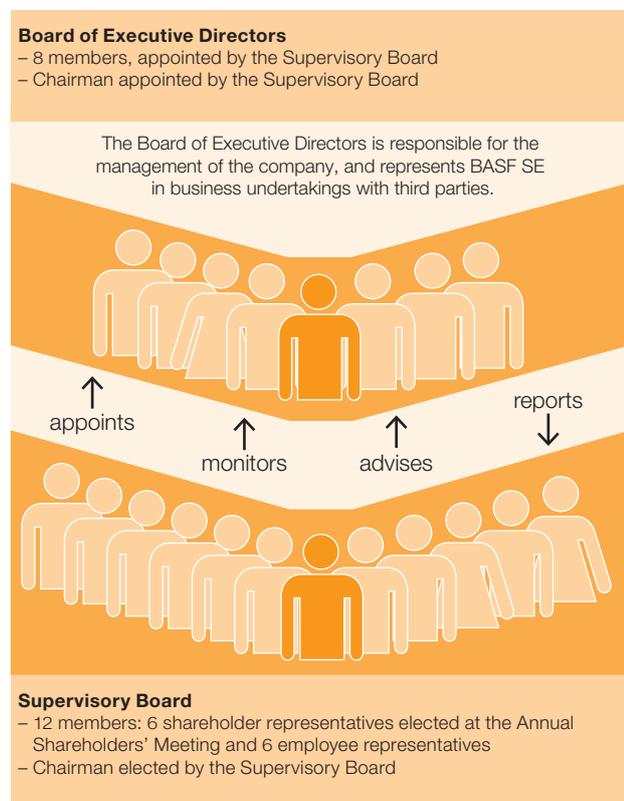


Corporate governance report

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

Two-tier management system of BASF SE



Direction and management by the Board of Executive Directors

The Board of Executive Directors is responsible for the management of the company, and represents BASF SE in business undertakings with third parties. BASF's Board of Executive Directors is strictly separated from the Supervisory Board: A member of the Board of Executive Directors cannot simultaneously be a member of the Supervisory Board. The Board of Executive Directors agrees on the corporate goals and strategic alignment of the BASF Group as well as their individual business areas, and determines the company's internal organization. It also manages and monitors the business units of the BASF Group through the planning and setting of the corporate budget, the allocation of resources and management capacities, the monitoring and decision-making regarding significant individual measures, and the control of the operational management. The Board's actions and decisions are aligned with the company's best interests. It is committed to the goal of sustainably increasing the company's value. Among the Board's responsibilities is the preparation of the consolidated and individual financial statements of BASF SE. Furthermore, it must ensure that the company's activities comply with legal requirements and internal corporate directives. 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 approach with the Supervisory Board. The Statutes of BASF SE define certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases include the acquisition and disposal of enterprises and parts of enterprises, 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 in the Outlook, see pages 106 to 114

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 129. Compensation of the Board of Executive Directors is described in detail in the Compensation Report on pages 131 to 134

Supervision of company management by the Supervisory Board

The Supervisory Board appoints the members of the Board of Executive Directors and supervises and advises the Board on management issues. As members of the Supervisory Board cannot simultaneously be members of 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. 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 three Supervisory Board Committees: the Personnel Committee, the Audit Committee and the Nomination Committee.

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

 **The members of the Supervisory Board of BASF SE, including their membership on the supervisory bodies of other companies, are listed on page 130. Compensation of the Supervisory Board is described in detail in the Compensation Report on pages 134 and 135**

Personnel Committee

- Chairman: Dr. h. c. Eggert Voscherau
- Members: 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

- Chairman: Max Dietrich Kley
- Members: 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 Shareholders' Meeting regarding the selection of an auditor, monitors the auditor's independence, defines the focus areas of the audit together with the auditor, negotiates auditing fees and establishes the conditions for the provision of the auditor's non-audit services
- 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. h. c. Eggert Voscherau, Prof. Dr. François Diederich, Michael Diekmann, Franz Fehrenbach, Max Dietrich Kley, 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 Shareholders' Meeting

Objectives for the composition of the Supervisory Board

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. The criteria comprise professional and personal qualifications, the diversity of the members and the independence of the Supervisory Board. 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; in its meeting of December 20, 2012, an objective was added for the number of independent Supervisory Board members. According to these objectives, the Supervisory Board shall be composed in such a way that the members as a group possess knowledge, ability and expert experience

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

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

There are currently two women on the Supervisory Board. We are committed to further increasing the proportion of women at the next scheduled election to the Supervisory Board at the Annual Shareholders' Meeting on May 2, 2014. 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 the current formation of the Supervisory Board fulfills the objectives agreed on by the Supervisory Board regarding its composition.

Shareholders' rights

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 Shareholders' Meeting and have them evaluated for their lawfulness in court. Shareholders who hold at least €100,000 of the company's share capital, a quota corresponding to 78,125 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 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 2013. This also applies to the Code's new recommendations regarding compensation of the Board of Executive Directors. The new recommendations regarding transparency in the compensation of the Board of Executive Directors, however, will first need to be applied in the 2014 reporting year.

In the same manner, BASF has followed nearly all of the non-obligatory suggestions of the German Corporate Governance Code. We have not implemented the suggestion to enable shareholders to follow the proceedings of the entire 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.

 **The joint Declaration of Conformity 2013 by the Board of Executive Directors and Supervisory Board of BASF SE is rendered on page 140**

 **For more on the Declaration of Conformity 2013, the implementation of the Code's suggestions and the German Corporate Governance Code, see basf.com/governance_e**

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, 2013, 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 April 30, 2014, the Board of Executive Directors of BASF SE is empowered by a resolution passed at the Annual Shareholders' Meeting of April 30, 2009, to increase the subscribed capital – with the approval of the Supervisory Board

– by a total amount of €500 million through the issue of new shares (authorized capital). A right to subscribe to the new shares shall be granted to shareholders. This can also be done by a credit institution acquiring the new shares with the obligation to offer these to shareholders (indirect subscription right). The Board of Executive Directors is authorized to exclude the statutory subscription right of shareholders in certain exceptional cases that are narrowly defined in Section 5(8) of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization is not more than 10% of the subscribed capital on the date of issue.

At the Annual Shareholders' Meeting on April 27, 2012, the Board of Executive Directors was authorized to purchase up to 10% of the shares existing at the time of the resolution (10% of the company's share capital) until April 26, 2017. At the discretion of the Board of Executive Directors, the purchase can take place on the stock exchange or by way of a public purchase offer directed to all shareholders. The Board of Executive Directors is authorized to sell the repurchased company shares (a) through a stock exchange, (b) through a public offer directed to all shareholders and – with the approval of the Supervisory Board – to third parties, (c) for a cash payment that is not significantly lower than the stock exchange price at the time of sale and (d) for contributions in kind, particularly in connection with the acquisition of companies, parts of companies or 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 134). 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.

 For more on bonds issued by BASF SE, see basf.com/investor/bonds_e

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 2013, a total of nine purchases and one disposal by members of the Board of Executive Directors and the Supervisory Board and members of their families subject to disclosure were reported as Directors' Dealings, involving between 100 and 5,500 BASF shares. The price per share was between €65.00 and €78.30. The volume of the individual trades was between €7,006.00 and €412,500.00. The disclosed share transactions are published on the website of BASF SE.

 For more on directors' dealings in 2013, see basf.com/governance/shardealings_e

Compliance

Our Group-wide Compliance Program aims 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 day-to-day business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.

Based on international standards, BASF’s Compliance Program combines important laws and company policies regulating the behavior of all BASF employees in working with business partners, officials, colleagues and society. The uniform Code of Conduct, updated in 2013, merges previous behavioral guidelines and now also covers human rights, labor and social standards, and conflicts of interest. These issues had previously been regulated by voluntary commitments as well as internal guidelines. We have also increased our focus on protecting data privacy by adding the issue to our global Code of Conduct.

Our efforts are principally aimed at preventing violations from the outset. To this end, all employees are required within a prescribed time frame to take part in basic compliance training, refresher courses and special tutorials dealing with, for example, antitrust law or trade control regulations. In 2013, more than 47,000 employees worldwide took part in a total of around 62,000 hours of compliance training.

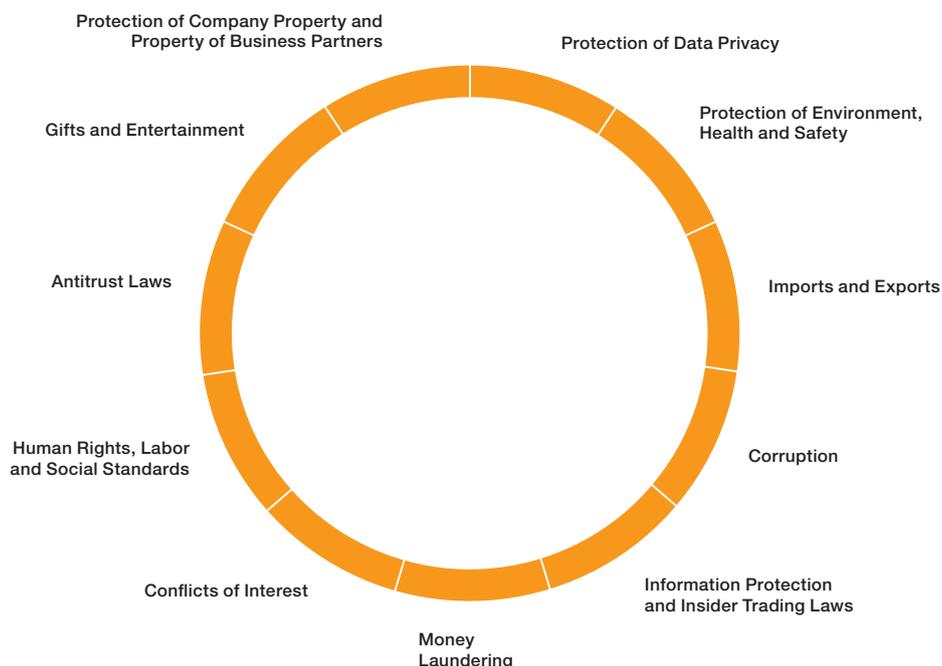
We particularly encourage our employees to actively and promptly seek guidance if in doubt. For this, they can consult not only their managers but also numerous specialist departments and company compliance officers. We have also set up 50 external hotlines worldwide which our employees can turn to anonymously. All reported incidents are investigated by our experts. We make sure that all concerns are processed within a determined time frame.

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

BASF’s Corporate Audit department monitors adherence to compliance principles, covering all areas in which compliance violations could occur. They investigate whether employees adhere to 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 2013, 111 Group-wide audits of this kind were

BASF’s Code of Conduct

Our actions are based on behavior compliant with the Code, which comprises important laws as well as company-internal regulations.



performed (2012: 92), predominantly in the areas of antitrust law, imports and exports, and gifts and entertainment. If violations occur despite preventive measures, we investigate and rectify these immediately.

In 2013, 304 calls and emails were received by our external hotlines (2012: 308). Concerns involved topics ranging from questions on personnel management and handling of company property to information on the behavior of business partners. We launch an investigation into all cases of suspected misconduct that we become aware of. Confirmed violations are penalized and can lead to dismissal. In doing so, we make sure to take necessary action in accordance with consistent company criteria. If necessary, a notification is sent to the appropriate authority.

It is becoming increasingly important to investigate our business partners in terms of adherence to corporate governance and compliance standards. This is especially the case in evaluating our suppliers; we have intensified our activities in this area.

Even outside of our company, we support the respect of human rights and the fight against corruption: We are a founding member of the United Nations Global Compact, and are committed to our responsibility in accordance with the U.N. Guiding Principles on Business and Human Rights. 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. This action plan comprises concrete measures to support the U.N. Millennium Development Goals, addressing topics such as transparency and stakeholder engagement.

Abiding by compliance standards is part 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 avoid the disadvantages associated with violations, such as fines. We see compliance as the right way ahead to secure our company's long-term success.



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

For more on human rights, labor and social standards, see page 44 and basf.com/human_rights



For more on our supply chain management, see page 90



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, 2013.

Dr. Kurt Bock

Chairman of the Board of Executive Directors
Degree: Business Administration; 55 years old; 23 years at BASF

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

First appointed: 2003 **Term expires:** 2016

Dr. Martin Bruder Müller

Vice Chairman of the Board of Executive Directors
Degree: Chemistry; 52 years old; 26 years at BASF

Responsibilities: Performance Materials; Greater China & Functions Asia Pacific; South & East Asia, ASEAN and Australia/New Zealand; Corporate Technology & Operational Excellence

First appointed: 2006 **Term expires:** 2016

Comparable German and non-German controlling bodies:
Styrolution Holding GmbH (Vice Chairman of the Advisory Board)

Dr. Hans-Ulrich Engel

Degree: Law; 54 years old; 26 years at BASF

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

First appointed: 2008 **Term expires:** 2016

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

BASF Personal Care and Nutrition GmbH (member of the Supervisory Board until August 30, 2013)

Michael Heinz

Degree: Business Administration (MBA); 49 years old; 30 years at BASF

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

First appointed: 2011 **Term expires:** 2019

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

BASF Coatings GmbH (member of the Supervisory Board)
BASF Personal Care and Nutrition GmbH (Chairman of the Supervisory Board until August 30, 2013)

Dr. Andreas Kreimeyer

Degree: Biology; 58 years old; 28 years at BASF

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

First appointed: 2003 **Term expires:** 2015

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

BASF Coatings GmbH (Chairman of the Supervisory Board)

Dr. Harald Schwager

Chemistry; 53 years old; 26 years at BASF

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

First appointed: 2008 **Term expires:** 2016

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

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

Comparable German and non-German controlling bodies:

Nord Stream AG (member of the Shareholders' Committee)
South Stream Transport Services AG (member of the Administrative Council until June 30, 2013)
South Stream Transport B.V. (member of the Board of Directors)

Wayne T. Smith

Degrees: Chemical Engineering, Business Administration (MBA); 53 years old; 10 years at BASF

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

First appointed: 2012 **Term expires:** 2015

Margret Suckale

Degrees: Law, Business Administration (MBA); 57 years old; 5 years at BASF

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

First appointed: 2011 **Term expires:** 2017

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 Supervisory Board consists of shareholder and employee representatives; seats on the Board are accorded following the principle of parity. The six shareholder representatives are elected by the Annual Shareholders' Meeting, and the six employee representatives are appointed by the employee representative body, the BASF Europa Betriebsrat (European Works Council). The term of office of the Supervisory Board commenced following the Annual Shareholders' Meeting on April 30, 2009, in which the shareholder representatives on the Supervisory Board were elected. It terminates upon conclusion of the Annual Shareholders' Meeting, which resolves on the discharge of members of the Supervisory Board for the fourth complete financial year after the term of office commenced; this is the Annual Shareholders' Meeting on May 2, 2014. The Supervisory Board comprises the following members:

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

Chairman of the Supervisory Board of BASF SE

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

Comparable German and non-German controlling bodies:

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

Michael Diekmann, Munich, Germany

Vice Chairman of the Supervisory Board of BASF SE

Chairman of the Board of Management of Allianz SE

Supervisory Board memberships (excluding internal memberships):

Linde AG (Vice Chairman)
Siemens AG (member)

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

Allianz Deutschland AG (member of the Supervisory Board)
Allianz Asset Management AG (Chairman of the Supervisory Board)

Comparable German and non-German controlling bodies:

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

Robert Oswald, Altrip, Germany

Vice Chairman of the Supervisory Board of BASF SE

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

Ralf-Gerd Bastian, Neuhofen, Germany

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

Wolfgang Daniel, Heidelberg, Germany

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

Prof. Dr. François Diederich, Zurich, Switzerland

Professor at the Swiss Federal Institute of Technology, Zurich

Franz Fehrenbach, Stuttgart, Germany

Chairman of the Supervisory Board of Robert Bosch GmbH

Supervisory Board memberships (excluding internal memberships):

Stihl AG (Vice Chairman)
Linde AG (member since May 29, 2013)

Comparable 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)

Max Dietrich Kley, Heidelberg, Germany

Lawyer

Supervisory Board memberships (excluding internal memberships):

SGL Carbon SE (Chairman until April 30, 2013)
HeidelbergCement AG (member)

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

Supervisory Board memberships (excluding internal memberships):

Software AG (member)

Denise Schellemans, Brecht, Belgium

Full-time trade union delegate

Ralf Sikorski, Wiesbaden, Germany

Member of the Central Board of Executive Directors of the Mining, Chemical and Energy Industries Union

Supervisory Board memberships (excluding internal memberships):

Villeroy & Boch AG (member)
Villeroy & Boch Fliesen GmbH (member)
Steag Power Saar GmbH (Vice Chairman)
Steag New Energies GmbH (Vice Chairman)
KSBG Kommunale Verwaltungsgesellschaft mbH (Vice Chairman)
RWE Generation SE (member)

Michael Vassiliadis, Hannover, Germany

Chairman of the Mining, Chemical and Energy Industries Union

Supervisory Board memberships (excluding internal memberships):

K+S Aktiengesellschaft (Vice Chairman)
Henkel AG & Co. KGaA (member until April 15, 2013)
Steag GmbH (Vice Chairman)
Evonik Industries 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 as amended on May 13, 2013.

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 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.

 **For more on the Supervisory Board and its committees, see page 130 and from page 137 onward**

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. A fixed salary,
2. Annual variable compensation (variable bonus),
3. A share-price-based, long-term incentive (LTI) program,
4. Nonmonetary compensation and other additional compensation, and
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 **annual variable compensation (variable bonus)** is based on the performance of the entire Board and the return on assets. The return on assets is also used to determine the variable compensation of all other employee groups.

In order to assess the sustainable performance of the Board of 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 German BASF Group, the maximum amount that can be contributed to this program is €30,000. Board members have taken advantage of this offer to varying degrees.

3. A **share-price-based, long-term incentive program (the LTI program)** exists for members of the Board of Executive Directors. It is also offered to all other senior executives of BASF Group. Members of the Board of Executive Directors are subject to a stricter set of rules than are contained in the general program conditions: They are required to participate in the program with at least 10% of their 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 by the structure of the LTI program as well as by the upper limit on the options' exercise value.

 **For more on share ownership by members of the Board of Executive Directors, see page 126**

For more on the LTI program, see page 43 and page 210

4. Included in **nonmonetary compensation and other additional compensation** are the following: delegation allowances, accident insurance premiums and other similar benefits, and the personal use of, or benefit from, communication equipment, means of transport and security measures made available by the company. The members of the Board did not receive loans or advances from the company in 2013.

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

 **For more on the D&O insurance of the Board of Executive Directors, see page 126**

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 German BASF Group. The method is designed such that both the performance of the company and the progression of the individual Board member's career significantly affect the pension entitlement.

The annual pension benefits accruing to Board members in a given reporting year (pension unit) are composed of a fixed and a variable component. The fixed component is calculated by multiplying the annual fixed compensation above the Social Security Contribution Ceiling by 32% (contribution factor). The 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 also decisive for the 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 (Heubeck Richttafeln, 2005G) and an assumed pension increase (at least 1.0% 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 1.0% each year.

The pension units also include survivor benefits. Upon the death of an active or former member of the Board, the surviving spouse receives a survivor pension amounting to 60% of the Board member's pension entitlement. The orphan pension amounts to 10% for each half-orphan, 33% for an orphan, 25% each for two orphans and 20% each for three or more orphans of the pension entitlement of the deceased (former) Board member. 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.

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

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

| | Year | Non-performance-related | | Perfor- mance- related | Total cash compensa- tion | Options granted | | Total compen- sation (cash compensation plus options granted) |
|---|------|-------------------------|---|--------------------------------|---------------------------------|----------------------|---|---|
| | | Fixed salary | Non- monetary compen- sation and other additional compen- sation | Variable bonus ¹ | | Number | Market value at option grant date ² | |
| Dr. Kurt Bock Chairman | 2013 | 1,200 | 124 | 2,794 | 4,118 | 54,240 | 1,282 | 5,400 |
| | 2012 | 1,200 | 142 | 3,174 | 4,516 | 56,004 | 770 | 5,286 |
| Dr. Martin Brudermüller Vice Chairman | 2013 | 798 ³ | 571 ⁴ | 1,858 | 3,227 | 36,072 | 852 | 4,079 |
| | 2012 | 868 ³ | 719 ⁴ | 2,111 | 3,698 | 41,184 | 566 | 4,264 |
| Dr. Hans-Ulrich Engel | 2013 | 555 ³ | 814 ⁴ | 1,397 | 2,766 | 27,120 | 641 | 3,407 |
| | 2012 | 588 ³ | 773 ⁴ | 1,587 | 2,948 | 33,876 | 466 | 3,414 |
| Michael Heinz | 2013 | 600 | 125 | 1,397 | 2,122 | 27,120 | 641 | 2,763 |
| | 2012 | 600 | 335 | 1,587 | 2,522 | 25,860 | 355 | 2,877 |
| Dr. Andreas Kreimeyer | 2013 | 600 | 97 | 1,397 | 2,094 | 27,120 | 641 | 2,735 |
| | 2012 | 600 | 93 | 1,587 | 2,280 | 33,876 | 466 | 2,746 |
| Dr. Harald Schwager | 2013 | 600 | 160 | 1,397 | 2,157 | 27,120 | 641 | 2,798 |
| | 2012 | 600 | 104 | 1,587 | 2,291 | 33,876 | 466 | 2,757 |
| Wayne T. Smith (since April 27, 2012) | 2013 | 600 | 475 ⁴ | 1,397 | 2,472 | 21,276 | 503 | 2,975 |
| | 2012 | 375 | 314 ⁴ | 1,076 | 1,765 | 10,748 | 148 | 1,913 |
| Margret Suckale | 2013 | 600 | 76 | 1,397 | 2,073 | 10,880 | 257 | 2,330 |
| | 2012 | 600 | 139 | 1,587 | 2,326 | 26,092 | 359 | 2,685 |
| Total | 2013 | 5,553 | 2,442 | 13,034 | 21,029 | 230,948 | 5,458 | 26,487 |
| | 2012 | 5,629 ⁵ | 2,650 ⁵ | 14,812 ⁵ | 23,091 ⁵ | 289,468 ⁵ | 3,980 ⁵ | 27,071 ⁵ |

¹ The basis for the variable bonus is the return on assets adjusted for special items and the performance factor. This includes contributions made to the deferred compensation program.

² Fair values reported in 2013 for options granted are based on the binomial model (previous year: Monte Carlo Simulation). Had this binomial model been applied to calculate the fair value of option rights granted in 2012, the results would have been as follows: Dr. Kurt Bock €1,200 thousand, Dr. Martin Brudermüller €883 thousand, Dr. Hans-Ulrich Engel €726 thousand, Michael Heinz €554 thousand, Dr. Andreas Kreimeyer €726 thousand, Dr. Harald Schwager €726 thousand, Wayne T. Smith €230 thousand, and Margret Suckale €559 thousand.

³ Payment is made in local currency based on a theoretical net salary in Germany.

⁴ Includes payments to cover additional costs of transfers, such as assumption of prevailing local rental fees

⁵ Prior-year figures include compensation for a member who left the Board of Executive Directors in 2012.

The options granted resulted in an expense in 2013. This personnel expense refers to the sum of all options from the LTI programs 2005 to 2013. It is calculated as the difference in the value of the options on December 31, 2013, compared with the value on December 31, 2012, considering the options exercised and granted in 2013. The value of the options is based primarily on the development of the BASF share price and its outperformance compared with the benchmark indices specified for the LTI programs 2005 to 2013.

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

years, while taking into account the general terms and conditions and ceilings of the LTI program.

The personnel expenses for the year 2013 relating to all options issued were as follows: Dr. Kurt Bock €1,870 thousand (2012: €4,525 thousand); Dr. Martin Brudermüller €1,773 thousand (2012: €5,355 thousand); Dr. Hans-Ulrich Engel €1,593 thousand (2012: €3,741 thousand); Michael Heinz €477 thousand (2012: €1,661 thousand); Dr. Andreas Kreimeyer €1,477 thousand (2012: €3,134 thousand); Dr. Harald Schwager €1,716 thousand (2012: €3,839 thousand); Wayne T. Smith €312 thousand (2012: €698 thousand); and Margret Suckale €390 thousand (2012: €532 thousand).

 For more on the LTI program, see page 43 and page 210 onward

Pension benefits

The service cost attributable to 2013 include costs for BASF Pensionskasse VVaG as well as for the Performance Pension and are as follows: Dr. Kurt Bock €943 thousand (2012: €818 thousand); Dr. Martin Brudermüller €679 thousand (2012: €570 thousand); Dr. Hans-Ulrich Engel €545 thousand (2012: €462 thousand); Michael Heinz €520 thousand (2012: €418 thousand); Dr. Andreas Kreimeyer €534 thousand (2012: €476 thousand); Dr. Harald Schwager €523 thousand (2012: €441 thousand); Wayne T. Smith €546 thousand (2012: €318 thousand); and Margret Suckale €442 thousand (2012: €408 thousand).

The present value of pension benefits (defined benefit obligation) is an accounting figure for the entitlements that the Board members have accumulated in their years of service at BASF. The defined benefit obligations up to and including 2013 are as follows: Dr. Kurt Bock €13,154 thousand (2012: €13,083 thousand); Dr. Martin Brudermüller €9,070 thousand (2012: €8,991 thousand); Dr. Hans-Ulrich Engel €7,165 thousand (2012: €7,018 thousand); Michael Heinz €5,313 thousand (2012: €5,246 thousand); Dr. Andreas Kreimeyer €11,275 thousand (2012: €11,081 thousand); Dr. Harald Schwager €6,707 thousand (2012: €6,596 thousand); Wayne T. Smith €935 thousand (2012: €488 thousand); and Margret Suckale €2,148 thousand (2012: €1,817 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 compensation and variable bonus). Furthermore, the Board member may receive the fair value of the option rights acquired in connection with the LTI program within a period of three months or may continue to hold the existing rights under the terms of the program. For the determination of the accrued pension benefits from the "Board Performance Pension," the time up to the regular expiry of office is taken into consideration. There is a general limit on severance pay (severance payment cap) for all Board members. Accordingly, payments made to a Board

member upon premature termination of their contract, without serious cause, may not exceed the value of two years' compensation nor compensate more than the remaining term of the contract. The severance payment cap is to be calculated on the basis of the total compensation for the past full financial year and, if appropriate, also the expected total compensation for the current financial year. If the appointment to the Board of Executive Directors is prematurely terminated as the result of a change of control, the payments may not exceed 150% of the severance compensation cap.

Former members of the Board of Executive Directors

Total compensation for previous Board members and their surviving dependents amounted to €10.5 million in 2013 (2012: €23.7 million). This figure also contains payments that previous Board members have themselves financed through the deferred compensation program and personnel expense for the year 2013 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 €131.8 million (2012: €142.3 million).

Compensation of Supervisory Board members

The disclosure of compensation of the Supervisory Board is based on the German Commercial Code and is aligned with the recommendations of the German Corporate Governance Code. The compensation of the Supervisory Board is regulated by the 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 2013, minimum earnings per share amounted to €1.60 (2012: €1.55). The performance-related variable remuneration is €800 for each full €0.01 of earnings per share up to an earnings per share of €2.35, €600 for each further €0.01 of earnings per share up to an earnings per share of €2.85, 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 financial year. The performance-related variable compensation is limited to a maximum amount of €120,000.

Based on the earnings per share of €5.27 published in the BASF Group Consolidated Financial Statements 2013, the performance-related compensation reached the maximum amount of €120,000 (2012: €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 loss liability insurance concluded by it (D&O insurance), which includes a deductible.

 For more on the D&O insurance of the Supervisory Board, see page 126

Total compensation of the Supervisory Board of the company for the activity in 2013, including the attendance fees, was around €3 million (2012: around €3 million). The compensation of the individual Supervisory Board members is as follows:

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

| | Fixed compensation | | Performance-related variable compensation | | Payment for committee memberships | | Total compensation | |
|--|--------------------|--------------|---|----------------|-----------------------------------|--------------|--------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Dr. h.c. Eggert Voscherau, Chairman ¹ | 150.0 | 150.0 | 300.0 | 300.0 | 25.0 | 25.0 | 475.0 | 475.0 |
| Michael Diekmann, Vice Chairman ² | 90.0 | 90.0 | 180.0 | 180.0 | 12.5 | 12.5 | 282.5 | 282.5 |
| Robert Oswald, Vice Chairman ² | 90.0 | 90.0 | 180.0 | 180.0 | 12.5 | 12.5 | 282.5 | 282.5 |
| Ralf-Gerd Bastian ³ | 60.0 | 60.0 | 120.0 | 120.0 | 50.0 | 50.0 | 230.0 | 230.0 |
| Wolfgang Daniel | 60.0 | 60.0 | 120.0 | 120.0 | | | 180.0 | 180.0 |
| Prof. Dr. François Diederich | 60.0 | 60.0 | 120.0 | 120.0 | | | 180.0 | 180.0 |
| Franz Fehrenbach ³ | 60.0 | 60.0 | 120.0 | 120.0 | 50.0 | 50.0 | 230.0 | 230.0 |
| Max Dietrich Kley ⁴ | 60.0 | 60.0 | 120.0 | 120.0 | 100.0 | 100.0 | 280.0 | 280.0 |
| Anke Schäferkordt | 60.0 | 60.0 | 120.0 | 120.0 | | | 180.0 | 180.0 |
| Denise Schellemans | 60.0 | 60.0 | 120.0 | 120.0 | | | 180.0 | 180.0 |
| Ralf Sikorski | 60.0 | 60.0 | 120.0 | 120.0 | | | 180.0 | 180.0 |
| Michael Vassiliadis ^{2, 3} | 60.0 | 60.0 | 120.0 | 120.0 | 62.5 | 62.5 | 242.5 | 242.5 |
| Total | 870.0 | 870.0 | 1,740.0 | 1,740.0 | 312.5 | 312.5 | 2,922.5 | 2,922.5 |

¹ Chairman of the Personnel Committee

² Member of the Personnel Committee

³ Member of the Audit Committee

⁴ Chairman 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 2013 will be paid following the Annual Shareholders' Meeting on May 2, 2014.

In 2013, as in 2012, the company paid the Supervisory Board member Prof. Dr. François Diederich a total of CHF 38,400 (2013: approximately €31,200; 2012: approximately

€31,900) plus value-added taxes and out-of-pocket expenses for consulting work in the area of chemical research based on a consulting contract approved by the Supervisory Board.

Beyond this, no other Supervisory Board members received any compensation in 2013 for services rendered personally, in particular, the rendering of advisory and agency services.

 For more on share ownership by members of the Supervisory Board, see page 126

Report of the Supervisory Board



Dear Shareholder,

Notwithstanding the continuing sovereign debt crisis and slow-down in the global economy, BASF brought the 2013 business year to a successful close. The previous year's high sales and earnings levels were once again slightly surpassed. This was thanks to our competitive products, increasingly global business orientation, power of innovation, and most especially, to our highly motivated employees whose commitment makes BASF's success possible. Maintaining this excellence is an important task of the Board of Executive Directors. To remain successful in the future, however, we must also succeed in recognizing business areas with high growth potential and developing innovative and marketable products and solutions for our customers. This is at the core of BASF's "We create chemistry" strategy.

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

In 2013, the Supervisory Board of BASF SE exercised its duties as required by law and the Statutes with the utmost care. We regularly monitored the management of the Board of Executive Directors and provided advice on the company's strategic development and important individual measures, about which the Supervisory Board was thoroughly informed by the Board of Executive Directors. This occurred in the form of written and verbal reports on business policies and the situation and development of the business, as well as the company's profitability, global HR policy and planning with regard to finances, capital expenditures and human resources at BASF SE and its major subsidiaries. We were also informed as to any deviations between the course of business and planning. 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 regularly informed the Chairman of the Supervisory Board regarding current developments and items significant for the company. The Supervisory Board was always involved at an early stage in decisions of major importance. The Supervisory Board discussed and voted on all of those individual measures taken by the Board of Executive Directors which by law or the Statutes required the approval of the Supervisory Board. In 2013, this only applied to approval for various guarantees of a limited nature (in terms of time and scope) pertaining to financing the South Stream gas pipeline project through the Black Sea, in which BASF's subsidiary Wintershall holds a minority interest.

Supervisory Board meetings

The Supervisory Board held five meetings in the 2013 reporting year. Three of the five meetings in 2013 were attended by all twelve Supervisory Board members; at two of the meetings, eleven members were present. The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions.

In all of its meetings, the Supervisory Board discussed the further development of the BASF Group's business activities through acquisitions, divestitures and investment projects. The Oil & Gas segment was once again a focus of our discussions this year. We were particularly occupied with the progress of negotiations with Gazprom on an asset swap that was successfully completed in December. In this transaction, we will exchange shares in the natural gas trading business, grouped into the WINGAS companies, for another share in a gas field in Western Siberia. A further topic centered on the Performance Products segment, for which we discussed restructuring measures in individual businesses – for example, in the Paper Chemicals division. All meetings dealt with the important matter of ongoing major investment projects, such as the construction of an MDI plant in Chongqing, China, and a TDI plant in Ludwigshafen.

In addition to strategically significant individual measures, the Supervisory Board also addressed BASF's strategy and long-term business prospects in individual regions and business areas. We were informed about and discussed the Construction Chemicals division's strategy and reorientation as well as the BASF Group's new information technology strategy at our meeting on July 18, 2013. Moreover, we discussed the implementation status of the "We create chemistry" strategy, introduced in 2011, with the Board of Executive Directors. At our meeting on October 24, 2013, we deliberated on the strategy of