



Counter motions from Dachverband der Kritischen Aktionärinnen und Aktionäre (Association of Ethical Shareholders Germany) for the Annual Shareholders' Meeting of BASF SE on May 12, 2017

***Counter motion to agenda item 2, C: Adoption of a resolution on the appropriation of profit.***

The Dachverband der Kritischen Aktionärinnen und Aktionäre petitions that instead of the dividend payout of €2,755,436,082.00 proposed by the Board of Executive Directors and Supervisory Board, a dividend of only €2,755,411,082 be paid out to shareholders.

€25 million shall be paid into a fund established by BASF SE to compensate the parties injured in the Marikana massacre and the widows and surviving dependents of the slain miners.

The justifications for this are provided in the explanations to the counter motion to agenda item 4 (part 1 of the reason).

We call upon shareholders to accept their ethical responsibility and to vote to approve a reduction of their dividend payment from €3.00 per share to €2.99997278 per share.

***Counter motion to agenda item 4, C: Adoption of a resolution to the actions of the members of the Board of Executive Directors***

**The Dachverband der Kritischen Aktionärinnen und Aktionäre petitions to not give formal approval to the actions of the members of the Board of Executive Directors of BASF SE for the financial year 2016.**

**Reason:**

**1. Serious deficiencies in responsible supply chain management, even in the fifth year after the Marikana massacre**

The Board of Executive Directors still does not meet its obligation of due diligence in the supply chain with regard to the mining company LONMIN, whose main direct customer for platinum is BASF. Nearly five years after the Marikana massacre, it has been confirmed clearly and by commissions of inquiry that LONMIN was partly responsible for the deaths of 44 people during the strike in August 2012. It has also been shown that LONMIN was guilty of fundamental misconduct and failure to meet legal obligations. The workers who extract one of the most valuable metals from the earth have degrading working and living conditions. The majority of the workers continue to live in slums without running water, sewerage or electricity. LONMIN has repeatedly failed to meet its legal obligations to the workers and the local population.

All of these offenses violate the basic principles of corporate governance for which BASF stands. BASF promises to also require these basic principles – such as human rights, labor standards, social sustainability and environmental safety – from its suppliers.

“Responsibility along the supply chain” is an oft-touted claim, and the German word for responsibility (“Verantwortung”) also contains the German word for answer (“Antwort”). BASF still owes an answer to the widows of the miners killed in the massacre, who confronted the BASF Board of Executive Directors at the Annual Shareholders' Meeting on April 29, 2016: “We ask you: What are you planning to do to improve our situation and support our families after our husbands were murdered by LONMIN, your platinum supplier? How are we to

regain our human dignity? We are asking you whether the BASF Group is prepared to use a portion of the profits it has accumulated through years of doing business with LONMIN in order to support us? LONMIN's activities to date, which were commended in the BASF audit, have made our situation even worse. We are asking you which steps will you undertake to ensure that LONMIN recognizes its complicity in the massacre, apologizes and pays reparations?"

BASF's measures so far have been toothless in light of the seriousness of the offenses of one its direct suppliers: BASF carried out an unpublished audit with LONMIN, which only identified potential for improvement in environmental and safety issues. In view of the situation of the local workers and the surviving dependents, this assessment is wrong. A few more meetings with Group management and individual stakeholders are not sufficient to tangibly and sustainably improve the situation.

As a first sign of the implementation of its promises with regard to responsibility along the supply chain, BASF should set up a fund with €0.5 million for each of the 44 people who died in August 2012 as well as support for the injured and give this money to the people directly affected (a total of €25 million). Compared to BASF purchases from LONMIN (€650 million in 2015), this is a small amount.

[www.kritischeaktionare.de](http://www.kritischeaktionare.de) and [www.basflonmin.com](http://www.basflonmin.com)

## **2. Tax avoidance**

This is also a small amount in comparison to the tax payments BASF has avoided. Although BASF's wily tax avoidance practices may be (for now) covered by law and not illegal, they are nevertheless morally objectionable and unfair. Not least of all, they are diametrically opposed to the high ethical standards which BASF likes to flaunt in public (and at Annual Shareholders' Meetings). BASF describes itself as combining "economic success" with "social responsibility": Given the behavior with regard to the South African miners and the €1 billion in taxes in recent years which ended up in the Company's own pocket rather than the public purse, this self-image is in danger of becoming nothing more than a mockery of the Company's own practices.

## **3. Increased frequency of incidents**

In 2016, there was a noticeably increased frequency of incidents at BASF. As a result of the explosion on October 17 at the main production site in Ludwigshafen, four people died and 30 were injured. According to the Frankenthal public prosecutor's office, an external contractor apparently cut into the wrong pipeline, which contained a flammable liquid. Industrial Relations Director Suckale stressed that outside contractors have to meet "high standards" at BASF.

Plant employees complain about the increasing work intensification, the use of too many contract workers and contracts being awarded to low-cost firms. Sources close to the chemical Group say that cost-cutting programs at BASF may be the reason why more and more incidents are occurring. BASF CEO Bock has so far not provided any conclusive explanation for the increased frequency of incidents.

Cologne, April 26, 2017



Markus Dufner, Managing Director  
Dachverband der Kritischen Aktionärinnen und Aktionäre Deutschland

((Add on: Administration's position (of BASF) on the counter motions:  
"We believe that the counter motions are without merit and recommend a vote against them."))