

ARTICLES OF INCORPORATION  
of  
Covestro AG

As of October 13, 2020  
Convenience Translation

In the event of any inconsistency in the English translation, the German version shall prevail.

# Articles of Incorporation of Covestro AG

## Section I – General Provisions

### § 1 - Name and Registered Office

- (1) The Company's name is Covestro AG.
- (2) The Company's registered office is in Leverkusen.

### § 2 - Purpose of the Company

- (1) The purpose of the Company is manufacturing, marketing and other industrial activities and the provision of services in the area of polymers and chemicals.
- (2) The Company is authorized to undertake all business that is related to, or directly or indirectly serves, the purpose of the Company.
- (3) The Company may establish, acquire or take participating interests in other companies, in particular those whose purpose fully or partially covers the aforementioned area. It may bring companies in which it holds participating interests under its uniform control, or confine itself to the administration thereof. It may transfer their operations in full or in part to newly established or existing subsidiaries.

### § 3 - Fiscal Year, Notices, Dissemination of Information, Place of Jurisdiction

- (1) The fiscal year is the calendar year. The period between the establishment of the Company and December 31, 2015, is a short fiscal year.
- (2) Company notices shall be published in the Federal Gazette (*Bundesanzeiger*). Should a different form of notification be required by law, this form of notification shall take the place of publication in the Federal Gazette.
- (3) Information can also be disseminated to the Company's shareholders by electronic means to the extent permitted by law.
- (4) The place of jurisdiction for all disputes between the Company and its shareholders is the location of the Company's registered office. Foreign courts shall have no jurisdiction over such disputes.

## Section II – Capital Stock and Shares

### § 4 - Capital Stock

- (1) The capital stock amounts to €193,200,000.00 and is divided into 193,200,000 bearer shares (*no-par shares*).
- (2) The Board of Management, with the approval of the Supervisory Board, is hereby authorized to increase the capital stock in the period up to July 29, 2025, by a total of up to €63,000,000.00 by issuing new, no-par value bearer shares in return for cash contributions and/or contributions in kind. The authorization can also be used in one or more installments.

The new shares participate in the profit from the beginning of the fiscal year in which they are issued. However, in contrast to Section 60, Paragraph 2 of the German Stock Corporation Act and to the extent permissible by law, the Board of Management, with the approval of the Supervisory Board, can specify that the new shares will participate in the profit from the beginning of a prior fiscal year for which, at the time of their issue, the Annual General Meeting has not yet adopted a resolution on the use of the distributable profit. The Board of Management is authorized, with the approval of the Supervisory Board, to specify further details for the capital increase and its execution (Authorized Capital 2020).

Furthermore, the Board of Management is authorized, with the approval of the Supervisory Board, to disapply subscription rights for capital increases in return for contributions in kind, particularly as part of mergers or the direct (and indirect) acquisition of companies, businesses, divisions of companies, equity interests or other assets or claims to the acquisition of assets, including receivables in respect of the Company or its Group companies.

In the case of capital increases in return for cash contributions, new share must generally be offered for subscription to shareholders; they can also be offered to credit institutions or companies within the meaning of Section 186, Paragraph 5, Sentence 1 of the German Stock Corporation Act with the obligation to offer them for subscription to shareholders. However, the Board of Management is authorized, with the approval of the Supervisory Board, to disapply the subscription rights of shareholders for cash capital increases

- where this is necessary when the subscription ratio gives rise to fractional amounts,
- to grant the holders or creditors of warrants/conversion rights on shares of the Company or corresponding exercise/ conversion obligations arising from bonds issued or guaranteed by Covestro AG or its Group companies subscription rights to compensate for dilution to the extent to which they would be entitled after exercising these warrants/conversion rights or after fulfilling these exercise/conversion obligations,
- if the issue price of the new shares does not fall significantly below the market price of the shares of the Company already listed. The proportionate interest in the capital stock attributable to the shares issued in return for cash contributions pursuant to Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act is not permitted to exceed 10% of the capital stock. The capital stock used for this calculation is the capital stock on the date this authorization enters into force – or if this amount is lower – at the date this authorization is exercised. The shares to be included in calculating this limit are those that are issued or sold during the term of this authorization up to the date of its exercise by direct or analogous application of this provision. In addition, shares issued or granted or to be issued or granted based on a convertible bond or warrant bond issued during the term of this authorization while disapplying subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act are also included in this calculation.

- (3) The capital stock shall be conditionally increased to up to €18,300,000.00. The conditional capital increase by way of the issue of up to 18,300,000 no-par value bearer shares carrying dividend rights from the beginning of the fiscal year in which they were issued will only be

carried out to the extent that the holders or creditors of convertible bonds or warrants attached to warrant bonds issued based on the authorization of the Board of Management approved by the Annual General Meeting on July 30, 2020, by Covestro AG or by a Group company up to July 29, 2025, exercise their conversion rights/warrants, fulfill their conversion/exercise obligations, or shares are tendered and no other types of settlement are used. The new shares are issued in accordance with the authorizing resolution referred to above at the exercise or conversion price to be determined in the Bond Terms or warrant terms. The Board of Management is authorized, with the consent of the Supervisory Board, to specify further details for the capital increase and its execution (Conditional Capital 2020).

- (4) In the event of a capital increase, the manner in which the new shares participate in the profit may differ from the provisions of Section 60 of the German Stock Corporation Act.

### **§ 5 - Shares**

- (1) Shareholders shall not be entitled to the issuance of share certificates.
- (2) The Board of Management shall have the right to decide on any issuance of share certificates and all details of such issuance.

## **Section III – Constitution**

### **A. The Board of Management**

#### **§ 6 - Composition, Rules of Procedure**

- (1) The Board of Management shall consist of at least two members. The number of members of the Board of Management shall be determined by the Supervisory Board. The Supervisory Board may appoint one member of the Board of Management as Chairperson of the Board of Management and one member of the Board of Management as Vice Chairperson of the Board of Management.
- (2) The Board of Management may, by unanimous resolution, determine its Rules of Procedure if the Supervisory Board does not issue Rules of Procedure for the Board of Management. If the Supervisory Board issues Rules of Procedure for the Board of Management, which it is entitled to do at any time, these shall supersede any Rules of Procedure that have been determined by the Board of Management.

#### **§ 7 - Management of the Business, Power of Representation**

- (1) The Supervisory Board shall determine which types of business may be undertaken by the Board of Management solely with the approval of the Supervisory Board. The Supervisory Board shall determine when the consent of the Supervisory Board is required, on a case-by-case basis if need be, especially for transactions of fundamental importance involving decisions or measures that may fundamentally alter the Company's financial position or results of operations.
- (2) The Company shall be represented by two members of the Board of Management or by one member of the Board of Management together with one authorized signatory with full power of representation (*Prokurist*). The Supervisory Board may grant one or more members of the Board of Management exemption from the ban on multiple representation pur-

suant to Section 181 of the German Commercial Code (BGB), either generally or on a case-by-casebasis.

## **B. The Supervisory Board**

### **§ 8 - Composition, Election, Term of Office**

- (1) The Supervisory Board shall consist of twelve members. Six members shall be elected by the Annual General Meeting in accordance with the provisions of the German Stock Corporation Act (AktG), and six by the employees in accordance with the provisions of the Codetermination Act (MitbestG) of May 4, 1976.
- (2) The members of the Supervisory Board shall be elected to serve until the end of the Annual General Meeting that resolves on the ratification of the actions of the Supervisory Board in the fourth fiscal year after the commencement of their term of office, not counting the fiscal year in which their term of office begins (standard term of office). The Annual General Meeting or – in the case of the first Supervisory Board – the Company's founder may specify a term of office that is shorter than the standard term of office and, subject to the statutory limits, different starting and end dates for the term of office
- (3) The Annual General Meeting may, at the same time as it elects the members of the Supervisory Board, elect one or more substitute members. The substitute members shall replace the respective members who have ceased to be members of the Supervisory Board before the end of their term of office, for the remainder of the term. The election of substitute members for the employee representatives on the Supervisory Board shall take place in accordance with the provisions of the Codetermination Act.
- (4) If a member of the Supervisory Board elected by the Annual General Meeting ceases to be a member of the Supervisory Board before the end of his or her term of office and if no elected substitute member is available, an election shall be held to determine a successor to serve for the remainder of his or her term of office unless the successor is specifically elected for a different term.
- (5) Members of the Supervisory Board may resign at any time by giving four weeks' written notice to the Chairperson of the Supervisory Board or to the Board of Management. Dismissal of a member of the Supervisory Board elected by the shareholders shall require a majority of at least three quarters of the votes cast.
- (6) The members of the Supervisory Board shall not disclose any confidential Company information or secrets that become known to them through their work, even after they leave the SupervisoryBoard.

### **§ 9 - Chairperson and Vice Chairperson**

- (1) The Supervisory Board shall elect a Chairperson and a Vice Chairperson from among its members. The election shall take place in accordance with the provisions of the Codetermination Act (MitbestG).
- (2) Unless a shorter term of office is specified at the time of their election, the Chairperson and Vice Chairperson of the Supervisory Board shall be elected as Chairperson and Vice Chairperson, respectively, for the duration of their membership of the Supervisory Board. This election shall take place at a meeting which, without having to be separately convened, shall take place immediately after the Stockholders' Meeting during which the

shareholders' representatives on the Supervisory Board were elected.

- (3) If the Chairperson or the Vice Chairperson of the Supervisory Board ceases to be a member before the end of his or her term of office, the Supervisory Board shall elect a successor at its next meeting. If the Chairperson of the Supervisory Board ceases to be a member before the end of his or her term of office, such meeting shall be convened by the Vice Chairperson.
- (4) The Vice Chairperson shall only acquire the rights and obligations of the Chairperson if the latter is unable to attend and if those rights and obligations are, in this event, explicitly assigned to the Vice Chairperson by law or these Articles of Incorporation.

### **§ 10 - Convening of Meetings and Adoption of Resolutions**

- (1) The Chairperson of the Supervisory Board shall convene and chair the meetings of the Supervisory Board. The Supervisory Board shall hold two meetings per calendar half-year. Additional meetings shall be held if required by law or deemed appropriate for business reasons.
- (2) The members of the Board of Management may attend the meetings of the Supervisory Board, unless the Chairperson of the Supervisory Board determines otherwise for a particular reason.
- (3) The Supervisory Board shall be deemed to have a quorum if at least one half of the total number of members of which it is required to consist participates in voting, provided that this constitutes at least three members. A member is deemed to participate in the resolution if he/she abstains from voting. Absent members of the Supervisory Board may participate in the voting on a resolution if they arrange for written votes to be cast for them by other members of the Supervisory Board. A vote sent by fax, email or another commonly used means of communication shall also be deemed to be a written vote. A belated vote may be cast by an absent member only if the Chairperson of the Supervisory Board or, if the Chairperson of the Supervisory Board is not available, the deputy chair permits this prior to the vote in the meeting for all absent members of the Supervisory Board within a period to be set by the Chairperson of the Supervisory Board/deputy chair; the other members of the Supervisory Board have no right of objection to this.
- (4) If the number of shareholder representatives and the number of employee representatives voting on a resolution is not equal, a revote shall be taken at the request of two members of the Supervisory Board. Such revote shall be taken at the next regular meeting, unless a special meeting of the Supervisory Board is convened. Thereafter, no further revotes shall be permitted to take place at the request of only a minority of the members.
- (5) The Chairperson of the Supervisory Board can also initiate voting on a resolution by the Supervisory Board in the following ways:
  - (a) outside of meetings by casting votes in writing or by telephone, or by casting votes by video conference or some other electronic medium (e.g., email or fax), including by circular or circular call, or by casting votes using a combination of the aforementioned communication channels, as well as
  - (b) by combining a meeting and the Supervisory Board members not participating in the meeting by casting votes by the means described in (a).

The members of the Supervisory Board are not entitled to a right to object to the form of voting authorized by the Chairperson of the Supervisory Board. Resolutions passed in

accordance with this Paragraph 5 shall be set forth in writing by the Chairperson of the Supervisory Board and recorded in the minutes of the next meeting.

- (6) Resolutions of the Supervisory Board shall be adopted by a majority of the votes cast, except where otherwise provided by law. In the event of a tie, a second vote shall be held on the same matter, and if this vote also results in a tie, the Chairperson shall have the casting vote.
- (7) Minutes of the deliberations and resolutions of the Supervisory Board shall be recorded and filed. They must be signed by the Chairperson. A copy must be forward to every member of the Supervisory Board without delay.
- (8) Declarations by the Supervisory Board or its committees shall be made by the Chairperson on behalf of the Supervisory Board. The Chairperson, but not the other members, shall be authorized to receive declarations on behalf of the Supervisory Board.
- (9) The Supervisory Board may resolve amendments to these Articles of Incorporation that relate solely to their wording.

### **§ 11 - Rules of Procedure and Committees**

- (1) The Supervisory Board itself shall determine its Rules of Procedure.
- (2) In addition to the committee pursuant to § 27 (3) of the Codetermination Act (MitbestG), the Supervisory Board may establish other committees and appoint members of the Supervisory Board to such committees. Decision-making powers may be assigned to the committees as permitted by law.
- (3) The rules set out in § 10 shall apply analogously to the committees. The committee may elect a Chairperson from among its members unless one has been appointed by the Supervisory Board. If a committee vote results in a tie and a second vote on the same resolution again produces a tie, the Chairperson of the committee shall have the casting vote. The Supervisory Board may set rules for the activities of the committees in its Rules of Procedure.

### **§ 12 - Compensation of the Supervisory Board**

- (1) Each member of the Supervisory Board shall receive a fixed annual compensation of €100,000. Members of the Supervisory Board who are also members of a committee shall receive additional compensation.
  - (a) The additional compensation shall amount to €50,000 for the Chairperson of the Audit Committee and €25,000 for all other members of the Audit Committee.
  - (b) The additional compensation shall amount to €30,000 for the chairpersons of other committees and €20,000 for all other committee members. No additional compensation shall be paid for membership of the Nominations Committee.

A Supervisory Board member who is a member of more than two committees receives compensation only for the two functions with the highest compensation.

- (2) Instead of the compensation set forth in Paragraph 1, the Chairperson of the Supervisory Board shall receive a fixed annual compensation of €300,000 and the Vice Chairperson shall receive €150,000. This shall also cover membership and chairing of committees.
- (3) Supervisory Board members who have been members of the Supervisory Board or of one of its committees or who have served as Chairperson or Vice Chairperson of the Supervi-

sory Board or as Chairperson of one of its committees for only part of a fiscal year shall receive lower compensation on a pro rata basis.

- (4) The members of the Supervisory Board also receive an attendance fee of €1,000 each time they personally attend a meeting of the Supervisory Board or a committee. If multiple meetings are held on one day, only one attendance fee shall be paid.
- (5) The compensation shall be paid after the end of the fiscal year.
- (6) The Company shall reimburse to the Supervisory Board members the expenses incurred through the exercise of their office, including any value-added tax payable on their compensation and on the reimbursement of their expenses. The Company may take out liability insurance for the benefit of the members of the Supervisory Board to cover the legal liability arising from their activities as members of the Supervisory Board.

## **C. The Annual General Meeting**

### **§ 13 - Venue**

The Annual General Meeting shall be held at the location of the Company's registered office, a German stock market location or a German city with more than 100,000 inhabitants.

### **§ 14 - Notice of the Annual General Meeting**

The Annual General Meeting is convened by the Board of Management, provided other persons are not authorized to do so by law. Provided no shorter period of time is permitted by law, the Annual General Meeting must be convened at least thirty days prior to the date of the meeting. In calculating this period, the day the meeting is convened and the day it takes place are excluded. The minimum period is extended by the days stipulated for the registration period (Section 15, Paragraph 1).

### **§ 15 - Right of Attendance**

- (1) Only those shareholders who register by the deadline at the address provided in the notice of the Annual General Meeting shall be entitled to attend the Annual General Meeting and exercise their voting rights. Registration must be received by the Company at least six days prior to the meeting, excluding the date of receipt and the date of the Annual General Meeting. The notice of the Annual General Meeting may set a shorter deadline in days. Registration must be in text form in German or English.
- (2) Shareholders must also provide proof that they are entitled to attend the Annual General Meeting and exercise voting rights. Proof of ownership of the shareholding in text form (Section 126b of the German Civil Code) issued by the last intermediary in accordance with Section 67c, Paragraph 3 of the German Stock Corporation Act is sufficient for this purpose. The proof of ownership must refer to the start of the 21st day prior to the Annual General Meeting. It must be received by the Company at the address provided in the notice of the Annual General Meeting at least six days prior to the Annual General Meeting, excluding the date of receipt and the date of the Annual General Meeting. The notice of the Annual General Meeting may stipulate a shorter deadline in days.
- (3) Voting rights may also be exercised through a proxy. The granting, cancellation and evidence of authorization of the proxy must be submitted to the Company in the form required by law; the notice of the Annual General Meeting may establish relief from this requirement. In the notice of the Annual General Meeting, the Company may define the form and manner

in which the evidence of the granting of proxy can be provided. Specific forms and channels may be defined for the granting and cancellation of the authorization to a proxy appointed by the Company.

- (4) The Chairperson of the Supervisory Board is authorized to arrange the shareholders to be able to participate in the Annual General Meeting even without being present on site and without a proxy and to be able to exercise all or individual rights in full or in part by electronic means of communication. The Chairperson is entitled to determine the details of the process.
- (5) The Board of Management may determine that shareholders may cast their votes without participating in the meeting through written or electronic communication (absentee voting). It may determine the details of the absentee voting procedure.

### **§ 16 - Conduct of the Annual General Meeting**

- (1) The Annual General Meeting shall be chaired by the Chairperson of the Supervisory Board or, if the Chairperson is unable to attend, by another member representing the shareholders, to be nominated by the Chairperson. In the event that neither the Chairperson nor a member of the Supervisory Board designated by the Chairperson chairs the Meeting, the shareholder representatives in attendance shall elect a Chairperson for the Meeting by a simple majority of the votes cast.
- (2) The person chairing the Annual General Meeting shall preside over the discussions and shall determine the sequence of items for deliberation and the nature and form of voting. The result of the vote may also be ascertained by deducting the number of yes or no votes and abstentions from the total number of votes that can be cast by those entitled to vote.
- (3) The person chairing the meeting may set reasonable time limits on the right of shareholders to speak and ask questions. In particular, at the start of the Annual General Meeting or during the Annual General Meeting the Chairperson may set reasonable timeframes for the Meeting itself, the discussion of the individual agenda items or for individual questions and statements.
- (4) The members of the Board of Management and the Supervisory Board should attend the Annual General Meeting in person. If it is not possible for a Supervisory Board member to be present at the site of the Annual General Meeting, because that member is located abroad or at another distant location, the member is permitted to participate in the Annual General Meeting by way of audio and video transmission.
- (5) The Board of Management is authorized to permit the partial or complete audio and video transmission of the Annual General Meeting in a form to be defined by the Board of Management.

### **§ 17 - Resolutions**

- (1) Each share confers the right to one vote at the Annual General Meeting.
- (2) Unless otherwise provided by these Articles of Incorporation or by law, resolutions of the Annual General Meeting shall be passed by a simple majority of the votes cast and, where a capital majority is required in addition, by a simple majority of the capital stock represented when the vote is taken.

## **Section IV - Financial Statements and Use of the Distributable Profit**

### **§ 18 - Financial Statements**

- (1) The Board of Management shall prepare the financial statements and management report of the Company and the consolidated financial statements and management report of the Group for the previous fiscal year within the statutory deadline and submit them to the auditor within the same deadline. The Board of Management shall submit the financial statements and management report of the Company and the consolidated financial statements and management report of the Group to the Supervisory Board immediately after their preparation, together with the Board of Management's proposal for the use of the distributable profit. The auditor shall submit the audit report directly to the Supervisory Board.
- (2) The Supervisory Board shall examine the financial statements and management report of the Company and the Board of Management's proposal for the use of the distributable profit, together with the consolidated financial statements and management report of the Group. The Supervisory Board shall submit a written report on the result of its examination to the Annual General Meeting. The Supervisory Board shall submit its report to the Board of Management within one month of receipt of the above documents. If the Supervisory Board approves the financial statements of the Company after examining them, they are thereby confirmed; this shall also apply to the consolidated financial statements of the Group.
- (3) The Board of Management shall convene the Annual General Meeting immediately after receipt of the report of the Supervisory Board pursuant to the above paragraph 2. The Annual General Meeting shall be held in the first eight months of the fiscal year. The financial statements and management report of the Company and the consolidated financial statements and management report of the Group, together with the report of the Supervisory Board and the Board of Management's proposal for the use of the distributable profit shall be made available in the manner required by law from the date on which the Annual General Meeting is convened.
- (4) If the financial statements of the Company are confirmed by the Board of Management and Supervisory Board, amounts totaling up to half of the net income for the year may be allocated to other retained earnings. Further, the Board of Management and Supervisory Board are authorized to allocate all or part of the net income for the year to other retained earnings. Allocation of more than half of the net income for the year to other retained earnings is not permitted if these other retained earnings exceed half of the capital stock or would exceed half of the capital stock as a result of such allocation.
- (5) If the Annual General Meeting confirms the financial statements of the Company, half of the net income for the year shall be allocated to other retained earnings.
- (6) When calculating the proportion of the net income for the year to be allocated to other retained earnings in accordance with paragraphs 4 and 5 above, allocations to capital reserves and loss carryforwards shall first be deducted.

### **§ 19 - Use of the Distributable Profit**

- (1) The Annual General Meeting shall resolve on the use of the distributable profit reported in the confirmed financial statements of the Company. It may also resolve on a different use from that provided for in Section 58 Paragraph 3 Sentence 1 of the German Stock Corporation Act (AktG).

- (2) Following the end of the fiscal year, the Board of Management may resolve, with the consent of the Supervisory Board, to pay an interim dividend to the shareholders pursuant to Section 59 of the German Stock Corporation Act.
- (3) The Annual General Meeting may resolve on payment of a dividend in kind instead of or in addition to the payment of a cash dividend.

### **§ 20 - Cost of establishing the Company**

The costs of establishing the Company amounting to €27,000.00 shall be borne by the Company.

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