
<b>Europe (excluding Germany)</b>						
Allied Colloids Group Limited	Cheadle, United Kingdom	100.0		261.4	0.0	GBP
BASF A/S	Copenhagen, Denmark	100.0	100.0	178.7	56.6	DKK
BASF AB	Göteborg, Sweden	100.0	100.0	33.0	10.1	SEK
BASF Agri-Production S.A.S.	Ecully, France	100.0		32.5	0.2	EUR
BASF Agro B.V.	Arnhem, the Netherlands	100.0		1,639.7	368.2	EUR
BASF Agro S.A.S.	Ecully, France	100.0		34.3	20.2	EUR
BASF Agrochemical Products B.V.	Arnhem, the Netherlands	100.0		460.2	305.7	USD
BASF Antwerpen N.V.	Antwerp, Belgium	100.0		6,911.7	492.6	EUR
BASF AS	Asker, Norway	100.0	100.0	174.4	(16.9)	NOK
BASF Battery Integration B.V.	Arnhem, the Netherlands	100.0		34.0	0.0	EUR
BASF Beauty Care Solutions France S.A.S.	Lyon, France	100.0		36.0	(4.4)	EUR
BASF Belgium Coordination Center Comm. V.	Antwerp, Belgium	100.0		14,442.7	83.2	EUR
BASF Catalysts Asia B.V.	Arnhem, the Netherlands	100.0		365.7	18.1	EUR
BASF Catalysts Canada B.V.	Arnhem, the Netherlands	100.0		367.7	0.0	EUR
BASF Catalysts Holding Asia B.V.	Arnhem, the Netherlands	100.0		435.7	176.1	EUR
BASF Catalysts Investment Europe B.V.	De Meern, the Netherlands	100.0		357.2	161.2	EUR
BASF Catalysts NL Finance C.V.	Arnhem, the Netherlands	100.0		69.3	4.4	EUR
BASF Catalysts UK Holdings Limited	London, United Kingdom	100.0		26.8	0.0	GBP
BASF Coatings Ltd.	Flintshire, United Kingdom	100.0		7.3	2.8	GBP
BASF Coatings S.A.	Guadalajara, Spain	99.71		33.4	7.0	EUR
BASF Coatings S.A.S.	Clermont de l'Oise, France	100.0		57.3	14.7	EUR
BASF Coatings Spa	Cesano Maderno, Italy	100.0		16.9	(0.4)	EUR

\* Profit/loss transfer agreement

\*\* Stockholders' equity under German commercial law is positive

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF Construction Chemicals (UK) Ltd.	Cheadle, United Kingdom	100.0		9.1	2.4	GBP
BASF Construction Chemicals España S.L.	L'Hospitalet del Llobregat, Spain	100.0		166.6	(3.9)	EUR
BASF Construction Chemicals Europe AG	Zurich, Switzerland	100.0		292.7	(79.4)	CHF
BASF Construction Chemicals France S.A.S.	Lisses, France	100.0		8.8	(1.7)	EUR
BASF Construction Chemicals Italia Spa	Treviso, Italy	100.0		10.7	(8.0)	EUR
BASF Engelhard Finland B.V.	Arnhem, the Netherlands	100.0		23.5	10.0	EUR
BASF Engelhard Germany B.V.	Arnhem, the Netherlands	100.0		397.2	176.6	EUR
BASF Engelhard Italy B.V.	Arnhem, the Netherlands	100.0		122.7	57.2	EUR
BASF Engelhard South Africa B.V.	Arnhem, the Netherlands	100.0		169.3	77.8	EUR
BASF Engelhard Sweden B.V.	Arnhem, the Netherlands	100.0		0.4	0.2	EUR
BASF Engelhard Switzerland B.V.	Arnhem, the Netherlands	100.0		209.2	97.1	EUR
BASF Engelhard UK B.V.	Arnhem, the Netherlands	100.0		220.5	104.5	EUR
BASF Española S.L.	Barcelona, Spain	100.0	100.0	350.8	134.2	EUR
BASF Finance Europe N.V.	Arnhem, the Netherlands	100.0	100.0	7.8	2.5	EUR
BASF France S.A.S.	Levallois-Perret Cedex, France	100.0	100.0	723.9	51.2	EUR
BASF Health and Care Products France S.A.S.	Levallois-Perret Cedex, France	100.0		22.8	(7.2)	EUR
BASF Hellas S.A.	Agia Paraskevi, Greece	100.0	100.0	2.1	(5.6)	EUR
BASF Hungária Kft.	Budapest, Hungary	100.0	100.0	6,530.4	933.8	HUF
BASF Industrial Metals LLC	Moscow, Russian Federation	100.0		41.1	0.1	RUB
BASF Industrial Water Management France S.A.S	Lyon, France	100.0		1.9	(0.6)	EUR
BASF Intertrade AG	Zug, Switzerland	100.0	100.0	101.5	67.0	USD
BASF Ireland Ltd.	Cork, Ireland	100.0	100.0	26.4	16.4	EUR
BASF Italia Srl	Cesano Maderno, Italy	100.0	100.0	104.5	21.9	EUR
BASF Malta Ltd.	Ludwigshafen (Rhine)	100.0	99.99	0.1	0.1	EUR
BASF Metal Forwards Ltd.	London, United Kingdom	100.0		54.1	0.7	USD
BASF Metals GmbH	Zug, Switzerland	100.0		52.6	7.1	USD
BASF Metals Ltd.	London, United Kingdom	100.0		60.7	2.1	USD
BASF Metals Recycling Ltd.	Cinderford, United Kingdom	100.0		8.6	2.4	GBP
BASF Nederland B.V.	Arnhem, the Netherlands	100.0	100.0	9,601.0	2,856.2	EUR
BASF Operations B.V.	Arnhem, the Netherlands	100.0		82.3	59.2	EUR
BASF Österreich GmbH	Vienna, Austria	100.0	1.0	29.4	1.4	EUR
BASF Oy	Helsinki, Finland	100.0	100.0	2,910.6	19.4	EUR
BASF Performance Products France S.A.S.	Levallois-Perret Cedex, France	100.0		63.3	7.2	EUR
BASF Performance Products GmbH	Zwentendorf, Austria	100.0		18.4	0.1	EUR
BASF Performance Products plc	Cheadle, United Kingdom	100.0		5.0	(5.7)	GBP
BASF Pharma (Callanish) Ltd.	Cheadle, United Kingdom	100.0		12.2	(3.5)	GBP
BASF Pharma (Evionnaz) S.A.	Evionnaz, Switzerland	100.0		61.6	(31.3)	CHF
BASF Pharma (St. Vulbas) S.A.S.	Saint-Vulbas, France	100.0		21.0	0.0	EUR
BASF Pharma Belgium N.V.	Antwerp, Belgium	100.0		47.7	(0.3)	EUR
BASF plc	Cheadle, United Kingdom	100.0		37.8	4.8	GBP
BASF Poliuretán Hungária Kft.	Solyvár, Hungary	100.0		739.6	336.0	HUF
BASF Poliüretan Sanayi ve Ticaret Ltd. Sti.	Istanbul, Turkey	100.0		4.0	(1.9)	TRY
BASF Poliuretani Italia Spa	Villanova d'Asti, Italy	100.0		65.4	9.6	EUR
BASF Poliuretanos Iberia S.A.	Rubi, Spain	100.0		1.8	0.5	EUR
BASF Polska Sp. z o.o.	Warsaw, Poland	100.0	100.0	147.3	3.3	PLN
BASF Polyurethanes Benelux B.V.	Boxtel, the Netherlands	100.0		7.9	2.4	EUR
BASF Polyuréthanes France S.A.S.	Mitry-Mory, France	100.0		1.9	0.6	EUR
BASF Polyurethanes U.K. Ltd.	Alfreton, United Kingdom	100.0		5.9	3.2	GBP
BASF Portuguesa S.A.	Prior Velho, Portugal	100.0		2.3	(3.5)	EUR
BASF Schweiz AG	Basel, Switzerland	100.0		756.5	229.0	CHF
BASF Slovensko spol. s.r.o.	Bratislava, Slovakia	100.0	100.0	9.6	0.6	EUR
BASF Sonatrach Propanchem S.A.	Tarragona, Spain	51.0		76.5	(0.3)	EUR
BASF spol. s.r.o.	Prague, Czech Republic	100.0	100.0	251.6	38.1	CZK
BASF Stavební hmoty Česká republika s.r.o.	Chrudim, Czech Republic	100.0		455.8	22.4	CZK
BASF T.O.V.	Kiev, Ukraine	100.0		103.1	13.0	UAH

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF Taiwan B.V.	Arnhem, the Netherlands	100.0		130.0	31.0	EUR
BASF Türk Kimya Sanayi ve Ticaret Ltd. Sti.	Istanbul, Turkey	100.0		192.3	21.2	TRY
BASF UK Holdings Ltd.	Cheadle, United Kingdom	100.0	99.99	28.2	(2.5)	GBP
BASF UK Ltd.	Cheadle, United Kingdom	100.0		23.7	(1.4)	GBP
BASF Yapı Kimyasalları Sanayi Anonim Şirketi	Istanbul, Turkey	100.0		61.0	3.1	TRY
Becker Underwood Limited	Littlehampton, United Kingdom	100.0		3.4	0.2	GBP
Becker Underwood (UK) Limited	Littlehampton, United Kingdom	100.0		0.1	0.0	GBP
Becker Underwood S.A.S.	Colomiers, France	100.0		3.0	0.7	EUR
BU International Holding Company	Littlehampton, United Kingdom	100.0		12.3	(0.2)	GBP
Chemical Finance Belgium Comm.V.	Antwerp, Belgium	100.0		8,002.3	2.2	USD
Ciba Holding Nederland B.V.	Maastricht, the Netherlands	100.0		17.3	(0.1)	EUR
Ciba Specialty Chemicals Finance Luxembourg S.A.	Luxemburg, Luxembourg	100.0		47.4	(6.1)	EUR
Ciba Specialty Chemicals Overseas Ltd.	Cheadle, United Kingdom	100.0		0.0	0.0	GBP
Ciba Specialty Chemicals Water Treatments Ltd.	Bradford, United Kingdom	100.0		269.6	0.0	GBP
Ciba Spezialitätenchemie Finanz AG	Basel, Switzerland	100.0		11.8	(3.8)	CHF
Ciba UK Investment plc	Cheadle, United Kingdom	100.0		(191.4)	(0.4)	GBP
Cognis B.V.	Arnhem, the Netherlands	100.0		942.6	16.7	EUR
Cognis Holdings UK Ltd.	Southampton, United Kingdom	100.0		25.8	(0.5)	GBP
Cognis Scandinavia A.S.	Drammen, Norway	100.0		33.0	0.6	NOK
Cosmetic Rheologies Ltd.	Bury, United Kingdom	100.0		2.3	0.0	GBP
CropDesign N.V.	Ghent, Belgium	100.0		30.5	(1.1)	EUR
Esuco Beheer B.V.	Arnhem, the Netherlands	100.0		0.0	0.0	EUR
Low Moor Securities Ltd.	Cheadle, United Kingdom	100.0		20.3	0.0	GBP
MicroBio Canada Limited	Littlehampton, United Kingdom	100.0		0.2	0.0	GBP
OOO BASF Stroitelnye Sistemy	Moscow, Russian Federation	100.0		613.3	333.3	RUB
OOO BASF Wostok	Pavlovsky Posad, Russian Federation	100.0		541.8	216.0	RUB
PCI Bauprodukte AG	Zurich, Switzerland	100.0		(0.2)	0.4	CHF
Société Foncière et Industrielle S.A.S.	Clermont de l'Oise, France	92.90		8.2	0.1	EUR
Sorex Holding Ltd.	Widnes, United Kingdom	100.0		33.6	(3.7)	GBP
WINGAS UK Limited	Richmond, United Kingdom	50.02		2.6	0.9	GBP
Wintershall (E&P) Ltd.	London, United Kingdom	100.0		21.5	0.2	GBP
Wintershall (UK North Sea) Ltd.	Aberdeen, United Kingdom	100.0		23.4	(0.7)	GBP
Wintershall Nederland B.V.	Rijswijk, the Netherlands	100.0		862.2	115.9	EUR
Wintershall Noordzee B.V.	Rijswijk, the Netherlands	100.0		98.1	77.5	EUR
Wintershall Norge AS	Stavanger, Norway	100.0		1,346.7	(611.4)	NOK
Wintershall Oil AG	Zug, Switzerland	100.0		344.7	19.1	USD
Wintershall Petroleum (E&P) B.V.	Rijswijk, the Netherlands	100.0		121.7	40.7	EUR
ZAO BASF	Moscow, Russian Federation	100.0	100.0	1,475.5	228.8	RUB
ZAO Gazprom YRGM Trading	Krasnoselskup, Russian Federation	25.00*		60,866.1	19,193.4	RUB
<b>North America</b>						
BASF Americas Corporation	Florham Park, New Jersey, USA	100.0		4,992.4	22.5	USD
BASF Belgian Holdings LLC	Florham Park, New Jersey, USA	100.0		0.0	0.0	USD
BASF California Inc.	Florham Park, New Jersey, USA	100.0		370.1	(0.1)	USD
BASF Canada Inc.	Mississauga, Ontario, Canada	100.0	100.0	365.0	30.7	CAD
BASF Catalyst Canada ULC	Halifax, Nova Scotia, Canada	100.0		544.3	0.0	CAD
BASF Catalysts Delaware LLC	Florham Park, New Jersey, USA	100.0		1,388.4	672.5	USD
BASF Catalysts Holding China LLC	Florham Park, New Jersey, USA	96.25		(6.8)	(0.3)	USD
BASF Catalysts Holding LLC	Florham Park, New Jersey, USA	100.0		1,183.4	734.5	USD
BASF Catalysts LLC	Florham Park, New Jersey, USA	100.0		530.3	733.7	USD
BASF Corporation	Florham Park, New Jersey, USA	100.0		4,088.4	1,423.5	USD
BASF de Costa Rica S.A.	San Jose, Costa Rica	100.0		9,805.2	246.4	CRC

\* Fully consolidated in accordance with Standing Interpretations Committee 12 of the International Accounting Standards Board (IASB)

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF de Mexico S.A. de C.V.	México D.F., Mexico	100.0	99.99	217.2	22.4	USD
BASF Dominicana S.A.	Santo Domingo, Dominican Republic	100.0	100.0	146.7	(0.9)	DOP
BASF Interservicios S.A. de C.V.	México D.F., Mexico	100.0	0.01	4.9	(1.7)	USD
BASF Intertrade Corporation	Houston, Texas, USA	100.0		2.2	1.9	USD
BASF Investments Canada Inc.	New Westminster, British Columbia, Canada	100.0		382.1	4.1	USD
BASF Mexicana S.A. de C.V.	México D.F., Mexico	100.0		384.6	56.4	USD
BASF Panama S.A.	Panama City, Panama	100.0	100.0	2.6	1.5	PAB
BASF Performance Materials LLC	Florham Park, New Jersey, USA	100.0		61.2	0.0	USD
BASF Pipeline Holdings LLC	Houston, Texas, USA	100.0		11.8	1.2	USD
BASF Plant Science LP	Raleigh, North Carolina, USA	100.0		89.7	7.4	USD
BASF Properties Inc.	Mississauga, Ontario, Canada	100.0		10.3	1.0	USD
BASF Qtech Inc.	Mississauga, Ontario, Canada	70.0		49.0	(7.0)	CAD
BASF TOTAL Petrochemicals LLC	Port Arthur, Texas, USA	60.0		706.3	(101.3)	USD
BASF USA Holding LLC	Florham Park, New Jersey, USA	100.0		2,339.0	0.0	USD
BASFIN Corporation	Florham Park, New Jersey, USA	100.0		4,286.9	22.5	USD
Becker Underwood Canada Ltd.	Saskatoon, Saskatchewan, Canada	100.0		29.6	1.3	CAD
Becker Underwood Inc.	Ames, Iowa, USA	100.0		145.9	5.0	USD
Becker Underwood UK Inc.	Ames, Iowa, USA	100.0		4.7	0.0	USD
BU Acquisition Co.	Ames, Iowa, USA	100.0		212.0	0.0	USD
BU Holding Co.	Ames, Iowa, USA	100.0		212.0	0.0	USD
BU Nitral Holding LLC	Ames, Iowa, USA	100.0		0.5	0.0	USD
Chemical Insurance Company Ltd.	Hamilton, Bermuda	100.0		171.0	6.6	CHF
Ciba Specialty Chemicals Eurofinance Ltd.	Hamilton, Bermuda	100.0		26.2	1.0	EUR
Cognis USA LLC	Cincinnati, Ohio, USA	100.0		729.6	12.7	USD
Engelhard Asia Pacific LLC	Florham Park, New Jersey, USA	100.0		96.6	2.8	USD
Lumerica Insurance Company	Burlington, Vermont, USA	100.0		104.8	4.5	USD
Novolyte Legacy Technologies LLC	Florham Park, New Jersey, USA	100.0		113.3	0.2	USD
Oliver Warehouse LLC	Florham Park, New Jersey, USA	100.0		51.1	22.4	USD
Ovonix Battery Company Inc.	Iselin, New Jersey, USA	100.0		55.7	1.5	USD
PolyAd Services LLC	Earth City, Missouri, USA	100.0		16.0	4.7	USD
ProCat Testing Holdings Inc.	Florham Park, New Jersey, USA	100.0		11.7	0.0	USD
ProCat Testing LLC	Wixom, Michigan, USA	100.0		27.1	1.1	USD
Tradewinds Chemicals Corporation	Florham Park, New Jersey, USA	100.0		530.2	37.2	USD
Tradewinds Holding LLC	Florham Park, New Jersey, USA	100.0		464.0	0.0	USD
Watson Bowman Acme Corp.	Amherst, New York, USA	100.0		21.9	3.4	USD
<b>Asia Pacific</b>						
BASF Asia Pacific (India) Private Ltd.	Mumbai, India	100.0		65.0	(2.1)	INR
BASF Asia Pacific Service Centre Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0		23.6	10.0	MYR
BASF Australia Co. Ltd.	Southbank, Victoria, Australia	100.0		34.2	(3.9)	AUD
BASF Auxiliary Chemicals Company Ltd.	Shanghai, China	100.0		2,258.9	284.9	CNY
BASF Battery Materials (Suzhou) Co. Ltd.	Suzhou, China	100.0		302.6	9.3	CNY
BASF Care Chemicals (Shanghai) Co. Ltd.	Shanghai, China	100.0		808.3	84.6	CNY
BASF Catalysts (Guilin) Co. Ltd.	Guilin, China	96.25		192.6	13.9	CNY
BASF Catalysts (Shanghai) Co. Ltd.	Shanghai, China	96.25		771.2	115.0	CNY
BASF Catalysts India Private Ltd.	Maraimalainagar, India	95.0		2,258.5	441.0	INR
BASF Central Asia LLP	Almaty, Kazakhstan	100.0		709.7	(231.8)	KZT
BASF Chemcat (Thailand) Ltd.	Rayong, Thailand	80.0		819.8	287.6	THB
BASF Chemicals Company Ltd.	Shanghai, China	100.0		242.0	236.7	CNY
BASF (China) Company Ltd.	Shanghai, China	100.0	100.0	2,549.3	340.5	CNY
BASF Company Ltd.	Seoul, South Korea	100.0		822,367.0	109,897.0	KRW
BASF Construction Chemicals (China) Co. Ltd.	Shanghai, China	100.0		(606.0)	(67.4)	CNY
BASF Construction Chemicals (Sichuan) Co. Ltd.	Qinglong, China	100.0		(61.8)	(30.2)	CNY
BASF East Asia Regional Headquarters Ltd.	Hong Kong, China	100.0		967.7	219.4	HKD

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF Electronic Materials (Shanghai) Co. Ltd.	Shanghai, China	100.0		(96.3)	(1.2)	CNY
BASF Gao-Qiao Performance Chemicals (Shanghai) Co. Ltd.	Shanghai, China	75.0		643.9	49.1	CNY
BASF Heesung Trading Corporation	Seoul, South Korea	60.0		3.2	0.7	USD
BASF HOCK Mining Chemical (China) Co. Ltd.	Ji'ning, Shangdong, China	75.0		369.9	0.0	CNY
BASF Hong Kong Ltd.	Hong Kong, China	100.0		474.1	152.4	HKD
BASF Idemitsu Co. Ltd.	Tokyo, Japan	67.0	67.0	1,584.0	152.0	JPY
BASF India Limited	Mumbai, India	73.33	48.37	11,217.3	1,075.8	INR
BASF Intertrade (Shanghai) Co. Ltd.	Shanghai, China	100.0		115.9	7.2	CNY
BASF Japan Ltd.	Tokyo, Japan	100.0		33,404.0	5,077.0	JPY
BASF (Malaysia) Sdn. Bhd.	Shah Alam, Malaysia	100.0		233.1	2.9	MYR
BASF Metals (Shanghai) Co. Ltd.	Shanghai, China	100.0		43.6	16.6	CNY
BASF Metals Japan Ltd.	Tokyo, Japan	100.0	100.0	3,368.0	24.0	JPY
BASF New Zealand Ltd.	Auckland, New Zealand	100.0	100.0	6.7	0.0	NZD
BASF Pakistan (Private) Ltd.	Karachi, Pakistan	100.0	100.0	509.4	166.7	PKR
BASF Paper Chemicals (Huizhou) Co., Ltd.	Huizhou City, Guangdong, China	100.0		49.8	(20.9)	CNY
BASF Paper Chemicals (Jiangsu) Co. Ltd.	Jiangsu, China	100.0		257.7	47.8	CNY
BASF Performance Products Ltd.	Shanghai, China	100.0		641.4	32.4	CNY
BASF Petronas Chemicals Sdn. Bhd.	Shah Alam, Malaysia	60.0		372.6	203.0	USD
BASF PJPC Neopentylglycol Co. Ltd.	Jilin, China	60.0	50.0	184.6	30.6	CNY
BASF Polyurethane Specialties (China) Co. Ltd.	Shanghai, China	100.0	7.0	568.7	219.2	CNY
BASF Polyurethanes (China) Co. Ltd.	Guangzhou, China	100.0		247.5	45.2	CNY
BASF Polyurethanes (Chongqing) Co. Ltd.	Chongqing, China	100.0	100.0	920.1	(21.1)	CNY
BASF Qingdao Pigments Co. Ltd.	Qingdao, China	91.35		184.1	1.6	CNY
BASF Services (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0	100.0	181.1	(3.7)	MYR
BASF Shanghai Coatings Company Ltd.	Shanghai, China	60.0		512.5	85.3	CNY
BASF South East Asia Pte. Ltd.	Singapore	100.0		573.1	40.8	USD
BASF Specialty Chemicals (Nanjing) Co. Ltd.	Nanjing, China	100.0		247.0	(57.9)	CNY
BASF Taiwan Ltd.	Taipei, Taiwan R.O.C.	100.0		4,311.8	1,302.4	TWD
BASF (Thai) Ltd.	Bangkok, Thailand	100.0	99.99	(1,881.9)	389.4	THB
BASF Vietnam Co. Ltd.	Binh Duong, Vietnam	100.0		(27,155.0)	(21,991.0)	VND
BASF Vitamins Company Ltd.	Shenyang, China	100.0	60.0	209.5	14.0	CNY
Ciba (Australia) Pty. Ltd.	Thomastown, Victoria, Australia	100.0		0.1	0.0	AUD
Engelhard China Ltd.	Shanghai, China	100.0	100.0	(148.2)	1.5	CNY
Novolyte Technologies Ltd.	Hong Kong, China	100.0		329.7	(30.4)	HKD
P.T. BASF Care Chemicals Indonesia	Jakarta, Indonesia	84.7		260,267.0	42,437.0	IDR
P.T. BASF Indonesia	Jakarta, Indonesia	99.99	99.99	710,923.0	235,321.0	IDR
Shanghai BASF Polyurethane Company Ltd.	Shanghai, China	70.0		2,535.6	772.2	CNY
<b>South America, Africa, Middle East</b>						
BASF Argentina S.A.	Buenos Aires, Argentina	100.0		264.1	12.2	ARS
BASF Chile S.A.	Santiago, Chile	100.0		31.7	3.9	CLP
BASF Construction Chemicals Algeria S.A.R.L.	Algier, Algeria	60.0		873.2	387.8	DZD
BASF Construction Chemicals Egypt (SAE)	Cairo, Egypt	50.0*		25.8	54.0	EGP
BASF Construction Chemicals Limitada	Santiago, Chile	100.0		5.8	0.3	CLP
BASF Construction Chemicals South Africa (Pty.) Ltd.	Midrand, South Africa	100.0		41.0	(28.5)	ZAR
BASF Construction Chemicals UAE LLC	Dubai, Unit Arab Emirates	49.0*		191.0	(4.5)	AED
BASF Corporate Services Chile S.A.	Santiago, Chile	100.0	99.93	18.7	0.1	CLP
BASF FZE	Dubai, Unit Arab Emirates	100.0	100.0	164.3	45.3	AED
BASF Holdings South Africa Pty. Ltd.	Midrand, South Africa	100.0		893.7	9.3	ZAR
BASF Performance Polymers Indústria de Polímeros e Plásticos de Engenharia Ltda.	São Paulo, Brazil	100.0		113.6	(4.4)	BRL
BASF Peruana S.A.	Lima, Peru	99.79	99.79	48.1	12.1	PEN
BASF Plastic Additives Middle East S.P.C.	Al Hidd, Bahrain	100.0		(0.1)	(0.9)	BHD
BASF Poliuretanos Ltda.	Mauá, Brazil	100.0		70.5	(3.6)	BRL
BASF Quimica Colombiana S.A.	Bogotá, Colombia	100.0		50,801.0	810.0	COP

\* BASF exercises a controlling influence over financial and corporate policy.

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF S.A.	São Paulo, Brazil	100.0		2,023.5	291.1	BRL
BASF South Africa (Pty.) Ltd.	Midrand, South Africa	100.0		692.2	30.1	ZAR
Cognis S.A.	Buenos Aires, Argentina	100.0		50.5	(11.0)	ARS
Nitral Urbana Laboratorios Ltda.	Jardim Weissópolis, Pinhais, Brazil	53.5		17.8	(0.9)	BRL
Saudi BASF for Building Materials Co. Ltd.	Al Khobar, Saudi Arabia	60.0		132.5	76.0	SAR
Wintershall Energía S.A.	Buenos Aires, Argentina	100.0		1,821.3	663.1	ARS

## 2. Proportionally consolidated associated companies

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
Wintershall Erdgas Handelshaus GmbH & Co. KG	Berlin	50.0		0.5	*	EUR
<b>Europe (excluding Germany)</b>						
BASF DOW HPPO Holding B.V.	Hoek, the Netherlands	50.0		234.7	20.0	EUR
BASF DOW HPPO Production B.V. B. A.	Antwerp, Belgium	50.0		262.5	17.7	EUR
Ellba C.V.	Rotterdam, the Netherlands	50.0		119.2	172.9	EUR
HPPO Holding and Finance C.V.	Hoek, the Netherlands	50.0		109.9	19.0	EUR
WIEE Romania S.R.L.	Bucharest, Romania	50.0		33.6	47.7	RON
WINGAS Storage Enterprise Ltd.	London, United Kingdom	25.01		0.6	(0.3)	GBP
WINGAS Storage UK Ltd.	London, United Kingdom	25.01		49.7	(12.3)	GBP
Wintershall Erdgas Handelshaus Zug AG	Zug, Switzerland	50.0		56.3	55.1	USD
Zandvliet Power N.V.	Antwerp, Belgium	50.0		29.5	4.3	EUR
ZAO Achimgaz	Novy Urengoy, Russian Federation	50.0		13,278.6	3,491.1	RUB
<b>North America</b>						
Industrias Polioles S.A. de C.V.	México D.F., Mexico	49.9		6.5	0.8	USD
Polioles, S.A. de C.V.	Lerma, Edo de Mexico, Mexico	50.0		75.1	41.0	USD
<b>Asia Pacific</b>						
BASF Inoac Polyurethanes, Ltd.	Shinshiro-shi, Japan	50.0		3,701.0	1,047.0	JPY
BASF-YPC Company Ltd.	Nanjing, China	50.0	10.0	12,661.6	249.3	CNY
Ellba Eastern Private Ltd.	Singapore	50.0		(182.6)	(12.6)	USD
Heesung Catalysts Corporation	Seoul, South Korea	50.0		328,637.0	47,210.0	KRW
Heesung PMTech Corporation	Ansan, South Korea	40.05		41,061.0	10,328.0	KRW
N.E. Chemcat Corporation	Tokyo, Japan	50.0		36,750.0	3,670.0	JPY
Shanghai GaoQiao-BASF Dispersions Co. Ltd.	Shanghai, China	50.0	40.0	390.3	113.0	CNY
Thai Ethoxylate Co., Ltd.	Bangkok, Thailand	50.0		1,401.7	268.4	THB
Toray BASF PBT Resin Sdn. Bhd.	Kuala Lumpur, Malaysia	50.0	50.0	138.2	56.4	MYR

\* Profit/loss transfer agreement



### 3. Equity consolidated subsidiaries

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
BASF Future Business GmbH	Ludwigshafen (Rhine)	100.0	100.0	65.7	*	EUR
BASF Venture Capital GmbH	Ludwigshafen (Rhine)	100.0		62.8	*	EUR
Lucura Rückversicherungs AG	Ludwigshafen (Rhine)	100.0		149.1	12.8	EUR
Wintershall Wolga Petroleum GmbH	Kassel	100.0		0.2	*	EUR

\* Profit/loss transfer agreement

### 4. Equity consolidated affiliates

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
Solvin GmbH & Co. KG*	Hanover	25.0	25.0	603.2	8.7	EUR
Styrolution Holding GmbH	Frankfurt (Main)	50.0	18.05	1,668.0	55.5	EUR
<b>Europe (excluding Germany)</b>						
BASF Huntsman Shanghai Isocyanate Investment B. V.	Arnhem, the Netherlands	50.0		79.5	3.0	EUR
BASF Interox H2O2 Production N.V.	Elsene, Belgium	25.0		3.0	15.5	EUR
CIMO Compagnie industrielle de Monthey S.A.	Monthey, Switzerland	50.0		128.7	6.6	CHF
Indurisk Rückversicherung AG	Luxemburg, Luxembourg	50.0		41.6	9.9	EUR
Nord Stream AG	Zug, Switzerland	15.5**		1,901.7	117.4	EUR
OAO Severneftegazprom	Krasnoselkup, Russian Federation	25.0***		45,065.0	10,207.7	RUB
<b>North America</b>						
Novolyte Technologies LP	Independence, Ohio, USA	49.0		22.8	0.0	USD
<b>Asia Pacific</b>						
Shanghai Lianheng Isocyanate Company Ltd.	Shanghai, China	35.0		1,346.7	76.2	CNY

\* Includes earnings of consolidated subsidiaries

\*\* BASF exercises a controlling influence over financial and corporate policy.

\*\*\* Share of earnings totaling 35% by way of additional preference share

## II. Other subsidiaries, associated companies and other participating interests

### 1. Subsidiaries not consolidated due to immateriality

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
<b>Germany</b>			
astora Beteiligungs-GmbH	Kassel	50.02	
Ausbildungsplatzinitiative Pfalz GmbH	Ludwigshafen (Rhine)	97.0	97.0
baseclick GmbH	Tutzing	90.0	
BASF Akquisitions- und Objektverwertungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
BASF Biorenewable Beteiligungs GmbH & Co. KG	Ludwigshafen (Rhine)	100.0	
BASF Chemikalien GmbH	Ludwigshafen (Rhine)	100.0	100.0
BASF ChemTrade GmbH	Burgbernheim	100.0	100.0
BASF Coatings Services GmbH	Dortmund	100.0	
BASF Color Solutions Germany GmbH	Cologne	100.0	
BASF Fuel Cell GmbH	Ludwigshafen (Rhine)	100.0	
BASF Immobilien-Gesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
BASF Innovationsfonds GmbH	Ludwigshafen (Rhine)	100.0	100.0
BASF IT Services Consult GmbH	Hamburg	100.0	
BASF Jobmarkt GmbH	Ludwigshafen (Rhine)	100.0	100.0

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
BASF Lizenz GmbH	Ludwigshafen (Rhine)	100.0	
BASF Mobilienleasing GmbH	Ludwigshafen (Rhine)	100.0	
BASF VC Beteiligungs und Managementgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
BASF watertechnologies Beteiligungs GmbH	Schwarzheide	100.0	100.0
BFC Research GmbH	Ludwigshafen (Rhine)	100.0	
Cela Farbenfabrik C. Lagoni & Sohn GmbH & Co. KG	Kiel	100.0	
Cela Farbenfabrik C. Lagoni Verwaltungs-GmbH	Kiel	100.0	
Cognis Trust Management GmbH	Düsseldorf	100.0	
Elastogran Innovationsprojekte Beteiligungsgesellschaft mbH	Lemförde	100.0	
Elfte BASF Projektentwicklungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
Fünfte BASF Chemiebetriebungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Fünfte BASF Erwerbsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Fünfte BASF Finanzbeteiligungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Fünfte BASF Projektentwicklungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Gesellschaft zur Förderung der Lackkunst mbH	Münster	100.0	
Gewerkschaft des konsolidierten Steinkohlenbergwerks Breitenbach GmbH	Ludwigshafen (Rhine)	100.0	100.0
Gewerkschaft Röchling GmbH	Kassel	100.0	
Guano-Werke Pensionsverwaltung GmbH	Ludwigshafen (Rhine)	100.0	
Guano-Werke Verwaltungs GmbH	Ludwigshafen (Rhine)	100.0	
Haidkopf GmbH	Kassel	100.0	
Industriekraftwerk Greifswald GmbH	Kassel	50.02	
LUCARA Immobilienverwaltungs GmbH	Ludwigshafen (Rhine)	100.0	100.0
LUWOG consult GmbH	Ludwigshafen (Rhine)	100.0	
ME Projektentwicklung GmbH i.L.	Ludwigshafen (Rhine)	100.0	
Metanomics Health GmbH	Berlin	100.0	
NEL Gastransport GmbH	Kassel	50.02	
Nordkaspische Explorations- und Produktions GmbH	Kassel	100.0	
Projektentwicklungs-GmbH Friesenheimer Insel	Ludwigshafen (Rhine)	100.0	100.0
SGS-Schwarzheider Gastronomie und Service GmbH	Schwarzheide	100.0	
Ultraform Verwaltungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
W & G Transport Holding GmbH	Kassel	50.02	
W & G Verwaltungs-GmbH	Kassel	50.02	
WINGAS GbR	Kassel	100.0	
WINGAS Sales GmbH	Kassel	50.02	
Wintershall Lenkoran GmbH	Kassel	100.0	
Wintershall Libyen Oil & Gas GmbH	Kassel	100.0	
Wintershall Middle East GmbH	Kassel	100.0	
Wintershall Russland GmbH	Kassel	100.0	
Zweite BASF Immobilien-Gesellschaft mbH	Ludwigshafen (Rhine)	100.0	95.0
<b>Europe (excluding Germany)</b>			
Allied Colloids Overseas Ltd.	Cheadle, United Kingdom	100.0	
Amylogene Handelsbolaget	Svalöv, Sweden	100.0	
AWIAG Ltd.	Birkirkara, Malta	100.0	
BASF Coatings Boya Sanayi ve Ticaret A.S.	Istanbul, Turkey	100.0	
BASF Coatings Refinish Ltd.	Didcot, United Kingdom	100.0	
BASF Coatings Services AB	Hisings Kärra, Sweden	100.0	
BASF Coatings Services AG	Zurich, Switzerland	100.0	
BASF Coatings Services B.V.	Maarsse, the Netherlands	100.0	
BASF Coatings Services GmbH	Eugendorf, Austria	100.0	
BASF Coatings Services Italy Srl	Cesano Maderno, Italy	100.0	
BASF Coatings Services S.A.	Prior Velho, Portugal	99.71	
BASF Coatings Services S.A.	Guadalajara, Spain	99.71	
BASF Coatings Services S.A.	Bornem, Belgium	100.0	
BASF Coatings Services S.A.S.	Compans, France	100.0	
BASF Coatings Services S.R.L.	Bucharest, Romania	100.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
BASF Coatings Services s.r.o.	Bratislava, Slovakia	100.0	
BASF Coatings Services Sp.z.o.o.	Kobylnica, Poland	100.0	
BASF Coatings Storitve d.o.o.	Ljubljana, Slovenia	100.0	
BASF Color Solutions France S.A.S.	Clermont de l'Oise, France	100.0	
BASF Construction Chemicals BH d.o.o.	Sarajevo, Bosnia-Herzegovina	100.0	
BASF Controls Ltd.	Widnes, United Kingdom	100.0	
BASF Cork Ltd.	Cork, Ireland	100.0	
BASF Croatia d.o.o.	Zagreb, Croatia	100.0	100.0
BASF EOOD	Sofia, Bulgaria	100.0	100.0
BASF IBC Admixture Systems Limited	Dublin, Ireland	100.0	
BASF IT Services Holding Ltd.	Cheadle, United Kingdom	100.0	
BASF IT Services Ltd.	Cheadle, United Kingdom	100.0	
BASF IT Services N.V.	Waterloo, Belgium	100.0	
BASF IT Services S.A.	Tarragona, Spain	100.0	
BASF IT Services Spa	Cesano Maderno, Italy	100.0	
BASF Minerals Oy	Helsinki, Finland	100.0	
BASF Poliuretany Polska Sp.z o.o.	Srem, Poland	100.0	
BASF Polyuretány Slovensko s.r.o.	Malacky, Slovakia	100.0	
BASF Polyurethanes Nordic AB	Angered, Sweden	100.0	
BASF S.R.L.	Bucharest, Romania	100.0	100.0
BASF Slovenija d.o.o.	Ljubljana, Slovenia	100.0	100.0
BASF Srbija d.o.o.	Belgrade, Serbia	100.0	100.0
BASF UAB	Wilna, Lithuania	100.0	100.0
Boots Galenika d.o.o.	Belgrade, Serbia	51.0	51.0
BTC Speciality Chemical Distribution A/S	Copenhagen, Denmark	100.0	
BTC Speciality Chemical Distribution Ltd.	Cheadle, United Kingdom	100.0	
BTC Speciality Chemical Distribution N.V.	Waterloo, Belgium	100.0	
BTC Speciality Chemical Distribution S.A.S.	Levallois-Perret, France	100.0	
BTC Speciality Chemical Distribution S.L.	Barcelona, Spain	100.0	
BTC Speciality Chemical Distribution Spa	Cesano Maderno, Italy	100.0	
Chem2U AG	Basel, Switzerland	100.0	
Ciba Scandinavia AB	Västra Frölunda, Sweden	100.0	
Ciba Services AG	Basel, Switzerland	100.0	
Ciba Specialty Chemicals Water Treatments B.V.	Maastricht, the Netherlands	100.0	
Ciba Specialty Chemicals Water Treatments N.V.	Groot-Bijgaarden, Belgium	100.0	
Ciba UK Pension Trust Ltd.	Cheadle, United Kingdom	100.0	
Cognis Pension Trustee Ltd.	Southampton, United Kingdom	100.0	
Cognis Performance Chemicals UK Ltd.	Southampton, United Kingdom	100.0	
Cognis Specialty Organics Far East Ltd.	Southampton, United Kingdom	100.0	
Engelhard Arganda S.L.	Tarragona, Spain	100.0	100.0
FLLC BASF	Minsk, Belarus	100.0	
Hythe Chemicals Ltd.	Southampton, United Kingdom	100.0	
Inca Bronze Powders Ltd.	Cheadle, United Kingdom	100.0	
Interlates Ltd.	Cheadle, United Kingdom	100.0	
Kiinteistö Oy Raisio Koepainolaitos	Raisio, Finland	100.0	
Lipogene AB	Svalöv, Sweden	100.0	
Magenta Master Fibers Srl	Milan, Italy	60.0	
MetalFX Technology Ltd.	Cheadle, United Kingdom	100.0	
Novolyte Technologies SPRL	Brussels, Belgium	100.0	
OOO Cognis Rus	Moscow, Russian Federation	100.0	
Plant Science Sweden AB	Svalöv, Sweden	100.0	
Relius Nederland B.V.	Deurne, the Netherlands	100.0	
Sorex Ltd.	Widnes, United Kingdom	100.0	
Tasfiye Halinde Meges Boya Sanayi ve Ticaret A.S.	Istanbul, Turkey	75.46	
The MicroBio Group Limited	Littlehampton, United Kingdom	100.0	
The Sheffield Smelting Co. Ltd.	Cheadle, United Kingdom	100.0	
Wingas Benelux B.V.B.A.	Brussels, Belgium	50.02	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
Wintershall (UK) Ltd.	Aberdeen, United Kingdom	100.0	
Wintershall Exploration and Production International C.V.	Rijswijk, the Netherlands	100.0	
Wintershall Gas spol. s.r.o.	Prague, Czech Republic	100.0	
Wintershall Global Support B.V.	Rijswijk, the Netherlands	100.0	
Wintershall Nederland Transport and Trading B.V.	Rijswijk, the Netherlands	100.0	
Wintershall Services B.V.	Rijswijk, the Netherlands	100.0	
<b>Nordamerika</b>			
Automotive Refinish Technologies Inc.	Mississauga, Ontario, Canada	100.0	
Automotive Refinish Technologies LLC	Southfield, Michigan, USA	100.0	
BASF Construction Canada Holdings Inc.	Mississauga, Ontario, Canada	100.0	
BASF de El Salvador S.A. de C.V.	San Salvador, El Salvador	100.0	99.95
BASF de Guatemala S.A.	Ciudad de Guatemala, Guatemala	100.0	99.0
BASF de Nicaragua S.A.	Managua, Nicaragua	99.92	
BASF Fuel Cell Inc.	Somerset, New Jersey, USA	100.0	
BASF Metasheen	Smith Falls, Ontario, Canada	100.0	
BASF Qtech (Canada) Inc.	Mississauga, Ontario, Canada	70.0	
BASF Venture Capital America Inc.	Fremont, California, USA	100.0	
Becker Underwood Inoculants LLC	Ames, Iowa, USA	100.0	
Ciba Metasheen Investment Inc.	Smith Falls, Ontario, Canada	100.0	
Ciba S.A. (ACC)	Guatemala City, Guatemala	100.0	
DNA Landmarks Inc.	Saint-Jean-sur-Richelieu, Canada	100.0	
Engelhard Energy Corporation	Florham Park, New Jersey, USA	100.0	
Engelhard Power Marketing Inc.	Florham Park, New Jersey, USA	100.0	
Mustang Property Corporation	Florham Park, New Jersey, USA	100.0	
Styrolution Mexicana S.A. de C.V.	México D.F., Mexico	51.0	
Thousand Springs Trout Farms Inc.	Florham Park, New Jersey, USA	100.0	
Whitmire Micro-Gen Research Laboratories Inc.	Florham Park, New Jersey, USA	100.0	
<b>Asia Pacific</b>			
Allied Colloids (Asia) Ltd.	Hong Kong, China	100.0	
Allied Colloids (Australia) Pty. Ltd.	Wyong, New South Wales, Australia	100.0	
Allied Colloids Chemicals (Far East) Pte. Ltd.	Singapore	100.0	
BASF Bangladesh Ltd.	Dhaka, Bangladesh	76.41	76.41
BASF Chemicals and Polymers Pakistan (Private) Ltd.	Karachi, Pakistan	100.0	100.0
BASF Chemicals India Pvt. Ltd.	Mumbai, India	100.0	
BASF China Limited	Hong Kong, China	100.0	
BASF Coatings + Inks Philippines Inc.	Metro Manila, Philippines	100.0	
BASF Coatings Australia Pty. Ltd.	Wetherill Park, New South Wales, Australia	100.0	
BASF Coatings International Trade (Shanghai) Co. Ltd.	Shanghai, China	100.0	
BASF Construction Chemicals (Beijing) Co. Ltd.	Beijing, China	100.0	
BASF Construction Chemicals Australia Pty. Ltd.	Seven Hills, New South Wales, Australia	100.0	
BASF Construction Chemicals Malaysia Sdn. Bhd.	Petaling Jaya, Malaysia	100.0	16.93
BASF Construction Systems (China) Co. Ltd.	Huzhou, China	100.0	
BASF Grameen Ltd.	Dhaka, Bangladesh	99.5	99.5
BASF Lanka (Private) Limited	Colombo, Sri Lanka	100.0	99.99
BASF LLC	Ulaanbaatar, Mongolia	100.0	
BASF Philippines Inc.	Taguig, Philippines	100.0	100.0
BASF Polyurethanes (Malaysia) Sdn. Bhd.	Shah Alam, Malaysia	100.0	
BASF Polyurethanes (Tianjin) Co. Ltd.	Tianjin, China	100.0	
BASF See Sen Sdn. Bhd.	Kuala Lumpur, Malaysia	70.0	70.0
BASF Trading (Shanghai) Co. Ltd.	Shanghai, China	100.0	
Becker Underwood Australia Pty. Ltd.	Somersby, New South Wales, Australia	100.0	
Becker Underwood Pty. Ltd.	Somersby, New South Wales, Australia	100.0	
BNC Color Techno Co. Ltd.	Kanagawa, Japan	100.0	
Ciba (Malaysia) Sdn. Bhd.	Shah Alam, Malaysia	100.0	
Cognis (Malaysia) Sdn. Bhd.	Subang Jaya, Malaysia	100.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
Cognis Australia Pty. Ltd.	Tullamarine, Victoria, Australia	100.0	
Cognis Chemicals (HK) Ltd.	Hong Kong, China	100.0	
Cognis Chemicals Trade (Shanghai) Co. Ltd.	Shanghai, China	100.0	
Cognis Taiwan Ltd.	Taipei, Taiwan R.O.C.	100.0	
Cognis Thai Ltd.	Bangkok, Thailand	100.0	
Doobon Fine Chemical Co. Ltd.	Chungwon, South Korea	63.0	
Engelhard (Shanghai) Co. Ltd.	Shanghai, China	100.0	
Lig Ace Co. Ltd.	Fukui, Japan	60.0	
Magenta Master Fibers Shanghai Ltd.	Shanghai, China	60.0	
P.T. Intercipta Kimia Pratama	Serang, Indonesia	60.0	
P.T. Kapo Kimia Kencana	Jakarta, Indonesia	99.99	
Shanghai MBT & SCG High-Tech Construction Chemical Co. Ltd.	Shanghai, China	60.0	
Taiko Shoji Ltd.	Tokorozawa-shi, Japan	60.0	
Yueyang Tairui Specialty Chemicals Co. Ltd.	Yueyang, China	55.0	
<b>South America, Africa, Middle East</b>			
Aislapol S.A.	Santiago, Chile	100.0	
BASF Bolivia S.R.L.	Santa Cruz de la Sierra, Bolivia	100.0	99.99
BASF Coatings (Pty.) Ltd.	Johannesburg, South Africa	100.0	
BASF Coatings Services (Pty.) Ltd.	Cape Town, South Africa	100.0	
BASF Commerce Venezuela S.A.	Caracas, Venezuela	100.0	1.0
BASF Construction Chemicals ORIA FZE	Dubai, United Arab Emirates	100.0	
BASF Construction Chemicals Perú Sociedad Anonima	Lima, Peru	70.0	
BASF East Africa Ltd.	Nairobi, Kenya	100.0	99.9
BASF Ecuatoriana S. A.	Quito, Ecuador	100.0	99.96
BASF Iran (PJS) Company	Tehran, Iran	100.0	
BASF Kaspian Yapi kimyasallari Sanayimehud mesuliyyeti cemiyyeti	Sumqayit, Azerbaijan	80.0	
BASF Ltd.	Cairo, Egypt	100.0	99.18
BASF Maroc S.A.	Casablanca, Morocco	100.0	100.0
BASF Paraguay S.A.	Asunción, Paraguay	100.0	99.97
BASF Polyurethanes Pars (PJS) Company	Tehran, Iran	100.0	
BASF Polyurethanes South Africa (Pty.) Ltd.	Edenvale, South Africa	100.0	
BASF S.p.A.	Algiers, Algeria	100.0	100.0
BASF Uruguay S.A.	Montevideo, Uruguay	100.0	100.0
BASF Venezolana S. A.	Caracas, Venezuela	100.0	73.67
BASF West Africa Ltd.	Lagos, Nigeria	100.0	
Becker Underwood BioAg SA (Pty.) Ltd.	Albert Terrace, South Africa	100.0	
Becker Underwood Argentina S.A.	Buenos Aires, Argentina	100.0	
Becker Underwood Chile Ltda.	Santiago, Chile	100.0	
Ciba (Pty.) Ltd.	Spartan, South Africa	100.0	
Ciba Middle East W.L.L.	Manama, Bahrain	100.0	
Cognis de Colombia S.A.	Yumbo, Colombia	100.0	
Cognis South Africa (Pty.) Ltd.	Gauteng, South Africa	100.0	
Cyanamid Limited	Lilongwe, Malawi	100.0	
Cyanamid Zimbabwe (Pvt.) Ltd.	Workington, Zimbabwe	100.0	
Engelhard (South Africa) (Pty.) Ltd.	Port Elizabeth, South Africa	100.0	
Engelhard Peru S.A.	Lima, Peru	100.0	
Jordanian Swiss Company for Manufacturing & Marketing Construction	Amman, Jordan	80.0	
Wintershall BM-C-10 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall BM-C-19 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall BM-ES-1 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall BM-ES-7 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall Chile Ltda.	Santiago, Chile	100.0	
Wintershall do Brasil Serviços Ltda.	Rio de Janeiro, Brazil	100.0	

## 2. Subsidiaries not consolidated due to immateriality

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
<b>Germany</b>			
ARG Verwaltungs GmbH	Duisburg	20.0	20.0
Aurentum Innovationstechnologien GmbH	Mainz	48.2	
Cavis Microcaps GmbH	Mainz	24.46	
EPS Ethylen-Pipeline-Süd GmbH & Co. KG	Munich	20.1	20.1
Erdgas Münster GmbH	Münster	28.77	
GAG Ludwigshafen am Rhein AG für Wohnungs-, Gewerbe- und Städtebau	Ludwigshafen (Rhine)	30.0	
InfraLeuna Beteiligung-GmbH	Leuna	27.0	
KARANTO Corrosion Protection Technologies GmbH	Düsseldorf	50.0	
KTL Kombi-Terminal Ludwigshafen GmbH	Ludwigshafen (Rhine)	40.0	40.0
Nowega GmbH	Münster	28.77	
Projektförderung Initiative für Beschäftigung für Westfalen GmbH	Münster	25.0	
Solvin Europe GmbH	Hanover	25.2	25.2
WIEH Verwaltungs-GmbH	Kassel	50.0	
ZEMBET Entwicklungsgesellschaft mbH	Ulm	50.0	
<b>Europe (excluding Germany)</b>			
ARA Kaisten AG	Kaisten, Switzerland	25.0	
BASF DOW HPPO B.V.	Hoek, the Netherlands	50.0	
BASF DOW HPPO Technology B.V.	Hoek, the Netherlands	50.0	
bci Betriebs-AG	Basel, Switzerland	42.54	
Combinant N.V.	Antwerp, Belgium	45.0	
Cseber Non-Profit Közhasznú Kft.	Budapest, Hungary	22.72	
Ellba B.V.	Arnhem, the Netherlands	50.0	
Forest Pilot Center Oy	Raisio, Finland	45.0	
Gestio de Residus Especiales de Catalunya S.A.	Tarragona, Spain	33.34	
OOO Elastokam	Nishnekamsk, Russian Federation	50.0	
OOO Wolgodeminoil	Wolgograd, Russian Federation	50.0	
Société de Participation dans l'Industrie et le Transport du Pétrole S.A.R.L.	Neuilly-sur-Seine, France	27.22	27.22
TAPP A. I. E. Terminal de Atraque de Prod. Petroquim	Tarragona, Spain	50.0	
WIEE Bulgaria EOOD	Sofia, Bulgaria	50.0	
WIEE Hungary Kft.	Budapest, Hungary	50.0	
WIROM GAS S.A.	Bucharest, Romania	25.56	
<b>North America</b>			
Allylix Inc.	San Diego, California, USA	25.1	
Buckeye Products Pipeline LP	Houston, Texas, USA	22.0	
Fort Amanda Specialities LLC	Lima, Ohio, USA	50.0	
Gulf Coast Pipeline LP	Houston, Texas, USA	22.0	
NanoMas Inc.	Binghamton, New York, USA	33.45	
Novolyte Technologies GP LLC	Independence, Ohio, USA	49.0	
Sion Power Corporation	Tucson, Arizona, USA	20.0	
Splice Sleeve North America Inc.	Ontario, California, USA	32.5	
<b>Asia Pacific</b>			
Nihon Splice Sleeve Ltd.	Tokyo, Japan	32.5	
Nippon Alkyl Phenol Co. Ltd.	Tokyo, Japan	50.0	
Nisso BASF Agro Co. Ltd.	Tokyo, Japan	45.0	45.0
Novolyte Technologies (Nantong) Co. Ltd.	Nantong, China	49.0	
Pigment Manufactures of Australia Ltd.	Laverton, Victoria, Australia	50.0	
Santoku BASF Pte. Ltd.	Singapore	49.0	49.0
Xiangtan Chemicals & Pigments Co. Ltd.	Xiangtan, China	49.0	
Yugen Kaisha Sankyo Shoji	Osaka, Japan	42.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
<b>South America, Africa, Middle East</b>			
BASF Construction Chemicals LLC	Maskat, Oman	34.3	
BASF Kanoo Gulf FZE	Dubai, United Arab Emirates	49.0	
BASF Kanoo Gulf LLC	Dubai, United Arab Emirates	49.0	49.0
BASF Kanoo Polyurethane Systems LLC (Dubai)	Dubai, United Arab Emirates	49.0	
BASF Trading Egypt (SAE)	Cairo, Egypt	48.0	
BASF Tunisie S.A.	Tunis, Tunisia	49.0	49.0
Elastogran Kanoo Polyurethane Systems LLC (Abu Dhabi)	Abu Dhabi, United Arab Emirates	49.0	

### 3. Participating interests of between 5 and 20 percent in major corporations (Section 285(11) of the German Commercial Code)

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
InfraLeuna GmbH	Leuna	6.62		417.6*	15.1*	EUR
VNG - Verbundnetz Gas Aktiengesellschaft	Leipzig	15.79		424.1*	(260.3)*	EUR
<b>Europe (excluding Germany)</b>						
Solvias AG	Basel, Switzerland	5.73		18.7*	0.1*	CHF
Société du Pipeline Sud-Européen S.A.	Neully sur Seine, France	14.28	10.0	23.1*	6.1*	EUR
<b>Asia Pacific</b>						
Eternal Specialty Chemical (Zhuhai) Co. Ltd.	Zhuhai, China	10.0		451.9**	62.4**	CNY

\* Financial Statements 2011

\*\* Preliminary Financial Statements for 2012

### III. Information on subsidiaries

The German subsidiaries listed below, which have the legal form of either a corporation or a partnership, make use of the exemptions offered by Section 264(3) or Section 264b of the German Commercial Code, respectively:

Company	Headquarters
BASF Agro Trademarks GmbH	Ludwigshafen (Rhine)
BASF Akquisitions GmbH,	Ludwigshafen (Rhine)
BASF Battery Technology Investment GmbH & Co. KG	Ludwigshafen (Rhine)
BASF Bautechnik GmbH	Trostberg
BASF Beteiligungsgesellschaft mbH	Ludwigshafen (Rhine)
BASF Catalysts Germany GmbH	Hanover
BASF Catalysts Grundbesitz GmbH	Ludwigshafen (Rhine)
BASF Coatings GmbH	Münster
BASF Coatings Oldenburg GmbH (formerly Relius Coatings GmbH & Co. KG)	Oldenburg
BASF Construction Chemicals GmbH	Trostberg
BASF Construction Polymers GmbH	Trostberg
BASF Grenzach GmbH	Grenzach-Wyhlen
BASF Handels- und Export GmbH	Ludwigshafen (Rhine)
BASF Immobilien Pigment GmbH	Ludwigshafen (Rhine)
BASF Isocyanate China Investment GmbH	Ludwigshafen (Rhine)
BASF IT Services GmbH	Ludwigshafen (Rhine)
BASF IT Services Holding GmbH	Ludwigshafen (Rhine)



<b>Company</b>	<b>Headquarters</b>
BASF Lampertheim GmbH	Lampertheim
BASF Leuna GmbH	Leuna
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhine)
BASF Performance Polymers GmbH	Rudolstadt
BASF Personal Care and Nutrition GmbH	Monheim
BASF PharmaChemikalien GmbH & Co. KG	Ludwigshafen (Rhine)
BASF Pigment GmbH	Ludwigshafen (Rhine)
BASF Plant Science Company GmbH	Ludwigshafen (Rhine)
BASF Plant Science GmbH	Ludwigshafen (Rhine)
BASF Polyurethanes GmbH	Lemförde
BASF Schwarzheide GmbH *	Schwarzheide
BASF Services Europe GmbH	Berlin
BASF Specialty Chemicals Marketing GmbH	Ludwigshafen (Rhine)
BASF Trostberger Grundbesitz GmbH	Ludwigshafen (Rhine)
BASF US Verwaltung GmbH	Ludwigshafen (Rhine)
BASF Wall Systems GmbH & Co. KG	Marktredwitz
BASF watertechnologies GmbH & Co. KG	Ludwigshafen (Rhine)
BPG Immobilien GmbH	Ludwigshafen (Rhine)
BPS-Finanzbeteiligungsgesellschaft mbH	Ludwigshafen (Rhine)
BTC Europe GmbH (formerly BTC Speciality Chemical Distribution GmbH)	Monheim
Cognis Holding GmbH	Ludwigshafen (Rhine)
Cognis International GmbH	Monheim
Cognis IP Management GmbH	Düsseldorf
Construction Research & Technology GmbH	Trostberg
Dr. Wolman GmbH	Sinzheim
E & A Internationale Explorations- und Produktions-GmbH	Ludwigshafen (Rhine)
GEWOGGE Wohnungsunternehmen der BASF GmbH	Ludwigshafen (Rhine)
Grünau Illertissen GmbH	Illertissen
Guano-Werke GmbH & Co. KG	Ludwigshafen (Rhine)
inge GmbH	Greifenberg
LUWOGGE GmbH	Ludwigshafen (Rhine)
Metanomics GmbH	Berlin
PCI Augsburg GmbH	Augsburg
PolyAd Services GmbH	Lampertheim
SunGene GmbH	Gatersleben
Wintershall Erdgas Beteiligungs-GmbH	Kassel
Wintershall Russia Holding GmbH	Kassel
Wintershall Vermögensverwaltungsgesellschaft mbH	Kassel

\* As in the previous year, exemption clause applied only for Management's Analysis

Disclosures pursuant to Section 285(11a) of the German Commercial Code (position of BASF SE as shareholder with unlimited liability)

<b>Company</b>	<b>Headquarters</b>
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhine)

Ludwigshafen am Rhein, February 20, 2013

Board of Executive Directors

## Assurance pursuant to Sections 264(2), 289(1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the Financial Statements of BASF SE give a true and fair view of the assets, liabilities, financial position and profit situation of BASF SE, and Management's Analysis of BASF SE includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of BASF SE.

Ludwigshafen am Rhein, February 20, 2013



**Dr. Kurt Bock**  
Chairman of the Board of Executive Directors



**Dr. Martin Brudermüller**  
Vice Chairman of the Board of Executive Directors



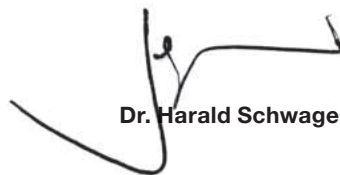
**Dr. Hans-Ulrich Engel**  
Chief Financial Officer



**Michael Heinz**



**Dr. Andreas Kreimeyer**



**Dr. Harald Schwager**



**Wayne T. Smith**



**Margret Suckale**

## Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the Management's Analysis of BASF SE, Ludwigshafen am Rhein, for the business year from January 1, 2012 to December 31, 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the Management's Analysis based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the Management's Analysis are detected with reasonable assurance. Knowledge of the business activities and

the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the Management's Analysis are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and Management's Analysis. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The Management's Analysis is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 20, 2013

KPMG AG  
Wirtschaftsprüfungsgesellschaft

**Prof. Dr. Schindler**  
Wirtschaftsprüfer

**Fischer**  
Wirtschaftsprüferin

## Further information

You can find this and other BASF publications online at [www.basf.com](http://www.basf.com)

## Contact

### General inquiries

Phone: +49 621 60-0, Fax: +49 621 60-42525

### Corporate Media Relations

Jennifer Moore-Braun, Phone: +49 621 60-99123

### Investor Relations

Magdalena Moll, Phone: +49 621 60-48230, Fax: +49 621 60-22500

### Internet

[www.basf.com](http://www.basf.com)

**BASF SE**, 67056 Ludwigshafen, Germany