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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 BASF.

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

Direction and management by the Board of Executive Directors

- Board of Executive Directors strictly separated from the Supervisory Board
- Determines corporate goals and strategic orientation
- Reports to Supervisory Board

The Board of Executive Directors is responsible for the management of the company, and represents BASF SE in business with third parties. BASF’s Board of Executive Directors is strictly separated from the Supervisory Board, which monitors the activity of the Board of Executive Directors and decides on its composition. A member of the Board of Executive Directors cannot simultaneously be a member of the Supervisory Board. As the central duty of company management, the Board of Executive Directors agrees on the corporate goals and strategic direction of the BASF Group as well as their individual business areas; determines the company’s internal organization; and decides on the composition of management on the levels below the Board. It also manages and monitors BASF Group business 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. This includes the establishment of appropriate controls and risk management systems.

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 at regularly held Board meetings called by the Chairman of the Board of Executive Directors. Board decisions are generally based on detailed information and analyses provided by the business areas and specialist units, and, if deemed necessary, by external consultants. Board decisions can generally be made via 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. For the preparation of important decisions, such as those on acquisitions, divestitures, investments and personnel, the Board has various commissions at the level below the Board that carefully assess the planned measure and evaluate the associated opportunities and risks, and based on this information, report and make recommendations to the Board – independently of the affected business area.

The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to planning, business development, risk situation, risk management and compliance. Furthermore, the Board of Executive Directors coordinates the company’s strategic orientation with the Supervisory Board.
The Statutes of BASF SE 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, as well as the issue of bonds or comparable financial instruments. However, this is only necessary if the acquisition or disposal price or the amount of the issue in an individual case exceeds 3% of the equity reported in the last approved Consolidated Financial Statements of the BASF Group.

For more on risk management, see the Forecast from page 113 onward.

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 138. Compensation of the Board of Executive Directors is described in detail in the Compensation Report from page 140 onward.

Supervision of company management by the Supervisory Board

- Supervisory Board appoints, monitors and advises Board of Executive Directors
- Four Supervisory Board committees

The Supervisory Board appoints the members of the Board of Executive Directors and supervises and advises the Board on management issues. As members of the Supervisory Board cannot simultaneously be on the Board of Executive Directors, a high level of autonomy is already structurally ensured with regard to the supervision of the Board of Executive Directors.

Together with the SE Council Regulation, the Statutes of BASF SE and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement) constitute the relevant legal basis for the size and composition of the Supervisory Board. In November 2015, the Employee Participation Agreement was supplemented by several stipulations implementing the statutory regulations on the minimum percentage of women and men in the Supervisory Board as of January 1, 2016. The German Codetermination Act does not apply to BASF as a European stock corporation (Societas Europaea, SE).

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

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 four Supervisory Board Committees: the Personnel Committee, the Audit Committee, the Nomination Committee and, as of 2015, the Strategy Committee.

For more on the Statutes of BASF SE and the Employee Participation Agreement, see basf.com/en/cg/investor.

The members of the Supervisory Board of BASF SE, including their membership on the supervisory bodies of other companies, are listed on page 139.

Compensation of the Supervisory Board is described in the Compensation Report from page 146 onward.
Personnel Committee

Members:
Dr. Jürgen Hambrecht (Chairman), Michael Diekmann, Robert Oswald, Michael Vassiliadis

Duties:
– Prepares the appointment of members to the Board of Executive Directors by the Supervisory Board as well as the employment contracts to be entered into with members of the Board of Executive Directors
– When making recommendations for appointments to the Board of Executive Directors, considers professional qualifications, international experience and leadership skills as well as long-term succession planning, diversity, and especially the appropriate consideration of women
– Prepares the resolutions made by the Supervisory Board with regard to the system and determination of the amount of compensation paid to members of the Board of Executive Directors

Audit Committee

Members:
Dame Alison Carnwath DBE (Chairwoman), Ralf-Gerd Bastian, Franz Fehrenbach, Michael Vassiliadis

Duties:
– 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
– 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
– Is responsible for business relations with the company’s external auditor; prepares the Supervisory Board’s proposal to the Annual Shareholders’ Meeting regarding the selection of an auditor, monitors the auditor’s independence, defines the focus areas of the audit together with the auditor, negotiates auditing fees and establishes the conditions for the provision of the auditor’s nonaudit services
– Is authorized to request any information that it deems necessary from the auditor or Board of Executive Directors; 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

Nomination Committee

Members:
Dr. Jürgen Hambrecht (Chairman), Dame Alison Carnwath DBE, Prof. Dr. François Diederich, Michael Diekmann, Franz Fehrenbach, Anke Schäferkordt

Duties:
– Identifies suitable candidates for the Supervisory Board based on objectives for the composition decided on by the Supervisory Board
– Prepares the recommendations made by the Supervisory Board for the election of Supervisory Board members for the Annual Shareholders’ Meeting

Strategy Committee

Members:
Dr. Jürgen Hambrecht (Chairman), Dame Alison Carnwath DBE, Michael Diekmann, Robert Oswald, Michael Vassiliadis

Duties:
– Handles the further development of the company’s strategy and prepares approval resolutions of the Supervisory Board on the company’s major acquisitions and divestitures
Objectives for Supervisory Board composition

- **Composition criteria: professional and personal qualifications, diversity, and independence**

One important concern of good corporate governance is to ensure that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board, are appropriately filled. Seats on the Board of Executive Directors and Supervisory Board 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; these were supplemented in the Supervisory Board meetings of December 20, 2012, and October 22, 2015. 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
- In the field of technical and scientific innovations in the chemical sector and associated industries as well as in the sectors using chemical products.

At least one independent member of the Supervisory Board must have expertise in the fields of accounting or auditing as per Section 100(5) of the German Stock Corporation Act. With regard to diversity, the Supervisory Board shall consider a variety of professional and international experience as well as the participation of women. 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. Since October 2015, there has been an additional objective for the composition: Membership on the Supervisory Board should generally not exceed 15 years; this corresponds to three regular statutory periods in office. The members of the Supervisory Board elected at the Annual Shareholders’ Meeting already fulfill this new objective with one exception.

In assessing independence, the Supervisory Board assumes that neither election as an employee representative, nor membership on the Board of Executive Directors more than two years in the past, taken together or in isolation, precludes the classification as independent.

On this basis, the Supervisory Board has determined that all of its current members can be considered independent. We firmly believe that the current composition fulfills the objectives with the aforementioned exception regarding the period of membership.

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

- **Minimum quota on Supervisory Board, target figures for Board of Executive Directors and top management**

On April 24, 2015, the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector came into force in Germany.

At BASF SE, this law is being put into practice as follows: According to Section 17(2) of the SE Implementation Act, the supervisory board of a publicly listed European society (SE) that is composed of the same number of shareholder and employee representatives must consist of at least 30% each of women and men. The Supervisory Board of BASF SE currently comprises nine men and three women. Two of the six shareholder representatives elected at the Annual Shareholders’ Meeting are women. Should any reappointments be necessary on the Supervisory Board of BASF SE, legal regulations – and the stipulations of the BASF SE Employee Participation Agreement based on them – dictate that the percentage of women be increased from the current figure of 25% to at least 30%; that is, four women. The legal minimum quota will therefore be reached after the next regular Supervisory Board election in 2019 at the latest.

Furthermore, pursuant to Section 111(5) of the German Stock Corporation Act, the Supervisory Board determined as a target figure for the Board of Executive Directors of BASF SE that the Board of Executive Directors should have at least one female member. This represents 12.5% of currently eight members of the Board of Executive Directors; the goal had already been reached at the time the target figure was determined.

In addition, the Board of Executive Directors decided on target figures for the proportion of women in the two management levels below the Board of Executive Directors of BASF SE as per the legal requirements in Section 76(4) of the German Stock Corporation Act: Women are to make up 9.4% of the leadership level directly below the Board, and the level below that is to comprise 11.8% women. This corresponds to the status at the time these target figures were determined.

The deadline for achieving these goals for the Board of Executive Directors of BASF SE and both management levels below has been set for December 31, 2016. After that, the company will review the numbers and subsequently decide on new target figures for BASF SE.

For more on women in executive positions in the BASF Group worldwide, see page 45.
Shareholders’ rights

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

Shareholders exercise their rights of co-administration and supervision at the Annual Shareholders’ Meeting. The Annual 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 Annual Shareholders’ Meeting either personally, through a representative of their choice or through a company-appointed proxy authorized by the shareholders to vote according to their instructions. There are neither voting caps to limit the number of votes a shareholder may cast nor special voting rights. BASF has fully implemented the principle of “one share, one vote.”

All shareholders entered in the share register are entitled to participate in the Annual Shareholders’ Meetings, to have their say concerning any item on the agenda and to request information about company issues insofar as this is necessary to make an informed judgment about the item on the agenda under discussion. Registered shareholders are also entitled to file motions pertaining to proposals for resolutions made by the Board of Executive Directors and Supervisory Board at the Annual Shareholders’ Meeting and to contest resolutions of the Meeting and have them evaluated for their lawfulness in court.

Shareholders who hold at least €500,000 of the company’s share capital, a quota corresponding to 390,625 shares, are furthermore entitled to request that additional items be added to the agenda of the Annual Shareholders’ Meeting.

Implementation of the German Corporate Governance Code

- BASF SE follows all recommendations of German Corporate Governance Code

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 2015. This also applies to the new recommendations regarding the Supervisory Board, for example, the determination of a maximum membership period on the Supervisory Board. In the same manner, BASF has followed nearly all of the nonobligatory suggestions of the German Corporate Governance Code. We have not implemented the suggestion to enable shareholders to follow the proceedings of the entire Annual Shareholders’ Meeting online. The Annual 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 Annual Shareholders’ Meeting as a meeting attended by our shareholders on-site.

For more on the Declaration of Conformity 2015, the implementation of the Code’s suggestions and the German Corporate Governance Code, see basf.com/en/governance
 Disclosure according to Section 315(4) of the German Commercial Code and the explanatory report of the Board of Executive Directors according to Section 176(1) Sentence 1 of the German Stock Corporation Act

As of December 31, 2015, 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 entitles the holder to one vote at the Annual Shareholders’ Meeting. Restrictions on the right to vote or transfer shares do not exist. The same rights and duties apply to all shares. According to the Statutes, shareholders are not entitled to receive share certificates. 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. Accordingly, the Supervisory Board determines the number of members of the Board of Executive Directors (at least two), appoints the members of the Board of Executive Directors, and can nominate a chairperson, as well as one or more vice-chairpersons. 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 Annual Shareholders’ Meeting. The Supervisory Board decides on appointments and dismissals according to its own best judgment.

According to Article 59(1) SE Council Regulation, amendments to the Statutes of BASF SE require a resolution of the Annual Shareholders’ Meeting adopted with at least a two-thirds majority of the votes cast, provided that the legal provisions applicable to German stock corporations under the German Stock Corporation Act do not stipulate or allow for larger majority requirements. In the case of amendments to the Statutes, 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(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 May 1, 2019, the Board of Executive Directors of BASF SE is empowered by a resolution passed at the Annual Shareholders’ Meeting of May 2, 2014, 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 against cash or contributions in kind (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 to a maximum amount of a total of 20% of share capital in certain exceptional cases that are defined in Section 5(8) of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization is not more than 10% of the stock of shares on the date of issue or, in eligible individual cases, to acquire companies or shares in companies in exchange for surrendering BASF shares.

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 shares 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.
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 noninvestment grade rating within 120 days after the change-of-control event.

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 page 146). 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 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 315(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(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 2015, a total of four purchases by members of the Board of Executive Directors and the Supervisory Board and members of their families subject to disclosure were reported as Directors’ Dealings, involving between 338 and 10,500 BASF shares. The price per share was between $75.99 and €85.92. The volume of the individual trades was between €28,184.13 and $797,895.00. The disclosed share transactions are published on the website of BASF SE.

Information on the auditor

The Annual Shareholders’ Meeting of April 30, 2015, elected KPMG AG Wirtschaftsprüfungsgeellschaft as the auditor of the BASF Group Consolidated Financial Statements and Management’s Report for the 2015 business year. KPMG is also auditor of the Financial Statements of BASF SE, and KPMG member firms audit the majority of companies included in the Consolidated Financial Statements. KPMG has been auditor of BASF SE since the 2006 Financial Statements. Hans-Dieter Krauß has been the responsible auditor since auditing the 2010 Financial Statements.
With our Group-wide Compliance Program, we aim to ensure adherence to legal regulations and the company’s internal guidelines. We have integrated compliance into our “We create chemistry” strategy. Our employee Code of Conduct firmly embeds these mandatory standards into everyday business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.

Compliance Program and Code of Conduct

- Compliance standards integrated into corporate values
- Regular compliance training for employees

Based on international standards, BASF’s Compliance Program combines important laws and company-internal policies – themselves exceeding legal requirements – with external voluntary commitments to create a framework regulating how all BASF employees interact with business partners, officials, colleagues and society. At the core of our Compliance Program is the global, standardized Code of Conduct received by every employee. All employees and managers are obligated to adhere to its guidelines, which describe proper conduct not only in terms of corruption and antitrust legislation, but also topics like human rights, labor and social standards, conflicts of interest, trade control, and protection of data privacy.

Abiding by compliance standards is the foundation of responsible leadership. This has been expressly embedded in our values, where we state: “We strictly adhere to our compliance standards.” We are convinced that compliance with these standards will not only prevent the disadvantages associated with violations, such as penalties and fines; we also view compliance as the right path toward securing our company’s long-term success.

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 legislation or trade control regulations. Training takes place in different formats, including face-to-face training, e-learning or workshops. In addition, we introduced a new e-learning program on trade control in 2015, focusing on export controls and embargos. In total, more than 64,000 employees worldwide took part in around 70,000 hours of compliance training in 2015.

For more on the BASF Code of Conduct, see basf.com/code_of_conduct
Compliance culture at BASF

We firmly believe that for corporate responsibility to be a success, there must be an active culture of living these guidelines within the company. This culture takes years to develop, and requires the consistent, reliable application of compliance standards. Because our Code of Conduct was introduced early on, these standards are already established and undisputed. In the Global Employee Survey conducted in 2015, the vast majority of our employees confirmed that their work environment places high value on proper conduct in alignment with internal company guidelines and standards. We consistently investigate any cases in which the answer to the corresponding question showed unit-specific anomalies.

Monitoring adherence to our Compliance principles

- Central role of Chief Compliance Officer and compliance officers
- 50 external hotlines worldwide
- Numerous internal compliance audits

BASF’s Chief Compliance Officer (CCO) manages the implementation of our Compliance Management System, supported by 94 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.

We particularly encourage our employees to actively and promptly seek guidance if in doubt. For this, they can consult not only their managers but also dedicated specialist departments and company compliance officers. We have also set up 50 external hotlines worldwide which our employees can turn to anonymously. We make sure that all concerns are processed and answered within a short amount of time.

In 2015, 357 calls and emails were received by our external hotlines (2014: 276). Concerns involved questions ranging from personnel management and handling of company property, to information on the behavior of business partners or human rights issues – such as labor and social standards. Increasing awareness was observed when it came to potential conflicts of interest. We launched case-specific investigations, in accordance with applicable law and internal regulations, into all cases of suspected misconduct that we became aware of. Confirmed violations were penalized, up to and including dismissal.

This involved making sure that the necessary action was taken in accordance with standardized company criteria. In the case of suspected corruption we reported to the relevant authorities in 2014, the penal proceedings against a former employee and the employee of a customer company did not confirm the corruption allegations.

BASF’s Corporate Audit department monitors adherence to compliance principles, covering all areas in which compliance violations could occur. They check that employees uphold regulations and make sure that the established processes, procedures and monitoring tools are appropriate and sufficient to minimize potential risk or preclude violations in the first place. In 2015, 92 Group-wide audits of this kind were performed (2014: 104), predominantly in the areas of antitrust law, imports and exports, and gifts and entertainment. If compliance audits reveal a need to optimize procedures or hone control measures, we implement them immediately.

We introduced a new global guideline on April 1, 2015, on “Due Diligence with Business Partners.” Based on this guideline, all of our business partners in sales and marketing are monitored for potential compliance risks. This is done by means of a checklist, a questionnaire distributed to the business partner, and an internet-based analysis; afterward, we document the results. We furthermore expect all suppliers to know of and act in accordance with our global Code of Conduct.

We support the United Nations’ Guiding Principles on Business and Human Rights and are constantly working to enhance our internal guidelines and processes in keeping with these principles. For example, we established an interdisciplinary, BASF-internal work group on this topic in 2015 in order to pool responsibilities in this area. Also outside of our company, we support the respect of human rights and the fight against corruption: We are, for example; a founding member of the United Nations Global Compact. As a member of Transparency International Deutschland and the Partnering Against Corruption Initiative (PACI) of the World Economic Forum, we assist in the implementation of these organizations’ objectives. As a member of the U.N. Global Compact LEAD, we report in accordance with the Blueprint for Corporate Sustainability Leadership.

For more on human rights and labor and social standards, see basf.com/human_rights
For more on suppliers, see page 94 onward
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, 2015

Dr. Kurt Bock
Chairman of the Board of Executive Directors
Degree: Business Administration; 57 years old; 25 years at BASF
Responsibilities: Legal, Taxes, Insurance & Intellectual Property; Strategic Planning & Controlling; Communications & Government Relations; Global Executive Human Resources; Investor Relations; Compliance
First appointed: 2003, Term expires: 2021

Dr. Martin Brudermüller
Vice Chairman of the Board of Executive Directors
Degree: Chemistry; 54 years old; 28 years at BASF
Responsibilities: Petrochemicals; Monomers; Intermediates; Process Research and Chemical Engineering; Corporate Technology & Operational Excellence; BASF New Business
First appointed: 2006, Term expires: 2021

Dr. Hans-Ulrich Engel
Degree: Law; 56 years old; 28 years at BASF
Responsibilities: Finance; Oil & Gas; Procurement; Information Services & Supply Chain Operations; Corporate Controlling; Corporate Audit
First appointed: 2008, Term expires: 2021

Sanjeev Gandhi
Degrees: Chemical Engineering, Master of Business Administration (MBA); 49 years old; 22 years at BASF
Responsibilities: Greater China & Functions Asia Pacific; South & East Asia, ASEAN & Australia/New Zealand
First appointed: 2014, Term expires: 2018

Wayne T. Smith
Degrees: Chemical Engineering, Business Administration (MBA); 55 years old; 12 years at BASF
Responsibilities: Catalysts; Coatings; Performance Materials; Market & Business Development North America; Regional Functions North America
First appointed: 2012, Term expires: 2020

Margret Suckale
Degrees: Law, Business Administration (MBA); 59 years old; 7 years at BASF
Responsibilities: Engineering & Maintenance; Environment, Health & Safety; European Site & Verbund Management; Human Resources
First appointed: 2011, Term expires: 2017

Michael Heinz
Degree: Business Administration (MBA); 51 years old; 32 years at BASF
Responsibilities: Dispersions & Pigments; Care Chemicals; Nutrition & Health; Performance Chemicals; Advanced Materials & Systems Research; Region South America; Perspectives
First appointed: 2011, Term expires: 2019

The following member left the Board of Executive Directors on April 30, 2015

Dr. Andreas Kreimeyer
Degree: Biology; 60 years old; 29 years at BASF
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 until April 30, 2015)

Comparable German and non-German controlling bodies:
BASF Antwerpen N.V. (Chairwoman of the Administrative Council)
Supervisory Board

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

The term of office of the Supervisory Board commenced following the Annual Shareholders’ Meeting on May 2, 2014, 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 2019. The Supervisory Board comprises the following members:

Dr. Jürgen Hambrecht, Neustadt an der Weinstraße, Germany
Chairman of the Supervisory Board of BASF SE
Former Chairman of the Board of Executive Directors of BASF SE (until May 2011)
Member of the Supervisory Board since: May 2, 2014
Supervisory Board memberships (excluding internal memberships):
Fuchs Petrolub SE (Chairman)
Trumpf GmbH & Co. KG (Chairman)
Daimler AG (member)
Comparative German and non-German controlling bodies:
Allianz SE (Chairman)
Erste Group Bank AG (Chairman)
Siemens AG (member)

Michael Diekmann, Munich, Germany
Vice Chairman of the Supervisory Board of BASF SE
Former Chairman of the Board of Management of Allianz SE
Member of the Supervisory Board since: May 6, 2003
Supervisory Board memberships (excluding internal memberships):
Fresenius Management SE (member)
Fresenius SE & Co. KGaA (Vice Chairman)
Linde AG (Vice Chairman)
Siemens AG (member)
Comparative German and non-German controlling bodies:
Allianz Australia Ltd. (non-executive Director)
Allianz France S.A. (Vice Chairman of the Administrative Council until February 9, 2015)
Allianz S.p.A. (member of the Administrative Council until February 6, 2015)

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 BASF’s Joint Works Council
Member of the Supervisory Board since: October 1, 2000

Ralf-Gerd Bastian, Neuhofen, Germany
Member of the Works Council of the Ludwigshafen site of BASF SE
Member of the Supervisory Board since: May 6, 2003

Dame Alison Carnwath DBE, Sidmouth, England
Senior Advisor Evercore Partners
Member of the Supervisory Board since: May 2, 2014
Comparative German and non-German controlling bodies:
Zurich Insurance Group AG (independent member of the Administrative Council)
Zürich Versicherungs-Gesellschaft AG (independent member of the Administrative Council)
Living Bridge Equity Partners LLP (non-executive Chairman of the Partnership Board)
Land Securities Group plc (non-executive Chairman of the Board of Directors)
PACCAR Inc. (independent member of the Board of Directors)
Coller Capital Ltd. (non-executive member of the Board of Directors since May 2015)

Wolfgang Daniel, Heidelberg, Germany
Vice Chairman of the Works Council of the Ludwigshafen site of BASF SE
Member of the Supervisory Board since: September 9, 1996

Prof. Dr. François Diederich, Zurich, Switzerland
Professor at the Swiss Federal Institute of Technology, Zurich, Switzerland
Member of the Supervisory Board since: May 19, 1998

Franz Fehrenbach, Stuttgart, Germany
Chairman of the Supervisory Board of Robert Bosch GmbH
Member of the Supervisory Board since: January 14, 2008
Supervisory Board memberships (excluding internal memberships):
Robert Bosch GmbH (Chairman)
Stihl AG (Vice Chairman)
Linde AG (member)
Comparative German and non-German controlling bodies:
Robert Bosch Corporation (member of the Board of Directors)
Stihl Holding AG & Co. KG (member of the Advisory Board)

Francesco Grioli, Ronnenberg, Germany
Regional manager of the Rhineland-Palatinate/Saarland branch of the Mining, Chemical and Energy Industries Union
Member of the Supervisory Board since: May 2, 2014
Supervisory Board memberships (excluding internal memberships):
Gerresheimer AG (Vice Chairman)
Villeroy & Boch AG (member)
Comparative German and non-German controlling bodies:
V & B Fliesen GmbH (member)
Steag New Energies GmbH (Vice Chairman)

Anke Schäferkordt, Cologne, Germany
Member of the Executive Board of Bertelsmann SE & Co. KGaA
Co-CEO of RTL Group S.A.
Chief Executive Officer of RTL Television GmbH
Member of the Supervisory Board since: December 17, 2010
Supervisory Board memberships (excluding internal memberships):
Software AG (member until May 13, 2015)
Comparative German and non-German controlling bodies:
Groupe M6 (member of the Supervisory Board since April 28, 2015)

Denise Schellemans, Brecht, Belgium
Full-time trade union delegate
Member of the Supervisory Board since: January 14, 2008

Michael Vassiliadis, Hannover, Germany
Chairman of the Mining, Chemical and Energy Industries Union
Member of the Supervisory Board since: August 1, 2004
Supervisory Board memberships (excluding internal memberships):
K+S Aktiengesellschaft (Vice Chairman)
Steag GmbH (Vice Chairman)
Evonik Industries AG (Vice Chairman)
RAG AG (Vice Chairman)
RAG DSK AG (Vice Chairman)
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 (GCGC) in its version of May 5, 2015.

Based on a proposal by the Personnel Committee, the Supervisory Board determines the amount and structure of compensation of members of the Board of Executive Directors. The amount and structure of compensation is determined by the company’s size, complexity and financial position, as well as the performance of the Board of Executive Directors. Internal and external appropriateness of the Board’s compensation is reviewed by external auditors on a regular basis. Globally operating companies based in Europe serve as an external reference. For internal comparison, compensation is considered in total as well as over time, especially for senior executives.

Principles

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 of the Board of Executive Directors comprises:

1. Fixed salary
2. Annual variable compensation
3. Share-price-based, long-term incentive (LTI) program
4. Nonmonetary compensation and other additional compensation
5. Company pension benefits

The compensation components are shown in detail below:

1. The fixed salary is a set amount of yearly compensation paid out in even installments. It is regularly reviewed by the Supervisory Board and adjusted, if necessary.

2. The actual annual variable compensation (variable bonus) is based on the performance of the entire Board of Executive Directors 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 Executive 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 goal achievement of the current year and the previous two 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 bonus into a deferred compensation program. For members of the Board of Executive Directors, as well as for all other senior executives of the BASF Group in Germany, 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 share-price-based, long-term incentive (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 variable 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 variable 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). This compensation component is limited, too, by the structure of the LTI program as well as by the upper limit on the options’ exercise value. Because the exercise period spans multiple years, it can occur that gains allocated from several LTI program years all accumulate into one year; there can also be years in which no gains are allocated.

For more on share ownership by members of the Board of Executive Directors, see page 135.

For more on the LTI program, see page 47 and from page 218 onward.
4. Included in nonmonetary compensation and other additional compensation (fringe benefits) are the following: delegation allowances, accident insurance premiums and other similar benefits, and benefits from means of transport and security measures provided by the company. The members of the Board did not receive loans or advances from the company in 2015.

The members of the Board are covered by a directors’ and officers’ liability insurance (D&O insurance) concluded by the company, which includes a deductible. For more on the D&O insurance of the Board of Executive Directors, see page 135.

5. As part of the pension benefits granted to the Board of Executive Directors (Board Performance Pension), company pension benefits are intended to accrue annual pension units. The method used to determine the amount of the pension benefits generally corresponds to that used for the other senior executives of the BASF Group in Germany. 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 salary above the Social Security Contribution Ceiling by 32% (contribution factor). The variable component of the pension unit is the result of multiplying the fixed component with a factor that is dependent on the return on assets in the reporting year and the performance factor, which is decisive for the variable bonus. The amount resulting from the fixed and the variable component is converted into a pension unit (lifelong pension) using actuarial factors based on an actuarial interest rate (5%), the probability of death, invalidity and bereavement according to Heubeck Richttafeln, 2005G (modified), and an assumed pension increase (at least 1% per annum).

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. This is the amount that is payable upon retirement. Pension benefits take effect at the end of service after completion of the member’s 60th year of age, or on account of disability or death. Pension payments are reviewed on a regular basis and adjusted by at least 1% 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. Total survivor benefits may not exceed 75% of the Board member’s 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.

Amount of total compensation

The tables on pages 142 to 145 show the granted and allocated compensation as well as service cost of each member of the Board of Executive Directors in accordance with Section 4.2.5(3) of the German Corporate Governance Code (GCGC) in its version of May 5, 2015.

Compensation granted in accordance with the German Corporate Governance Code (GCGC)

The table “Compensation granted in accordance with GCGC” shows: fixed salary, fringe benefits, annual variable target compensation, LTI program measured at fair value at the grant date, and service cost. The individual compensation components are supplemented by individually attainable minimum and maximum compensation.

Furthermore, a reconciliation statement for total compensation to be reported is provided below the table “Compensation granted in accordance with GCGC” due to the disclosures required by Section 314(1)(6a) of the German Commercial Code (HGB) in connection with the German Accounting Standard Number 17 (GAS 17).

The fixed salary and annual variable target compensation were last adjusted on January 1, 2014.
Compensation granted in accordance with the German Corporate Governance Code (GCGC) (in thousand €)

<table>
<thead>
<tr>
<th></th>
<th>Chairman of the Board of Executive Directors</th>
<th>Vice Chairman of the Board of Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 (min)</td>
<td>2015 (max)</td>
</tr>
<tr>
<td>Fixed salary</td>
<td>1,300</td>
<td>1,300</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>173</td>
<td>215</td>
</tr>
<tr>
<td>Total</td>
<td>1,473</td>
<td>1,515</td>
</tr>
<tr>
<td>Annual variable target</td>
<td>2,600</td>
<td>2,600</td>
</tr>
<tr>
<td>Multiple-year variable</td>
<td>1,299</td>
<td>884</td>
</tr>
<tr>
<td>LTI program 2014 (2014–2022)</td>
<td>1,299</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2015 (2015–2023)</td>
<td>–</td>
<td>884</td>
</tr>
<tr>
<td>Total</td>
<td>5,372</td>
<td>4,999</td>
</tr>
<tr>
<td>Service cost</td>
<td>820</td>
<td>605</td>
</tr>
<tr>
<td>Total compensation in accordance with GCGC</td>
<td>6,192</td>
<td>5,604</td>
</tr>
</tbody>
</table>

Reconciliation reporting of total compensation pursuant to Section 314(1)(6a) HGB in connection with GAS 17

less granted annual variable target compensation | (2,600) | (2,600) | (1,729) | (1,729) |

plus allocated actual annual variable compensation | 2,686 | 2,046 | 1,782 | 1,361 |

less service cost | (820) | (605) | (587) | (529) |

Total compensation | 5,452 | 4,445 | 4,264 | 3,204 |

Reconciliation reporting of total compensation pursuant to Section 314(1)(6a) HGB in connection with GAS 17

|                                | Chairman of the Board of Executive Directors | 2014 | 2015 |
|                                | Until April 30, 2015 | (min) | (max) |
| Fixed salary                   | 650 | 217 | 217 |
| Fringe benefits                | 96 | 55 | 55 |
| Total                          | 746 | 272 | 272 |
| Annual variable target         | 1,300 | 433 | 0 | 667 |
| Multiple-year variable         | 649 | 368 | 0 | 1,674 |
| LTI program 2014 (2014–2022)   | 649 | – | – | – |
| LTI program 2015 (2015–2023)   | – | 368 | 0 | 1,674 |
| Total                          | 2,695 | 1,073 | 272 | 2,613 |
| Service cost                   | 478 | 132 | 132 |
| Total compensation in accordance with GCGC | 3,173 | 1,205 | 404 | 2,745 |

Reconciliation reporting of total compensation pursuant to Section 314(1)(6a) HGB in connection with GAS 17

less granted annual variable target compensation | (1,300) | (433) | (1,300) | (1,300) |

plus allocated actual annual variable compensation | 1,340 | 341 | 1,340 | 1,023 |

less service cost | (478) | (132) | (457) | (399) |

Total compensation | 2,735 | 981 | 2,745 | 2,270 |

1 Payment was made partly in local currency abroad based on a theoretical net salary in Germany.
2 Includes payments to cover additional costs of transfers, such as assumption of prevailing local rental fees.
### Dr. Hans-Ulrich Engel

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>616(^1)</td>
<td>662(^1)</td>
<td>662(^1)</td>
<td>54</td>
<td>514(^1)</td>
<td>514(^1)</td>
<td>650</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>Bonus</td>
<td>812(^1)</td>
<td>412(^1)</td>
<td>412(^1)</td>
<td>5</td>
<td>598(^1)</td>
<td>598(^1)</td>
<td>168</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Total</td>
<td>1,428</td>
<td>1,074</td>
<td>1,074</td>
<td>59</td>
<td>1,112</td>
<td>1,112</td>
<td>818</td>
<td>800</td>
<td>800</td>
</tr>
</tbody>
</table>

### Sanjeev Gandhi

Since December 1, 2014

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>1,300</td>
<td>1,300</td>
<td>0</td>
<td>2,000</td>
<td>108</td>
<td>1,300</td>
<td>0</td>
<td>2,000</td>
<td>1,300</td>
</tr>
<tr>
<td>Bonus</td>
<td>649</td>
<td>442</td>
<td>0</td>
<td>2,010</td>
<td>2</td>
<td>171</td>
<td>0</td>
<td>776</td>
<td>649</td>
</tr>
<tr>
<td>Total</td>
<td>3,377</td>
<td>2,816</td>
<td>1,074</td>
<td>5,084</td>
<td>167</td>
<td>2,563</td>
<td>1,112</td>
<td>3,888</td>
<td>2,767</td>
</tr>
</tbody>
</table>

### Michael Heinz

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>482</td>
<td>402</td>
<td>402</td>
<td>402</td>
<td>37</td>
<td>489</td>
<td>489</td>
<td>489</td>
<td>445</td>
</tr>
<tr>
<td>Bonus</td>
<td>3,859</td>
<td>3,218</td>
<td>1,476</td>
<td>5,486</td>
<td>204</td>
<td>3,072</td>
<td>1,601</td>
<td>4,377</td>
<td>3,212</td>
</tr>
</tbody>
</table>

### Wayne T. Smith

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>650</td>
<td>668(^1)</td>
<td>668(^1)</td>
<td>668</td>
<td>650</td>
<td>650</td>
<td>650</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td>583(^1)</td>
<td>256(^1)</td>
<td>256(^1)</td>
<td>256(^1)</td>
<td>71</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,233</td>
<td>924</td>
<td>924</td>
<td>924</td>
<td>721</td>
<td>730</td>
<td>730</td>
<td>730</td>
<td></td>
</tr>
</tbody>
</table>

### Margret Suckale

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>1,300</td>
<td>1,300</td>
<td>0</td>
<td>2,000</td>
<td>1,300</td>
<td>1,300</td>
<td>0</td>
<td>2,000</td>
<td>1,300</td>
</tr>
<tr>
<td>Bonus</td>
<td>649</td>
<td>519</td>
<td>0</td>
<td>2,010</td>
<td>2</td>
<td>442</td>
<td>2</td>
<td>102</td>
<td>649</td>
</tr>
<tr>
<td>Total</td>
<td>3,182</td>
<td>2,743</td>
<td>924</td>
<td>4,934</td>
<td>2,670</td>
<td>2,472</td>
<td>2,730</td>
<td>4,740</td>
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</tbody>
</table>

*Payment was made partly in local currency abroad based on a theoretical net salary in Germany.*

*Includes payments to cover additional costs of transfers, such as assumption of prevailing local rental fees.*
The table below shows the options granted to the Board of Executive Directors on July 1 of both reporting years.

### Number of options granted

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Kurt Bock</td>
<td>36,248</td>
<td>41,412</td>
</tr>
<tr>
<td>Dr. Martin Brudermüller</td>
<td>24,104</td>
<td>27,536</td>
</tr>
<tr>
<td>Dr. Hans-Ulrich Engel</td>
<td>18,124</td>
<td>20,704</td>
</tr>
<tr>
<td>Sanjeev Gandhi</td>
<td>7,000</td>
<td>–</td>
</tr>
<tr>
<td>Michael Heinz</td>
<td>18,124</td>
<td>20,704</td>
</tr>
<tr>
<td>Dr. Andreas Kreimeyer</td>
<td>15,092</td>
<td>20,704</td>
</tr>
<tr>
<td>Dr. Harald Schwager</td>
<td>18,124</td>
<td>20,704</td>
</tr>
<tr>
<td>Wayne T. Smith</td>
<td>18,124</td>
<td>20,704</td>
</tr>
<tr>
<td>Margret Suckale</td>
<td>18,124</td>
<td>20,704</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>173,064</strong></td>
<td><strong>193,172</strong></td>
</tr>
</tbody>
</table>

1. Sanjeev Gandhi was not yet a member of the Board of Executive Directors on July 1, 2014.
2. Dr. Andreas Kreimeyer was entitled to proportional participation in the LTI program on the options grant date of July 1, 2015, due to his departure from the Board of Executive Directors on April 30, 2015.

### Compensation allocated in accordance with the German Corporate Governance Code (GCGC)

The "Compensation allocated in accordance with the GCGC" shown for 2014 and 2015 is comprised of the fixed and variable compensation components actually allocated, plus the service cost calculated for each member of the Board of Executive Directors in the reporting years even though this does not actually represent payment in the narrower sense.

### Compensation allocated in accordance with the German Corporate Governance Code (GCGC) (in thousand €)

<table>
<thead>
<tr>
<th></th>
<th>Dr. Kurt Bock</th>
<th>Dr. Martin Brudermüller</th>
<th>Dr. Hans-Ulrich Engel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chairman of the Board of Executive Directors</td>
<td>Vice Chairman of the Board of Executive Directors</td>
<td></td>
</tr>
<tr>
<td>Fixed salary</td>
<td>1,300</td>
<td>1,300</td>
<td>866</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>215</td>
<td>173</td>
<td>389</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,515</strong></td>
<td><strong>1,473</strong></td>
<td><strong>1,255</strong></td>
</tr>
<tr>
<td>Actual annual variable compensation¹</td>
<td>2,046</td>
<td>2,680</td>
<td>1,361</td>
</tr>
<tr>
<td>Multiple-year variable compensation³</td>
<td>2,683⁵</td>
<td>2,825⁵</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2006 (2006–2014)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2007 (2007–2015)</td>
<td>2,683⁵</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2008 (2008–2016)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2009 (2009–2017)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2010 (2010–2015)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2011 (2011–2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,244</strong></td>
<td><strong>6,978</strong></td>
<td><strong>2,616</strong></td>
</tr>
<tr>
<td>Service cost</td>
<td>605</td>
<td>820</td>
<td>529</td>
</tr>
<tr>
<td><strong>Total compensation in accordance with GCGC</strong></td>
<td><strong>6,849</strong></td>
<td><strong>7,798</strong></td>
<td><strong>3,145</strong></td>
</tr>
</tbody>
</table>

1. The basis for the allocated actual annual variable compensation is the return on assets adjusted for special items and the performance factor. This includes contributions made to the deferred compensation program.
2. Payment was made partly in local currency abroad based on a theoretical net salary in Germany.
3. Includes payments to cover additional costs of transfers, such as assumption of prevailing local rental fees.
4. At the end of the regular term of the LTI program 2006, exercise gains which were realized in 2010 or 2011 were allocated to Dr. Kurt Bock and Dr. Hans-Ulrich Engel in 2014 in accordance with the special conditions of the U.S. LTI program.
5. At the end of the regular term of the LTI program 2007, exercise gains which were realized in 2009, 2012 or 2013 were allocated to Dr. Kurt Bock, Dr. Hans-Ulrich Engel and Wayne T. Smith in 2015 in accordance with the special conditions of the U.S. LTI program.
## Compensation allocated in accordance with the German Corporate Governance Code (GCGC) (in thousand €)

<table>
<thead>
<tr>
<th></th>
<th>Sanjeev Gandhi</th>
<th>Michael Heinz</th>
<th>Dr. Andreas Kreimeyer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Since December 1, 2014</td>
<td>Until April 30, 2015</td>
<td></td>
</tr>
<tr>
<td>Fixed salary</td>
<td>514&lt;sup&gt;2&lt;/sup&gt;</td>
<td>650</td>
<td>217</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>598&lt;sup&gt;2&lt;/sup&gt;</td>
<td>150</td>
<td>55</td>
</tr>
<tr>
<td>Total</td>
<td>1,112</td>
<td>800</td>
<td>272</td>
</tr>
<tr>
<td>Actual annual variable compensation&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1,023</td>
<td>1,340</td>
<td>341</td>
</tr>
<tr>
<td>Multiple-year variable compensation</td>
<td>–</td>
<td>–</td>
<td>686</td>
</tr>
<tr>
<td>LTI program 2006 (2006–2014)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2007 (2007–2015)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2008 (2008–2016)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2009 (2009–2017)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2010 (2010–2018)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2011 (2011–2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>2,135</td>
<td>2,158</td>
<td>1,299</td>
</tr>
<tr>
<td>Service cost</td>
<td>489</td>
<td>421</td>
<td>132</td>
</tr>
<tr>
<td>Total compensation in accordance with GCGC</td>
<td>2,624</td>
<td>2,603</td>
<td>1,431</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Dr. Harald Schwager</th>
<th>Wayne T. Smith</th>
<th>Margret Suckale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed salary</td>
<td>650</td>
<td>600</td>
<td>668&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>155</td>
<td>106</td>
<td>256&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total</td>
<td>805</td>
<td>756</td>
<td>924</td>
</tr>
<tr>
<td>Actual annual variable compensation&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1,023</td>
<td>1,340</td>
<td>1,023</td>
</tr>
<tr>
<td>Multiple-year variable compensation</td>
<td>–</td>
<td>–</td>
<td>151&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>LTI program 2006 (2006–2014)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2007 (2007–2015)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2008 (2008–2016)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2009 (2009–2017)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2010 (2010–2018)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTI program 2011 (2011–2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>1,828</td>
<td>2,096</td>
<td>2,573</td>
</tr>
<tr>
<td>Service cost</td>
<td>399</td>
<td>478</td>
<td>477</td>
</tr>
<tr>
<td>Total compensation in accordance with GCGC</td>
<td>2,227</td>
<td>2,576</td>
<td>3,050</td>
</tr>
</tbody>
</table>

<sup>1</sup> The basis for the allocated actual annual variable compensation is the return on assets adjusted for special items and the performance factor. This includes contributions made to the deferred compensation program.

<sup>2</sup> Payment was made partly in local currency abroad based on a theoretical net salary in Germany.

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

<sup>4</sup> At the end of the regular term of the LTI program 2006, exercise gains which were realized in 2010 or 2011 were allocated to Dr. Kurt Bock and Dr. Hans-Ulrich Engel in 2014 in accordance with the special conditions of the U.S. LTI program.

<sup>5</sup> At the end of the regular term of the LTI program 2007, exercise gains which were realized in 2009, 2012 or 2013 were allocated to Dr. Kurt Bock, Dr. Hans-Ulrich Engel and Wayne T. Smith in 2015 in accordance with the special conditions of the U.S. LTI program.

### Accounting valuation of multiple-year variable compensation (LTI programs)

While the options granted had resulted in a gain for BASF in 2014 – except in the case of Dr. Andreas Kreimeyer – they led to an expense in 2015. This expense refers to the total of all options from the LTI programs 2007 to 2015 and is calculated as the difference in the value of the options on December 31, 2015, compared with the value on December 31, 2014, considering the options exercised and granted in 2015. The value of the options is based primarily on the development of the BASF share price and its relative performance compared with the benchmark index specified for the LTI programs 2007 to 2015. Because the value of options on December 31, 2015, was greater than that of December 31, 2014, an expense rather than a gain arose for 2015.

The expenses reported below are purely accounting figures which do not equate with the allocated actual gains should options be exercised. Each member of the Board may decide individually on the timing and scope of the exercise of options of the LTI programs, while taking into account the terms and conditions of the program.

The expenses for 2015 relating to all options issued were as follows: Dr. Kurt Bock €1,058 thousand (2014: gain of €97 thousand); Dr. Martin Brudermüller €788 thousand (2014: gain of €333 thousand); Dr. Hans-Ulrich Engel €660 thousand (2014: gain of €90 thousand); Sanjeev Gandhi €17 thousand; Michael Heinz €517 thousand (2014: gain of €146 thousand);
Pension benefits

The values for service cost incurred in 2015 contain service cost for BASF Pensionskasse VVaG and Board Performance Pension. Service cost for the members of the Board of Executive Directors is shown individually in the tables “Compensation granted in accordance with GCGC” and “Compensation allocated in accordance with GCGC.”

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 2015 were as follows: Dr. Kurt Bock €15,684 thousand (2014: €18,571 thousand); Dr. Martin Brudermüller €13,148 thousand (2014: €13,259 thousand); Dr. Hans-Ulrich Engel €9,068 thousand (2014: €10,165 thousand); Sanjeev Gandhi €1,588 thousand (2014: €1,193 thousand); Michael Heinz €8,226 thousand (2014: €8,295 thousand); Dr. Andreas Kreimeyer €13,502 thousand (2014: €14,582 thousand); Dr. Harald Schwager €9,157 thousand (2014: €9,680 thousand); Wayne T. Smith €2,355 thousand (2014: €1,933 thousand); Dr. Harald Schwan €9,068 thousand (2014: €10,165 thousand); Sanjeev Gandhi €1,588 thousand (2014: €1,193 thousand); Michael Heinz €8,226 thousand (2014: €8,295 thousand); Dr. Andreas Kreimeyer €13,502 thousand (2014: €14,582 thousand); Dr. Harald Schwager €9,157 thousand (2014: €9,680 thousand); Wayne T. Smith €2,355 thousand (2014: €1,933 thousand); and Margret Suckale €3,518 thousand (2014: €3,290 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 appointment 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 salary and annual variable target compensation). The Board member may also 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, including fringe benefits, 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 business year and, if appropriate, also the expected total compensation for the current business year.

If the appointment to the Board of Executive Directors is prematurely terminated as the result of a change-of-control event, 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 €10.4 million in 2015 (2014: €6.5 million). This figure also contains payments that previous Board members have themselves financed through the deferred compensation program and the expense or gain for 2015 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 amounted to €126.5 million (2014: €143.5 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 (GCGC). The compensation of the Supervisory Board is regulated by the Statutes of BASF SE passed by the Annual 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. For the 2015 business year, minimum earnings per share amounted to €1.70 (2014: €1.65). The performance-related variable remuneration is €800 for each €0.01 of earnings per share up to an earnings per share of €2.45, €600 for each further €0.01 of earnings per share up to an earnings per share of €2.95, and €400 for each €0.01 beyond this. The minimum earnings per share and the corresponding thresholds shall increase by €0.05 for each subsequent business year. The performance-related variable compensation is limited to a maximum amount of €120,000.
Based on the earnings per share of €4.34 published in the BASF Group Consolidated Financial Statements 2015, the performance-related compensation reached the maximum amount of €120,000 (2014: €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, receive a further fixed compensation for this purpose in the amount of €12,500. For the Audit Committee, the further fixed compensation is €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 directors’ and officers’ liability insurance (D&O insurance) concluded by it, which includes a deductible.

Total compensation of the Supervisory Board for activities in 2015, including attendance fees, was around €3 million (2014: around €3 million). The compensation of the individual Supervisory Board members was as follows.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Fixed salary</th>
<th>Performance-related variable compensation</th>
<th>Compensation for committee memberships</th>
<th>Total compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Jürgen Hambrecht, Chairman since May 2</td>
<td>150.0</td>
<td>100.0</td>
<td>300.0</td>
<td>200.0</td>
</tr>
<tr>
<td>Dr. h. c. Eggert Voschaer, Chairman until</td>
<td>–</td>
<td>62.5</td>
<td>–</td>
<td>125.0</td>
</tr>
<tr>
<td>Michael Delkmann, Vice Chairman</td>
<td>90.0</td>
<td>90.0</td>
<td>180.0</td>
<td>180.0</td>
</tr>
<tr>
<td>Robert Oswald, Vice Chairman</td>
<td>90.0</td>
<td>90.0</td>
<td>180.0</td>
<td>180.0</td>
</tr>
<tr>
<td>Ralf-Gerd Bastian, Chairman</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Dame Alison Carnwath DBE, Supervisory Board</td>
<td>60.0</td>
<td>40.0</td>
<td>120.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Wolfgang Daniel</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Prof. Dr. François Diederich</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Franz Fehrenbach</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Francesco Gröll, Supervisory Board member</td>
<td>60.0</td>
<td>40.0</td>
<td>120.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Max Dietrich Kley, Supervisory Board member</td>
<td>–</td>
<td>25.0</td>
<td>–</td>
<td>50.0</td>
</tr>
<tr>
<td>Anke Schäferkordt</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Denise Schleiermans</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Ralf Sikorski, Supervisory Board member</td>
<td>–</td>
<td>25.0</td>
<td>–</td>
<td>50.0</td>
</tr>
<tr>
<td>Michael Vassiliadis</td>
<td>60.0</td>
<td>60.0</td>
<td>120.0</td>
<td>120.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>870.0</td>
<td>892.5</td>
<td>1,740.0</td>
<td>1,785.0</td>
</tr>
</tbody>
</table>

1 Chairman of the Personnel Committee  2 Member of the Personnel Committee  
3 Chairman of the Strategy Committee (since October 1, 2015)  4 Vice Chairman of the Strategy Committee (since October 1, 2015)  
5 Chairman/Chairman of the Audit Committee (since October 1, 2015)  6 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 2015 will be paid following the Annual Shareholders’ Meeting on April 29, 2016.

In 2015, as in 2014, the company paid the Supervisory Board member Prof. Dr. François Diederich a total of CHF 38,400 (2015: approximately €36,000; 2014: approximately €31,600) 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 2015 for services rendered personally, in particular, the rendering of advisory and agency services.
Report of the Supervisory Board

For our anniversary in 2015 celebrating BASF’s 150 years of existence, we had expected more favorable conditions. Over the course of the year, the business environment deteriorated as political and macroeconomic challenges increased. Oil prices and growth both dropped sharply. Sales and earnings fell in this difficult environment, primarily from the divestiture of our natural gas trading and storage business; cash flow was increased. The entrepreneurially demanding journey to further shape the “We create chemistry” strategy will be continued, and has the full support of the Supervisory Board.

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

In 2015, 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 regularly and thoroughly informed by the Board of Executive Directors. This occurred in the form of written and oral reports on, for example, all of the company’s and the segments’ major financial KPIs for the general economic situation in the main sales and procurement markets, and on deviations in business developments from original plans. Furthermore, the Supervisory Board tackled fundamental questions of corporate planning, including financial, investment, sales volumes and personnel planning, as well as measures for designing the future of research and development.

The Supervisory Board discussed in detail the reports from the Board of Executive Directors, and also deliberated on prospects for the company and its individual business areas with the Board of Executive Directors. Outside of Supervisory Board meetings, the Chairman of the Board of Executive Directors also promptly informed the Chairman of the Supervisory Board regarding current developments and significant items. The Supervisory Board was always involved at an early stage in decisions of major importance. The Supervisory Board passed resolutions 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 the 2015 business year, these concerned approval for the swap with Gazprom of investments in WINGAS’s natural gas trading and storage business for further shares in a gas field in western Siberia, as well as the completion guarantee for the Nord Stream 2 natural gas pipeline project.

Supervisory Board meetings

The Supervisory Board held five meetings in the 2015 reporting year. With the exception of one meeting at which one member of the Supervisory Board was absent, all Supervisory Board members attended all Supervisory Board meetings in 2015. The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions.

A significant component of all Supervisory Board meetings was the Board of Executive Directors’ reports on the current business situation with detailed information on sales and earnings growth, as well as on opportunities and risks for business development, the status of important current and planned investment projects, developments on the capital markets, and significant managerial measures taken by the Board of Executive Directors. Innovation projects were also discussed, including science symposia and the Creator Space tour as part of the activities in honor of BASF’s 150th anniversary.

In its meetings, the Supervisory Board additionally discussed the further development of the BASF Group’s business activities through acquisitions, divestitures and investment projects. Significant matters of consultation comprised the divestiture of the pharmaceutical custom synthesis business as well as portions of the active pharmaceutical ingredients business to Siegfried Holding AG; the above-mentioned BASF stake in the Nord Stream 2 project company for constructing an additional natural gas pipeline through the Baltic Sea with Gazprom, E.ON, ENGIE, Shell and OMV; the divestiture of the industrial coatings business; and the conclusion of the sale of the 25% share in the SolVin joint venture. Ongoing topics in the Board of Executive Directors’ reports furthermore included major capital-intensive investment projects, such as the construction of a TDI complex in Ludwigshafen, Germany; an MDI plant in Chongqing, China; and an acrylic acid plant in Camaçari, Brazil, all of which began operations in 2015. Changes in the regulatory environment and their implications for the company’s business activities were also discussed.

At its meeting of February 25, 2015, the Supervisory Board reviewed and approved the Consolidated Financial Statements, Management’s Report and the proposal for the appropriation of profit for the 2014 business year as presented by the Board of Executive Directors. The meeting on April 30, 2015, served to prepare for the Annual Shareholders’ Meeting.
In addition to strategically significant individual measures, the Supervisory Board also addressed BASF’s strategy and long-term business prospects in individual business areas and regions. At its meeting on July 22, 2015, the Supervisory Board, together with the Board of Executive Directors, reassessed the implementation of the “We create chemistry” strategy established in 2011. Focus areas included the Agricultural Solutions and Oil & Gas segments, the further development of research and development, and the opportunities and risks for the company posed by Industry 4.0. The restructuring of the pigments business was also conferred upon.

At the meeting on October 22, 2015, the Board of Executive Directors reported on the region Europe’s organizational and business-model enhancement as well as on the restructuring of the business with paper, water, oilfield and mining chemicals.

At its meeting of December 17, 2015, the Supervisory Board discussed the Board of Executive Directors’ operative and financial planning including the investment budget for 2016, and as usual empowered the Board of Executive Directors to procure necessary financing in 2016. An additional focus topic was consultation on the further development of the Agricultural Solutions segment.

The Supervisory Board thoroughly considered the personnel issues of the Board of Executive Directors during the meetings of February 25, July 22, and December 17, 2015. Based on preparations conducted by the Personnel Committee, the Supervisory Board determined the targets for the Board of Executive Directors for the 2015 business year at its meeting on February 25, 2015. The meeting on July 22, 2015, dealt with the composition of the Board of Executive Directors. The terms of office expiring on April 29, 2016, for Chairman Dr. Kurt Bock, Vice Chairman Dr. Martin Brudermüller, and members Dr. Hans-Ulrich Engel and Dr. Harald Schwager were each extended by five years, up to the conclusion of the Annual Shareholders’ Meeting in 2021. According to preparations made by the Personnel Committee, the Supervisory Board determined the performance evaluation of the Board of Executive Directors for the 2015 business year at its meeting on December 17, 2015.

At its meetings on October 22 and December 17, 2015, the Supervisory Board also addressed topics pertaining to its own organization. For example, the Strategy Committee was deployed at the meeting on October 22, 2015. At both meetings, the Supervisory Board also advised on the change in BASF SE’s Employee Participation Agreement, which provides the material legal foundation for the Supervisory Board. The changes made to the Employee Participation Agreement mainly concerned the implementation of the law introducing a minimum percentage of women and men on the Supervisory Board.

**Committees**

The Supervisory Board of BASF SE has four committees:
1. the committee for personnel matters 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;
3. the Nomination Committee; and
4. the Strategy Committee, newly established in 2015. Following each Committee meeting, the chairpersons of the Committees reported in detail about the meetings and the activities of the Committees at the subsequent meeting of the Supervisory Board.

For more on the composition of the committees and the tasks assigned to them by the Supervisory Board, see the Corporate Governance Report on page 131

The **Personnel Committee** met three times during the reporting period. With the exception of one meeting at which one member was absent, all committee members participated in the meetings. At its meeting on February 25, 2015, the Personnel Committee advised on the targets for the Board of Executive Directors for the 2015 business year. Topics at the meeting on July 22, 2015, included succession planning for the Board of Executive Directors, including the extension of their terms for Dr. Kurt Bock, Dr. Martin Brudermüller, Dr. Hans-Ulrich Engel and Dr. Harald Schwager, and the determination of target figures for the proportion of women on the Board of Executive Directors of BASF SE. At the meeting on December 17, 2015, the Personnel Committee particularly focused on the Board of Executive Directors’ performance evaluation and matters concerning their compensation.

The **Audit Committee** is responsible for all the tasks 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 version of June 24, 2014. The Audit Committee met five times during the reporting period. All committee members attended all meetings. Its 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.

At the meeting on July 21, 2015, KPMG – the auditor elected at the Annual Shareholders’ Meeting – was charged with the audit for the 2015 reporting year and auditing fees were agreed upon. The focus areas for the annual audit were discussed and defined together with the auditor. The Audit Committee categorically excluded any service relationships between auditor and BASF Group companies outside of the audit of the annual financial statements, including beyond prevailing legal limitations. These services may only be performed upon approval by the Audit Committee. For certain nonaudit services beyond the scope of the audit of the financial reports, the Audit Committee either granted approval for individual cases or 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.
One of the Committee’s core tasks in 2015 was preparing a proposal for the Annual Shareholders’ Meeting on April 29, 2016, on the election of the auditor for the 2016 business year. From August to December 2015, the Audit Committee selected the auditor to be recommended at the Annual Shareholders’ Meeting by means of a tendering process conducted in line with the regulations set forth by the new E.U. regulatory framework on statutory audit, effective as of 2016. After assessment and extensive discussion of the tenders submitted through the tendering process by a total of five auditing firms, the Audit Committee decided to recommend to the Supervisory Board that the previous auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, once again be nominated for election at the Annual Shareholders’ Meeting. KPMG has been auditor of BASF SE’s separate and consolidated financial statements since the 2006 business year.

Other important activities included advising the Board of Executive Directors on accounting issues and the internal control system. The 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. At the meeting on February 23, 2016, the auditor reported in detail on its audits of BASF SE’s consolidated and separate financial statements for the 2015 business year and discussed the audit’s results with the Audit Committee.

The Audit Committee once again conducted a self-evaluation of its activities in 2015. No new steps were found to be necessary in terms of the duties of the committee or the content, frequency and procedure of meetings.

The Nomination Committee is responsible for preparing candidate proposals for the election of those Supervisory Board members who are elected by the Annual Shareholders’ Meeting. The Nomination Committee is guided by the objectives for the composition of the Supervisory Board adopted by the Supervisory Board. No appointments to the Supervisory Board, or reappointments of former Supervisory Board members, took place in 2015. The Nomination Committee nevertheless met once in 2015 in order to focus especially on risk provision for succession planning for the Supervisory Board, and determine a control limit for the term of membership on the Supervisory Board as recommended by the revised German Corporate Governance Code. All committee members attended the meeting.

Newly established in 2015, the Strategy Committee held one meeting during the reporting period, attended by all members. The discussion centered on possible significant individual measures for the internal implementation of BASF’s “We create chemistry” strategy and strategic options for the further development of the BASF Group. Following this, the Strategy Committee was informed of progress in the preparation of potential individual measures that may require Supervisory Board approval should they be carried out.

Corporate governance and Declaration of Conformity

The Supervisory Board places great value on ensuring good corporate governance: In 2015, it was therefore once again intensely occupied with the corporate governance standards practiced in the company, the implementation of the German Corporate Governance Code’s recommendations and suggestions, and the implementation of the new law on the participation of women on the Supervisory Board and the Board of Executive Directors. At our meeting of October 22, 2015, we discussed the current recommendations and proposals made for the German Corporate Governance Code and their implementation at BASF.

At its meeting of December 17, 2015, 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 5, 2015, without exception. This also applies to the Code’s recommendations made in 2015, such as the determination of a control limit for the term of membership on the Supervisory Board, which was fixed by the Supervisory Board at three regular statutory periods in office, or around 15 years.

An important aspect of good corporate governance is the independence of Supervisory Board members and their freedom from conflicts of interest. According to estimations of the Supervisory Board, all of its members can be considered independent as defined by the German Corporate Governance Code. The criteria used for this evaluation can be found in the Corporate Governance Report on page 132. In cases where Supervisory Board members hold supervisory or management positions at companies with which BASF has business relations, we see no impairment of their independence. The scope of these businesses is relatively marginal and furthermore takes place under conditions similar to those of a third party. To avoid an individual case of potential conflict of interest, one Supervisory Board member refrained from participating in consultation on a particular matter at a Supervisory Board meeting in 2015. 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 2015 reporting year, has audited the Financial Statements of BASF SE and the BASF Group Consolidated Financial Statements, including the Management’s Report 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 fulfilled the requirements of the company and is applicable for the early identification of developments that could pose a risk to the continued existence of the BASF Group.

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 23, 2016, as well as the accounts meeting of the Supervisory Board on February 24, 2016, 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 Report at its meeting on February 23, 2016, and discussed them in detail with the auditor. The Chairwoman of the Audit Committee gave a detailed account of the preliminary review at the Supervisory Board meeting on February 24, 2016. On the basis of this preliminary review by the Audit Committee, the Supervisory Board has examined the Financial Statements and Management’s Report of BASF SE for 2015, the proposal by the Board of Executive Directors for the appropriation of profit as well as the Consolidated Financial Statements and Management’s Report for the BASF Group for 2015. The Supervisory Board has reviewed, acknowledged and approved the auditor’s reports. The results of the preliminary review by the Audit Committee and the results of the Supervisory Board’s 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 24, 2016, 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 BASF SE 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 €2.90 per share.

Thanks

The Supervisory Board thanks all employees of the BASF Group worldwide and the management for their personal contribution in the 2015 business year.

Dr. Andreas Kreimeyer left the Board of Executive Directors at the conclusion of the Annual Shareholders’ Meeting on April 30, 2015. He had been a member since 2003 and served in the end as Research Executive Director. The Supervisory Board expresses its very sincere thanks to him.

Ludwigshafen, February 24, 2016

The Supervisory Board

Jürgen Hambrecht
Chairman of the Supervisory Board
Declaration of Conformity as per Section 161 AktG (Stock Corporation Act)

Declaration of Conformity 2015 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 Section 161 AktG (Stock Corporation Act)

1. The recommendations of the Government Commission on the German Corporate Governance Code as amended on June 24, 2014, published by the Federal Ministry of Justice on September 30, 2014, in the official section of the electronic Federal Gazette, have been complied with since the submission of the last Declaration of Conformity in December 2014.

2. The recommendations of the Government Commission on the German Corporate Governance Code as amended on May 5, 2015, published by the Federal Ministry of Justice on June 12, 2015, in the official section of the electronic Federal Gazette, are complied with and will be complied with.

Ludwigshafen, December 2015

The Supervisory Board of BASF SE

The Board of Executive Directors of BASF SE