

AGREEMENT
CONCERNING THE INVOLVEMENT OF EMPLOYEES
IN BASF SE

[EXCERPT: CO-DETERMINATION ON THE SUPERVISORY BOARD]

(Consolidated version in consideration of the Supplementary Agreement
dated November 25, 2015)¹

between

BASF Aktiengesellschaft ("BASF"), represented by the Vice Chairman of the Board of Executive Directors, Dr. Eggert Voscherau, and the Head of Human Resources, Hans-Carsten Hansen,

and

the Special Negotiating Body ("SNB"), represented by the Chairman Robert Oswald, Deputy Chairwoman Denise Schellemans and Deputy Chairman Michael Vassiliadis.

¹ The Agreement Concerning the Involvement of Employees in BASF SE was amended by the Supplementary Agreement signed between the company management and the BASF Europa Betriebsrat on November 25, 2015 with the consent of the shareholder representatives and the Employee Representatives of the Supervisory Board in accordance with Part III Clause 1 of the Agreement Concerning the Involvement of Employees.

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PREAMBLE²

On April 26, 2007, the shareholders' meeting of BASF decided in favour of the conversion from an *Aktiengesellschaft* (German stock corporation) into a *Societas Europaea* ("SE"). On the basis of the legal provisions applicable to an SE, BASF and the Special Negotiating Body have reached an agreement governing the involvement process and the involvement rights of the employees regarding cross-border information, consultation and dialogue with the employees in Europe as well as their official representation on the supervisory board.

With the conversion into an SE, the company makes a contribution to the continuing European integration and thus emphasises its leading role in the European chemical industry. The SE promotes the international orientation of BASF and provides an opportunity for the involvement of all employees, their representative bodies and labour unions on a European level. With this Agreement, which supports BASF's company principles and the UN Global Compact, both the company's management and employee representatives demonstrate their commitment to a socially responsible Europe. Social partnership based on cooperation provides the basis for the dialogue on social and economic issues in Europe.

Since 1995, an employee representative body on a European level has existed in BASF on the basis of a voluntary contractual agreement – the BASF Euro Dialog. It serves the purpose of information and consultation by the management of the company in cross-border matters and has established itself as a functioning and recognised body for the representation of employee interests on a European level within the BASF Group.

The new Agreement takes up this positive approach and develops it further through the BASF SE towards the involvement and consultation of all employees. In this regard, both sides follow their conviction that the economic success of BASF is closely linked to the commitment and motivation of all employees.

The new "BASF Europa Betriebsrat" is the employee representative body of BASF SE with a European identity. It exercises the rights of the employees to information, consultation and dialogue in cross-border matters. The European employees are thereby enabled to enter into a structured dialogue with the management of the company with regard to issues of principal significance. National involvement rights and procedures are supplemented by this European dimension of participation. With this Agreement, the company's management and employee representatives underline their responsibility and capability to act in the field of social policy.

² The wording used in the Agreement is intended to equally address men and women. The chosen wording serves the purpose of increased reader-friendliness of the text.

With the conversion into an SE, the European idea is being realised also in the area of entrepreneurial co-determination of the employees on the supervisory board.

The parties therefore agree, based on Sec. 21 of the German Act on the Involvement of Employees in a European Company of December 22, 2004 (SE Involvement Act – SEBG), on the following:

I. INFORMATION, CONSULTATION AND DIALOGUE IN THE BASF EUROPA BETRIEBSRAT

[...]

II. CO-DETERMINATION ON THE SUPERVISORY BOARD

1. Composition of the Supervisory Board of BASF SE

Pursuant to the statutes stipulated at its formation, BASF SE follows the two-tier system with management board and supervisory board. The supervisory board has twelve members. It is comprised on a parity basis, i.e. half of its members shall be appointed by the employees ("Employee Representatives"). Employees of companies of the BASF Group within the Scope pursuant to Part I. Clause 1 and representatives of labour unions represented in these companies shall be eligible as Employee Representatives on the supervisory board of BASF SE.

1 a. Minimum Quota of Women and Men³

Women and men must be represented on the Supervisory Board with a quota of at least 30 percent each. This minimum quota must be fulfilled by the Supervisory Board taken as a whole unless the shareholder representatives (shareholder side) or the Employee Representatives (employee side) have objected to the overall compliance to the Chairman of the Supervisory Board before the election (election by the shareholders' meeting, appointment by the BASF Europa Betriebsrat pursuant to Part II, Clause 4.2 of the Agreement on Employee Involvement). If objections have been raised regarding the overall compliance, the minimum quota for this election must be fulfilled separately by the shareholder side and the employee side. In the case of appointment of Supervisory Board members according to schedule pursuant to Part II, Clause 6.2, Paragraph 1, the objection must be explained six months at the latest before the day of the Annual Shareholders' Meeting when the Supervisory Board mandates end.

Paragraph 1, Sentences 2 and 3 shall apply accordingly in the case of a judicial appointment of Supervisory Board members.

³ Clause 1 a. inserted based on the Supplementary Agreement signed between the company management and the BASF Europa Betriebsrat on November 25, 2015.

2. Employee Representatives on the First Supervisory Board

The Employee Representatives on the first supervisory board of BASF SE shall comprise five representatives from Germany, including two representatives of the labour union *Industriegewerkschaft Bergbau, Chemie und Energie (IG BCE)*, as well as one representative of a BASF Group company outside of Germany in accordance with the number of employees and who has to be an employee of a BASF Group company:

First Name, Name	Represented Country	Personal Substitute Member (First Name, Name)
Robert Oswald	Germany	Elisabeth Oberinger
Wolfgang Daniel	Germany	Hans Werrel
Ralf Bastian	Germany	Hans-Peter Kaub
Denise Schellemans	Belgium	Eddy Michielsen
Michael Vassiliadis	Germany	Petra Reinbold-Knape
Ulrich Küppers	German	Ralf Silkorski

3. Allocation of the Seats of the Employee Representatives on the Supervisory Board

- 3.1 Subject to the provision in Part II. Clause 2, the allocation of seats of the Employee Representatives on the supervisory board of BASF SE to the countries concerned shall correspond to the respective share of the BASF Employees employed in such country in accordance with Sec. 36 para. 1 SEGB. For this purpose, the number of BASF Employees as of the end of such financial year shall be relevant which precedes the ordinary shareholders' meeting in which the shareholder representatives on the supervisory board are to be elected. Changes in the number of employees during the term of office of the supervisory board shall not result in an alteration of the allocation of seats of the Employee Representatives on the supervisory board of BASF SE and, accordingly, it shall not lead to any of the Employee Representatives leaving their office on the supervisory board before the expiry of their term.

- 3.2 Unless set forth otherwise in this Agreement, the allocation of seats and the proposal for appointment regarding the seats allocated to the various countries in accordance with Part II Clause 3.1 shall be made in accordance with the respective national provisions of these countries. Where no such rules exist, the BASF Europa Betriebsrat shall appoint the employee representatives of the respective country concerned. Employee Representatives allocated to Germany shall be proposed by the German Group Works Council for appointment to the BASF Europa Betriebsrat on the basis of the structure set forth in Part II, Clause 2 and taking into consideration the minimum quota of women and men pursuant to Part II, Clause 1 a. For the purposes of the proposals, all employee representative bodies shall take into account, in particular, the suitability, qualification, and experience required for the office of a supervisory board member of BASF SE.⁴
- 3.3 A personal substitute member shall be appointed for each Employee Representative. The provisions in Part II Clause 3.1 and 3.2 shall apply accordingly.

4. Appointment of the Employee Representatives

4.1 Appointment of the Employee Representatives on the First Supervisory Board (Part II Clause 2)

The Employee Representatives and their personal substitute members on the first supervisory board of BASF SE (Part II. Clause 2 above) are considered to be elected once this Agreement comes into force.

4.2 Appointment of the Employee Representatives for the Following Periods of Office (Part II Clause 2).

The Employee Representatives and their personal substitute members to be determined pursuant to Part II. Clause 3 shall be appointed by the BASF Europa Betriebsrat. In this regard, the latter shall be bound to the appointment proposals pursuant to Part II. Clause 3.2 and 3.3.

⁴ Clause 3.2 amended based on the Supplementary Agreement signed between the company management and the BASF Europa Betriebsrat on November 25, 2015.

5. Dismissal and Contesting the Appointment or Election

- 5.1 An employee representative or a personal substitute member may be dismissed prior to the expiry of the term of office. The relevant national legal provisions shall apply to the dismissal; if no such provisions exist, Sec. 37 SEBG shall apply accordingly.
- 5.2 The election of an employee representative or personal substitute member may be contested if relevant provisions pertaining to the right of election, the eligibility for election or the election process have been violated, except where the outcome of the election could not be changed or affected by the violation. The relevant national legal provisions shall apply according to the right to file the application. In addition, the BASF Europa Betriebsrat and BASF SE shall be entitled to file the application. The action has to be lodged within one month after the appointment resolution of the BASF Europa Betriebsrat. The Labour Court of Ludwigshafen shall have exclusive jurisdiction.

5 a. Legal Consequences if the Minimum Quota of Women and Men on the Employee Side is not Observed after the Objection to the Overall Compliance⁵

If in the case of an objection to the overall compliance pursuant to Part II, Clause 1 a, the BASF Europa Betriebsrat appoints women or men as Employee Representatives with a quota of less than 30 percent, the appointment of such a number of applicants of the over-represented gender shall be invalid, as seats on the Supervisory Board to reach the minimum quota of the under-represented gender are required. If in compliance with the structure set forth in Part II, Clause 2, no IG BCE representative ("trade union representative") from the under-represented gender was appointed, the appointment of a trade union representative shall be invalid. If afterwards the minimum quota is not complied with, the appointment of an applicant from Germany not proposed by IG BCE shall be invalid. The number of votes cast in the resolution of the BASF Europa Betriebsrat shall be decisive for this invalidity. In the event of a tied vote, the final decision shall be taken by lots.

6. Term of Office of the Supervisory Board Members

- 6.1 The term of office of the members of the first supervisory board of BASF SE shall terminate upon the conclusion of the General Shareholders' Meeting which decides on the approval of activities of the supervisory board for the financial year of BASF SE ending on December 31, 2008.

⁵ Clause 5 a. inserted based on the Supplementary Agreement signed between the company management and the BASF Europa Betriebsrat on November 25, 2015.

- 6.2 Supervisory board members are appointed for a period until the end of the shareholders' meeting of BASF SE which decides on the approval of activities for the fourth financial year after commencement of the term of office, with the financial year in which the term of office commences not to be counted, however, for no longer a period than six years. Re-appointments are permissible.

The office of an Employee Representative on the supervisory board of BASF SE shall terminate prior to the end of his term of office if he is no longer in an active employment relationship with a company of the BASF Group within the meaning of Part I. Clause 1.

- 6.3 The personal substitute member shall become a member of the supervisory board of BASF SE after the Employee Representative for whom he has been appointed as a personal substitute member leaves the board prior to the end of the term of his office. In the event that a member leaves the supervisory board before the end of his term of office without a substitute member taking his place, a successor shall be appointed pursuant to Part II. Clauses 3 and 4 for the remaining term of office of the member who left the board. For this purpose, the allocation of seats of Employee Representatives on the supervisory board of BASF SE shall be applied as that which existed at the time when the supervisory board member who left office was elected.

- 6.4 The succession of personal substitute members shall be excluded if in such a case the percentage of women and men on the Supervisory Board does no longer reach the minimum quota of 30 percent each. In the case of an objection to the overall compliance pursuant to Part II, Clause 1 a, this shall apply accordingly to the quota of women and men among Supervisory Board members on the side of the succeeding substitute member.

Irrespective of the aforementioned Paragraph 1, personal substitute members who were appointed before April 30, 2015 by the competent appointment body shall become members of the Supervisory Board, even if this means that the minimum quota of women or men is not complied with or that their share will continue to decrease below the minimum quota.⁶

7. Deputies of the Supervisory Board Chairman

From among its members, the supervisory board of BASF SE shall elect a chairman and two deputy chairmen for the duration of their term of office on the supervisory board. One of the deputy chairmen shall be elected at the proposal of the Employee Representatives.

⁶ Clause 6.4 inserted based on the Supplementary Agreement signed between the company management and the BASF Europa Betriebsrat on November 25, 2015.

8. Member of the Board of Executive Directors Responsible for "Labour and Social Affairs"

One member of the Board of Executive Directors of BASF SE shall be responsible for the areas of "Labour and Social Affairs". He/she shall use the designation "Labour Relations Director". The appointment of the member of the Board of Executive Directors responsible for the areas of "Labour and Social Affairs" shall be subject to the consent of the supervisory board of BASF SE.

9. Appointment of Committee Members

In the event that committees are established by the supervisory board of BASF SE, appointment of members to the latter shall, as a general rule, be made on a parity basis, except where a different appointment procedure is regarded as appropriate because of the subject matter delegated to the respective committees. Provisions to this effect shall be included in the rules of procedure of the supervisory board, subject to its right to self-determination. Where a supervisory board committee is composed on a parity basis, Articles 42 and 50 para. 2 SE Regulation shall apply accordingly to such committee.

10. Rights and Duties of the Employee Representatives

10.1 Equal Rights and Duties

The Employee Representatives on the supervisory board of BASF SE shall have the same rights and duties as the shareholder representatives.

10.2 Time off from Work

For the purpose of conducting their respective activities as members of the supervisory board of BASF SE, the Employee Representatives shall get time off from work without any reduction of their salary.

10.3 Payment of Costs

10.3.1 The costs for preparatory meetings of the employee representatives to prepare for supervisory board meetings shall be borne by BASF SE.

10.3.2 The costs for special training measures conducted in coordination with the chairman of the supervisory board and concerning the tasks of the supervisory board or of one of the committees established by the latter shall be borne by BASF SE.

10.4 Interpreting

Each Employee Representative shall be entitled – to the extent necessary – to have the meetings of the supervisory board of BASF SE, as well as the respective preparatory meeting of the Employee Representatives, interpreted into his native language.

III. FINAL PROVISIONS

1. Effectiveness and Term

This Agreement shall become effective upon registration of the conversion of BASF Aktiengesellschaft into BASF SE in the commercial register of BASF Aktiengesellschaft. It may be terminated with a notice period of twelve months, for the first time as of December 31, 2014. If no termination occurs, the term of this Agreement shall in each case be extended by five years.

During its term, amendments may be made upon agreement between the BASF Europa Betriebsrat and the management of BASF SE. In the event of amendments of provisions concerning the supervisory board of BASF SE, such amendments shall require the consent of the Employee Representatives and the shareholder representatives of the supervisory board.

2. Legal Consequences of a Termination

After a termination, the management of BASF SE as well as the BASF Europa Betriebsrat shall be under an obligation to take up negotiations for a new agreement with the serious intent of reaching such an agreement.

Upon expiry of the termination period, the provisions relating to the BASF Europa Betriebsrat (Part I.) shall continue to apply until they are replaced by another agreement, but no longer than for a period of one year ("After-effect Period"). In the event that no new Agreement on Employee Involvement is concluded until the expiry of the After-effect Period, Part I shall be replaced by the subsidiary regulation by operation of law of the SEGB, as amended. Until the constituent meeting of the BASF Europa Betriebsrat is established pursuant to the subsidiary regulation by operation of law, the existing BASF Europa Betriebsrat shall have a transition mandate.

In the event that no new Agreement on Employee Involvement is concluded until the end of the termination period, Part II shall be replaced by the subsidiary regulation by operation of law of the SEGB, as amended. The mandate of the Employee Representatives on the supervisory board of BASF SE shall only terminate upon the expiry of the term of office for which they have been elected.

3. Resumption of Negotiations

In the event that negotiations are resumed pursuant to Sec. 18 para. 3 SEBG, the negotiations shall be conducted by the Board of Executive Directors of BASF SE and the BASF Europa Betriebsrat, instead of a Special Negotiating Body which otherwise would have to be newly established.

4. Superseded Regulations

This Agreement shall supersede

- a) the Agreement of May 24, 1995, on the voluntary establishment of the BASF Euro Dialog, including the agreements for amendments and supplements thereto, and
- b) the Agreement on the determination of the delegates for the term of office 2007 to 2011 of the BASF Euro Dialog.

5. Applicable Law

Unless explicitly stipulated otherwise in this Agreement, this Agreement shall be subject to German law in connection with the underlying European provisions of law.

6. Severability

In the event that individual provisions of this Agreement should be invalid or should become invalid in the future, this shall not affect the Agreement on the whole or individual provisions thereof. In this case, the management of BASF SE and the BASF Europa Betriebsrat will initiate an appropriate amendment or supplement to the Agreement.

7. Dispute Resolution and Venue

The management of BASF SE and the BASF Europa Betriebsrat shall endeavour to settle amicably any differences of opinion regarding the content, interpretation and application of this Agreement. For any disputes that may nevertheless arise, the Labour Court of Ludwigshafen shall be the exclusive place of venue.

Ludwigshafen, this November 15, 2007

BASF Aktiengesellschaft

Besonderes Verhandlungsgremium

Voscherau

Hansen

Oswald

Schellemans

Vassiliadis

Annex 1 – Country Cluster

[...]