

ANNUAL GENERAL MEETING 2019



Covestro AG

Leverkusen, Germany

WKN: 606214 / ISIN: DE0006062144

Notice of the Annual General Meeting

Our shareholders are hereby invited to attend the
Annual General Meeting

at 10:00 hrs on Friday, April 12, 2019

in the World Conference Center Bonn,
Platz der Vereinten Nationen 2, 53113 Bonn.

Preface

Dear Shareholders,

2018 at Covestro saw the beginning of the industrial production of Maezio™ – a new composite material that is extremely lightweight, especially robust, and has outstanding forming properties. It saw the start of the comprehensive digitalization of operations and productions at our company. And it brought increased collaboration with start-ups to set new trends in the materials industry.

These three examples show how Covestro moved even further forward last year in a wide variety of areas. These gains owe a great deal to the openness and team spirit, because we collaborated with each other, supported each other and inspired each other – within the company and beyond it with our partners in business, science and society. This is how we intend to realize our vision of making the world a brighter place.

At the same time, we want to go on exploiting the considerable potential for growth that we expect over the long term in our markets, given global trends such as climate change, urbanization and increasing mobility. In this spirit, 2018 was once again an economically successful year for our company, even if both fiercer competition and special items left their mark on our results.

We would like to share our economic success with you in the form of a dividend of €2.40 per share. We will propose this during the Annual General Meeting on April 12 in Bonn, to which I sincerely invite you on behalf of the Board of Management and the Supervisory Board.

Best regards,

Dr. Markus Steilemann
Chief Executive Officer, Covestro AG

I. Agenda

1. **Presentation of the adopted annual financial statements and the approved consolidated financial statements, the combined management report, the report of the Supervisory Board, the explanatory report by the Board of Management on takeover-related information and the proposal of the Board of Management on the use of the distributable profit, each for the fiscal year ending on December 31, 2018**

These documents will be accessible on the company's website at <https://investor.covestro.com/en/events/annual-general-meeting> from the date of the notice convening the Annual General Meeting. These documents will also be displayed during the Annual General Meeting.

The annual financial statements for the fiscal year 2018 prepared by the Board of Management on February 18, 2019, were approved by the Supervisory Board on February 22, 2019, in accordance with Section 172, Sentence 1 of the German Stock Corporation Act (AktG); the annual financial statements are thus adopted. At the same time, the Supervisory Board also approved the consolidated financial statements. No resolution on the adoption of the annual financial statements or on the approval of the consolidated financial statements in accordance with Section 173 of the German Stock Corporation Act by the Annual General Meeting is therefore required. The other documents mentioned above shall be made available to the Annual General Meeting in accordance with Section 176, Paragraph 1, Sentence 1 of the German Stock Corporation Act without the need for adoption of a resolution, with the exception of the resolution on the use of the distributable profit which will be taken under agenda item 2.

2. **Resolution on the use of the distributable profit**

The Board of Management and the Supervisory Board propose using the distributable profit of €439,200,000 for fiscal 2018 reported in the annual financial statements to distribute €438,491,044.80 as a dividend to shareholders and to carry the remainder of €708,955.20 forward to new account. This corresponds to a dividend of €2.40 per no-par value share carrying dividend rights for 2018.

If the number of no-par value shares carrying dividend rights for fiscal 2018 changes before the Annual General Meeting, an amended resolution will be presented to the Annual General Meeting for voting vote. In such a case, the proposed dividend will remain at €2.40 per no-par value share carrying dividend rights with a corresponding adjusted profit to be carried forward.

In accordance with Section 58, Paragraph 4, Sentence 2 of the German Stock Corporation Act, the dividend will be paid on the third business day following the resolution of the Annual General Meeting, i.e. on April 17, 2019.

3. **Ratification of the actions of the members of the Board of Management**

The Board of Management and Supervisory Board propose that the actions of the members of the Board of Management who held office in fiscal year 2018 be ratified for that period.

4. Ratification of the actions of the members of the Supervisory Board

The Board of Management and Supervisory Board propose that the actions of the members of the Supervisory Board who held office in fiscal year 2018 be ratified for that period.

5. Election of the auditor for the audit of the annual financial statements and for the review of the interim financial statements

In line with the recommendation made by the Audit Committee, the Supervisory Board proposes that the Annual General Meeting should elect KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditor for fiscal 2019, as the auditor for the review of the condensed interim financial statements and the interim management report as of June 30, 2019, and for any review of additional financial information of Covestro AG for the 2019 fiscal year and the first quarter of the 2020 fiscal year.

The Audit Committee has stated that its recommendation is free from undue influence by third parties according to Section 16, Paragraph 2, Subparagraph 3 of the EU Regulation 537/2014 of April 16, 2014 and that no clause of the kind referred to in Section 16, Paragraph 6 of the Regulation has been imposed on it.

6. Resolution on the amendment of Section 14 of the Articles of Incorporation (Convening the Annual General Meeting)

In view of the increasing popularity of digital media, the company should be able to issue invitations to the Annual General Meeting by electronic means in the future. As a result, the following two

sentences shall be added to Section 14 (Convening the Annual General Meeting): "The shareholder's right to receive notices in accordance with Section 125, Paragraph 2 of the German Stock Corporation Act is limited to notices transmitted by electronic means. However, the Board of Management is entitled to send the notices in paper form as well."

The Supervisory Board and Board of Management therefore propose the following resolution:

Section 14 of the Articles of Incorporation of Covestro AG is amended as follows:

"Section 14 — Convening 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. The shareholder's right to receive notices in accordance with Section 125, Paragraph 2 of the German Stock Corporation Act is limited to notices transmitted by electronic means. However, the Board of Management is entitled to send the notices in paper form as well. 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. The convening period is extended by the days stipulated for the registration period (Section 15, Paragraph 1). In calculating this period, the day the Annual General Meeting is convened and the day by the end of which shareholders must register for the Annual General Meeting are excluded."

7. Resolution on rescinding an existing and issuing a new authorization to acquire and use own shares (also using derivatives)

If not expressly permitted by law, Covestro AG must obtain authorization from the Annual General Meeting before acquiring own shares. The authorization issued on September 1, 2015, has been mostly exhausted by the share buy-back program launched in November 2017 and completed on December 4, 2018. In order to enable the Company to regain the full scope for active capital management associated with the authorization, it shall be proposed to Annual General Meeting that the Company be granted further authorization to acquire own shares.

When exercising the authorization requiring the resolution to acquire own shares, the acquisition shall also be possible using derivatives, as was the case under the previous authorization.

The Supervisory Board and Board of Management therefore propose the following resolution:

1. Authorization granted to the Board of Management to acquire and use own shares
 - 1.1 The Board of Management is authorized until 11 April, 2024, to acquire own shares with a proportionate interest in the capital stock totaling up to 10% of the Company's capital stock existing at the date of the resolution or – if this value is lower – at the time the authorization is exercised, subject to the proviso that the shares acquired as a result of this authorization, together with other shares of the Company that the Company has already acquired and still holds, or which

are attributable to it under Sections 71a et seq. of the German Stock Corporation Act, at no time exceed 10% of the capital stock of the Company. The provisions in Section 71, Paragraph 2, Sentences 2 and 3 of the German Stock Corporation Act must be complied with.

The acquisition may only take place via the stock exchange or by means of a public purchase offer and must satisfy the principle of equal treatment of shareholders (Section 53a of the German Stock Corporation Act). If the acquisition takes place via the stock exchange, the purchase price paid by the company (excluding transaction costs) may neither exceed, nor be lower than, the company's share price, as determined by the opening auction in XETRA® trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day, by more than 10%. If the acquisition takes place by means of a public purchase offer, the offer price paid by the company (excluding transaction costs) may neither exceed, nor be lower than, the company's share price, as determined by the closing auction in XETRA® trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the publication of the purchase offer, by more than 10%. If the total number of the shares tendered in response to a public purchase offer exceeds the offer volume, purchases may be made in proportion to the number of shares tendered (tender ratios); in addition, preferential acceptance of small numbers of shares (up to 50 shares per shareholder), as

well as rounding in accordance with commercial principles to avoid notional share fractions, may be provided for. Any further shareholder tender rights are disapplied to this extent.

- 1.2 The authorization may be exercised in full, or in a number of partial amounts split across several acquisition dates, until the maximum purchase volume has been reached. The acquisition may also be carried out by Group companies that are dependent on the company within the meaning of Section 17 of the German Stock Corporation Act, or by third parties on behalf of the company or such Group companies. The authorization may, subject to compliance with the statutory requirements, be exercised for any purpose permissible in law, especially in pursuit of one or more of the purposes listed in 1.3, 1.4, 1.5 and 1.6. Trading in own shares is not permitted.

If the own shares acquired are used for one or more of the purposes described under 1.3 or 1.4, the shareholders' subscription rights are disapplied. The Board of Management is authorized to disapply subscription rights if the own shares acquired are used for the purpose specified in 1.6. Shareholders also do not have any subscription rights if the own shares acquired are sold via the stock exchange. In the event that the own shares acquired are sold by means of a public offer to shareholders and this public offer complies with the principle of equal treatment, the Board of Management is authorized to disapply the shareholders' subscription rights for fractions.

- 1.3 The Board of Management is authorized to also sell own shares acquired on the basis of the above or an earlier authorization in a manner other than via the stock exchange or by way of an offer to all shareholders, provided that the sale takes place against cash payment and at a price which, at the date of the sale, is not significantly lower than the market price for the same class of shares in the Company. This authorization concerning the use of shares is restricted to shares whose proportionate interest in the capital stock may not in total exceed 10% of the capital stock, either at the date of the resolution or – if this amount is lower – at the date when the present authorization is exercised. The upper limit of 10% of the capital stock is reduced by the proportionate interest in the capital stock which is attributable to those shares which are issued or sold during the term of this authorization while disapplying subscription rights under or in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act. The upper limit of 10% of the capital stock is further reduced by the proportional interest in the capital stock which is attributable to those shares to be issued to service bonds with option or conversion rights or obligations, provided that these bonds are issued during the term of this authorization while disapplying subscription rights in application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act.

- 1.4 The Board of Management is authorized to transfer the own shares acquired under the above or an earlier authorization to third parties provided this is done for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or to effect business combinations.
- 1.5 The Board of Management is authorized to retire the own shares acquired under the above or an earlier authorization without a further resolution by the Annual General Meeting. The shares may also be retired without reducing the capital by adjusting the proportionate interest of the remaining no-par value shares in the capital stock of the Company. In this case, the Board of Management is authorized to amend the number of no-par value shares in the Articles of Incorporation.
- 1.6 The Board of Management is authorized to use the own shares acquired as a result of the above-mentioned or earlier authorization to pay a scrip dividend.
- 1.7 The Board of Management may only use the authorizations in 1.3, 1.4 and 1.6 with the consent of the Supervisory Board. Moreover, the Supervisory Board may determine that the measures taken by the Board of Management on the basis of this Shareholders' Meeting resolution may only be implemented with its consent.
- 1.8 Overall, the above authorizations concerning the use of shares may be utilized on one or several occasions, individually or together, in relation to partial volumes of the own shares or all own shares held in total.

2. Authorization for acquisition using derivatives
 - 2.1 Own shares being acquired as part of the authorization under 1.1 may also be acquired using put or call options. In this case, the option transactions must be entered into with a credit institution, or a company which operates in accordance with Section 53, Paragraph 1, Sentence 1 or Section 53b, Paragraph 1, Sentence 1 or Paragraph 7 of the German Banking Act, that is independent of the company (financial institution), provided that this financial institution, when the option is exercised, only delivers shares which were previously acquired via the stock exchange at a market-driven price in compliance with the principle of equal treatment.
 - 2.2 The acquisition of shares using put or call options is limited to a maximum of 5% of the capital stock in existence as of the date of the resolution by the Shareholders' Meeting or, if this value is lower, as of the date when the authorization is exercised.
 - 2.3 The option premium paid by the company in the case of call options and received in the case of put options may not be materially lower than the theoretical fair value of the options concerned calculated using accepted valuation techniques. The exercise price agreed in the option transaction (in each case not including transaction costs, but taking into account the option premium received or paid) may not be more than 10% higher or lower than the price of the company's shares as determined by the opening auction in XETRA® trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day on which the option transaction was entered into.

- 2.4 The term of the individual derivatives may not, in each case, exceed 18 months; it must end at the latest on April 11, 2024, and must be selected so that the shares are not acquired using derivatives after April 11, 2024.
- 2.5 The provisions under no. 1 also apply to the use of company shares that have been acquired on the basis of this authorization under no. 2, using derivatives.
3. Rescinding the existing authorization of September 1, 2015

The authorization granted at the Annual General Meeting on September 1, 2015, to acquire and use own shares (also using derivatives) shall be rescinded upon this authorization becoming effective.

II. Further information, notes and reports

1. Total number of shares and voting rights

On the date of issue of the notice convening the Annual General Meeting, the company's capital stock totals €183,000,000.00 and is divided into 183,000,000 bearer shares, each of which confers one vote. On the date of issue of this notice, the company does hold 295,398 treasury shares. Thus, the total number of shares eligible to participate in the meeting and to exercise voting rights is 182,704,602 as of the date of this notice.

2. Conditions for attendance at the Annual General Meeting and the exercise of voting rights

Only those persons who are shareholders of the company at the start of the 21st day prior to the Annual General Meeting, **i.e. at 00:00 hrs on March 22, 2019** (record date), and who register to attend the Annual General Meeting are eligible to attend the Annual General Meeting – in person or through a proxy – and to exercise voting rights. The registration must be submitted, together with evidence of the shareholding provided by the depositary bank or financial services institution as of the record date, to the registration address given below, **by the end of April 5, 2019** at the latest. Registration and the evidence of the shareholding must be submitted in text form in German or English.

Registration address:

Covestro AG
c/o Computershare Operations Center
80249 Munich
Germany
Fax: +49 89 30903-74675
Email: anmeldestelle@computershare.de

Depositary institutions normally undertake the registration process and submission of evidence of shareholdings on behalf of their clients. Shareholders are therefore requested to contact their depositary institution as soon as possible and, at the same time, to order an admission ticket for the Annual General Meeting.

3. Significance of the record date

Eligibility to attend the Annual General Meeting and the number of voting rights are based exclusively on the shares held by the shareholder on the record date. Only shareholders who have provided evidence of this are recognized by the company as eligible to attend the Annual General Meeting and exercise voting rights. The record date does not constitute a freeze on the sale of the shares. Even in the event of complete or partial disposal of the shares after the record date, eligibility to attend the Annual General Meeting and the number of voting rights are based exclusively on the shares held by the shareholder on the record date. Selling the shares after the record date has no impact on the eligibility to attend the Annual General Meeting or on the number of voting rights. This also applies in the event of the purchase of shares after the record date. Persons who do not hold any shares on the record date and only become shareholders after that date are not normally eligible to attend the Annual General Meeting or to exercise voting rights pertaining to such acquired shares; this does not apply if and insofar as such persons are appointed as proxies or authorized to exercise the rights by the previous shareholder, who still held the shares on the record date.

4. Proxy voting procedure

Authorization of a third party

Shareholders may arrange for their voting rights to be exercised by a proxy, e.g. a bank, shareholders' association or other third party. Registration and submission of evidence of their shareholding

by the deadline is also necessary in such cases. Shareholders receive a proxy form with their admission ticket. A proxy form is also available in the internet at <https://investor.covestro.com/en/events/annual-general-meeting>.

Granting and cancellation of the appointment of a proxy and evidence thereof must be submitted to the company in text form. Cancellation of proxy rights is also possible without observing any special format if the shareholder or person that granted the proxy authorization attends the Annual General Meeting. Evidence that proxy authorization has been granted can be provided by the proxy showing the authorization at the control points at the entrance to the Annual General Meeting. If proxy authorization is granted by issuing a declaration to the company, separate evidence of the granting of proxy authorization is not required.

The following address can be used to submit declarations to the company of the granting of proxy authorization or its cancellation and the submission of evidence that authorization has been issued to a proxy or canceled:

Covestro AG
c/o Computershare Operations Center
80249 Munich
Germany
Fax: +49 89 30903-74675

If made by means of a declaration to the company, the notification of the granting and cancellation of proxy authorizations may also be made electronically via the company's internet-based proxy system. Shareholders can obtain access to

the internet-based proxy system <https://investor.covestro.com/en/events/annual-general-meeting> using the data on their admission ticket. The e-mail address Covestro-HV2019@computershare.de is available for the electronic submission of evidence that authorization has been issued to a proxy or cancelled.

Special conditions normally have to be met if proxy is granted to banks or equivalent institutions or companies within the meaning of Section 135, Paragraph 10 in conjunction with Section 125, Paragraph 5 of the German Stock Corporation Act, or to shareholders' associations or equivalent persons within the meaning of Section 135, Paragraph 8 of the German Stock Corporation Act; details should be obtained from the relevant proxy.

Granting proxy authorization to company-nominated proxies

In addition, shareholders who have registered correctly are offered the opportunity to authorize proxies nominated by the company and to issue voting instructions to them. The proxies are obligated to vote in accordance with the instructions issued. They may not exercise voting rights at their discretion. Please note that the proxies may only exercise voting rights on those items on the agenda for which they have received voting instructions; they may not accept instructions on procedural motions, either in advance or during the Annual General Meeting. Similarly, proxies may not accept instructions to speak at the Annual General Meeting, to raise objections to resolutions of the Annual General Meeting, or to ask questions or propose motions.

The proxy authorization and instructions must be issued in text form. Forms to issue proxy authorization and instructions to proxies named by the company are attached to each admission ticket. A form to issue proxy authorization and instructions is also available on the internet at <https://investor.covestro.com/en/events/annual-general-meeting>. The proxy authorization and instructions to company-nominated proxies or cancellation of the proxy must be received by the company at the latest by **18:00 hrs on April 11, 2019** at the following address:

Covestro AG
c/o Computershare Operations Center
80249 Munich
Germany
Fax: +49 89 30903-74675
Email: Covestro-HV2019@computershare.de

Proxy authorization and instructions to company-nominated proxies or any cancellation of the proxy may also be issued via the company's internet-based proxy and instruction system up to **18:00 hrs on April 11, 2019**. Shareholders can obtain access to the internet-based proxy and instruction system <https://investor.covestro.com/en/events/annual-general-meeting> using the data on their admission ticket.

5. Proposed additions to the agenda at minority request pursuant to Section 122, Paragraph 2 of the German Stock Corporation Act

Shareholders whose shares together account for one-twentieth of the capital stock or a proportionate interest of €500,000 (corresponding to

500,000 no-par shares) may request items to be added to the agenda and announced. Each new item must be accompanied by the reasons for it or a proposal for a resolution. The request must be submitted to the Board of Management in writing and must be received by the company in writing **by the end of March 12, 2019.**

Shareholders' proposals for additions to the agenda may be submitted to the company at the following address:

Covestro AG
Board of Management
– Office of the Chairman of the Board of Management –
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany

Applicants must provide evidence that they have held their shares for at least 90 days prior to the date of receipt of the request and that they will hold the shares until a decision on the motion has been made.

Additions to the agenda that have to be announced will immediately after receipt of the request be published in the Federal Gazette (Bundesanzeiger) and disseminated throughout the European Union. They will also be made available at the internet address <https://investor.covestro.com/en/events/annual-general-meeting> and notified to the shareholders.

6. Motions and proposals for election submitted by shareholders in accordance with Sections 126, Paragraph 1 and 127 of the German Stock Corporation Act

Counter-motions to resolutions proposed by the Board of Management and/or Supervisory Board on a specific item on the agenda and proposals from shareholders relating to the election of auditors (agenda item 5), which are to be made available prior to the Annual General Meeting, must be addressed exclusively to the address given below. Counter-motions and proposals for election submitted to another address will not be considered.

Covestro AG
Investor Relations
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany
Fax: +49 214 6009 7002
Email: ir@covestro.com

Counter-motions and proposals for election received **by the end of March 28, 2019** at the above address, together with evidence of the shareholding, that have to be made available to the other shareholders, will be posted immediately on the internet at <https://investor.covestro.com/en/events/annual-general-meeting>. Any statement by the management will also be posted on this internet site.

This does not affect the right of any shareholder to propose counter-motions to the various agenda items and proposals for the election of

the auditors at the Annual General Meeting, even without advance notification of the company by the deadline.

Please note that shareholders' counter-motions and election proposals can only be voted on at the Annual General Meeting if they are proposed at the Annual General Meeting, even if they were submitted to the company in advance by the deadline set.

7. Shareholders' right to information under Section 131, Paragraph 1 of the German Stock Corporation Act

Every shareholder is entitled to request and receive information from the Board of Management at the Annual General Meeting on matters relating to the company, including information on the company's legal and business relationships with affiliated companies, the situation of the Group and the companies included in the consolidated financial statements, insofar as this is necessary for an objective assessment of items on the agenda.

The Board of Management may only refuse to answer individual questions on the grounds set forth in Section 131, Paragraph 3 of the German Stock Corporation Act, for example, because providing the information could, on the basis of prudent business consideration, place the company or an affiliated company at a not inconsiderable disadvantage (e.g. there is no duty to disclose business secrets). The person chairing the Annual General Meeting may set reasonable time limits on the right of shareholders to speak and ask questions.

8. Publication on the internet site/supplementary information

This Notice of the Annual General Meeting, the documents to be made available, together with motions proposed by shareholders, explanatory notes to the shareholders' rights pursuant to Sections 122, Paragraph 2, 126, Paragraph 1, 127 and 131, Paragraph 1 of the German Stock Corporation Act and further information, especially on attendance at the Annual General Meeting, the authorization of proxies and the issue of instructions can be found on the company's website at <https://investor.covestro.com/en/events/annual-general-meeting>. The voting results will also be published there after the Annual General Meeting.

Shareholders will receive further details of attending the Annual General Meeting and issuing proxy authorization and voting instructions with their admission ticket.

9. Transmission of the Annual General Meeting via the internet

All shareholders of the company and any interested members of the public can watch the opening of the Annual General Meeting by the chairman of the meeting and the report by the Board of Management live from 10:00 hrs on the internet at <https://investor.covestro.com/en/events/annual-general-meeting>.

10. Report by the Board of Management to the Annual General Meeting under Section 71, Paragraph 1 no. 8, Sentence 5 in conjunction with Section 186, Paragraph 4, Sentence 2 of the German Stock Corporation Act on item 7 of the Agenda

The Annual General Meeting authorized the Board of Management on September 1, 2015, under item 7 of the Agenda, to acquire own shares to the amount of 10% of the capital stock at that time and to use them in accordance with Section 71, Paragraph 1 no. 8 of the German Stock Corporation Act, also using derivatives. This authorization has been largely exhausted by the share buy-back program launched in November 2017 and completed on December 4, 2018. In order to maintain the Company's flexibility with regard to the acquisition and use of own shares, an authorization to acquire and use own shares in accordance with Section 71, Paragraph 1 no. 8 of the German Stock Corporation Act, with the option to disapply tender rights when acquiring own shares and subscription rights when using own shares, shall therefore be resolved again by rescinding the existing authorization of September 1, 2015.

Agenda item 7 therefore includes under no. 1 the proposal of the Management to authorize the Company under Section 71 Paragraph 1 no. 8 of the German Stock Corporation Act to acquire own shares up to April 11, 2024, with a proportionate amount of the capital stock attributable to up to 10% of the Company's capital stock in existence as of the date of the resolution – or if this value is lower – as of the date when the authorization is

exercised. The shares acquired in accordance with the proposed authorization, together with other own shares held by the company or attributable to it under Sections 71a et seq. of the German Stock Corporation Act, may at no time exceed 10% of the capital stock of the Company. The acquisition may, at the discretion of the Board of Management, take place via the stock exchange or by means of a public purchase offer and must satisfy the principle of equal treatment of shareholders (Section 53a of the German Stock Corporation Act).

If the acquisition of the shares takes place via the stock exchange after the proposed authorization, the purchase price per share of the company paid by the company (excluding transaction costs) may neither exceed, nor be lower than, the company's share price, as determined by the opening auction in XETRA® trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day, by more than 10%.

If the acquisition takes place by means of a public purchase offer, the offer price paid by the Company (excluding transaction costs) may neither exceed, nor be lower than, the Company's share price, as determined by the closing auction in XETRA® trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the publication of the purchase offer, by more than 10%.

In the event of a public purchase offer, the quantity of shares in the Company offered by the shareholders may quantitatively exceed the quantity of shares requested by the Company. In this case, an allocation may be made in proportion

to the number of shares tendered (tender ratios) in order to facilitate settlement. It shall also be possible to provide for preferential acceptance of small numbers of shares up to a maximum of 50 shares per shareholder. Ultimately, it shall not be possible to provide for rounding in accordance with commercial principles to avoid notional share fractions. To this extent, the acquisition rate and the number of shares to be acquired from individual tendering shareholders may be rounded to the extent necessary to represent the acquisition of total shares for settlement purposes. The Board of Management considers the exclusion of any further shareholder tender rights in this respect to be objectively justified and appropriate in relation to the shareholders.

The proposed authorization may be exercised in full or in number of partial amounts split across several acquisition dates, once or several times, directly by the Company or by Group companies dependent on the Company within the meaning of Section 17 of the German Stock Corporation Act or by third parties for its or their account until the maximum acquisition volume is reached. The proposed authorization should, subject to compliance with the statutory requirements, be exercised for any purpose permissible in law, especially in pursuit of one or more of the purposes listed below. Trading in own shares is not permitted.

The Board of Management, with the consent of the Supervisory Board, shall also be authorized to sell own shares acquired under the proposed or earlier authorization in a manner other than via the stock exchange or by way of an offer to all

shareholders, while disapplying the shareholders' subscription rights, provided that the sale takes place against cash consideration and at a price which, at the date of the sale, is not significantly lower than the market price for the same class of shares in the Company. In this respect, the authorization allows for a faster and more cost-effective placement of the shares than if they were sold with subscription rights for the shareholders. The financial interests and voting rights of the shareholders are adequately protected upon this sale of own shares to third parties while disapplying the shareholders' subscription rights under Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act. The principle of protecting shareholders against dilution shall be taken into account in that the shares may only be sold at a price that is not significantly lower than the quoted share price. The selling price of own shares is determined immediately before sale. Taking into account current market conditions, the Board of Management shall endeavour to keep any discount to the stock market price as low as possible. Interested shareholders may maintain their stake on essentially the same terms by making acquisitions in the market. In addition, this authorization is restricted to a total of up to 10% of the Company's capital stock in existence as of the date of the resolution or – if this value is lower – as of the date when the authorization is exercised. In calculating this limit of 10% of the capital stock, those shares shall be included that are issued or sold during the term of this authorization by direct or indirect application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, e.g. by utilizing an authorization to issue new shares from authorized capital

while disapplying subscription rights. In addition, the limit of 10% of the capital stock shall include those shares that are issued or to be issued to service bonds with option or conversion rights or option/conversion obligations shall also count towards this limit of 10% of the capital stock, where such bonds were issued during the term of this authorization while disapplying subscription rights in accordance with Paragraph 186, Section 3, Sentence 4 of the German Stock Corporation Act.

The authorization also provides that the Board of Management may, with the consent of the Supervisory Board, transfer acquired shares to third parties for the purpose of acquiring companies, parts of companies or equity interests in companies or other assets, or to effect business combinations, while disapplying subscription rights. In these cases, this will enable the Company to offer own shares as consideration – also in combination with other forms of consideration – and in particular to settle receivables against the Company by own shares. Company expansions generally require quick decisions. The proposed authorization may enable the Board of Management to react quickly and flexibly to market opportunities and to take advantage of opportunities to expand the Company. The price at which own shares are used in this case depends on the individual circumstances and the timing. The Board of Management shall ensure that the interests of the shareholders shall be adequately protected when determining the valuation ratios. As a rule, the value of the shares to be offered as consideration shall be determined on the basis of the market price of the shares of the Company. There are, however, no plans to apply any fixed formula relating to the quoted stock market price, particularly so as not

to call into question the results of negotiations by fluctuations in the quoted market price.

In addition, the Board of Management shall be authorized to retire own shares without a further resolution by the Annual General Meeting. Such an authorization is usual and complies with market standards. It allows the Company to react appropriately and flexibly to any capital market situation. The Board of Management is therefore authorized to amend the Articles of Association to reflect the change in the number of no-par value shares. The proposed authorization also provides that, under Section 237, Paragraph 3 no. 3 of the German Stock Corporation Act, the shares may be retired by the Board of Management without reducing the capital. By retiring the shares without reducing the capital, the proportionate interest of the remaining no-par value shares in the capital stock of the Company increases.

The Board of Management shall also be authorized, with the consent of the Supervisory Board, to use own shares acquired as a result of the proposed authorization or an earlier authorization to pay a scrip dividend. In the case of a scrip dividend using own shares, shareholders are offered the opportunity to assign their entitlement to payment of the cash dividend to the company, based on the resolution on appropriation of profits passed by the Annual General Meeting, in return for receiving own shares. A scrip dividend may be paid using own shares by way of an offer to all shareholders, while maintaining subscription rights and the principle of equal treatment (Section 53a of the German Stock Corporation Act). As part of the practical settlement of the scrip

dividend, shareholders may only be offered whole shares as subscription rights; with regard to the portion of the dividend entitlement that does not reach or exceeds the subscription price for a whole share, shareholders are referred to the subscription of the cash dividend and may therefore not receive any shares. An offer of partial rights or trading in subscription rights or fractions thereof does not generally take place because shareholders receive a proportional cash dividend in place of the subscription to own shares. However, the Board of Management shall also be authorized to disapply shareholders' subscription rights upon payment of a stock dividend so as to be able to pay the stock dividend under optimum conditions. Depending on the capital market situation, it may be preferable to arrange for the share dividend to be paid using own shares in such a way that the Board of Management may offer own shares to all shareholders entitled to dividends in accordance with the general principle of equal treatment (Section 53a of the German Stock Corporation Act) in return for payment of their dividend entitlement, thus granting the shareholders subscription rights in economic terms, but legally excluding the subscription rights of shareholders to new shares. Disapplying subscription rights in this way allows the stock dividend to be paid on flexible terms. In view of the fact that own shares are offered to all shareholders and excess dividends are paid in cash, disapplying subscription rights seems justified and appropriate in this case.

To the extent that measures under the proposed authorization do not necessarily require the consent of the Supervisory Board, the Super-

visory Board may determine that the Board of Management may only take measures under this proposed authorization with its consent.

The aforementioned authorizations may be utilized on one or more occasions, individually or collectively, in relation to partial volumes of own shares or to all own shares held in total.

In each individual case, the Board of Management shall carefully examine whether it will make use of the authorization to acquire own shares while disapplying tender rights and to use own shares while disapplying shareholders' subscription rights. This option will only be exercised if, in the opinion of the Board of Management and the Supervisory Board, this is in the interest of the Company and of its shareholders, and is proportionate. At the next Annual General Meeting, the Board of Management will report on each use made of the authorization to acquire and use own shares.

The proposed authorization also provides under no. 2 for the Company to be authorized to acquire own shares as part of the authorization under no. 1, using put or call options. The proposed authorization provides that the acquisition of shares using put or call options is limited to a maximum of 5% of the company's capital stock in existence as of the date of the resolution or, if lower, as of the date when the authorization is exercised.

When selling put options, the Company grants the buyer the right to sell shares in the Company to the Company at a price fixed in the put option

(strike price). The Company receives an option premium in return. If the put option is exercised, the option premium paid by the buyer of the put option reduces the total consideration paid by the Company for the acquisition of the share. Exercising the put option makes economic sense for option holders if the price of the Company's share at the time of exercise is below the exercise price because they can then sell the shares at the higher exercise price. From the Company's point of view, a share buy-back using put options offers the advantage that the exercise price is already fixed at the time the option transaction is concluded, but without any outflow of liquidity until the date when the option is exercised. The use of put options in share buy-backs can be useful, for example, if the Company intends to buy back its own shares at low prices, but is not sure about the optimal time for the buy-back, i.e. the time at which the company's share price will be at its lowest. In this case, it may be advantageous for the Company to sell put options where the exercise price is lower than the price of the company's share at the time the put option transaction is entered into. The use of put options has the particular advantage here, in that the buy-back is carried out at a lower price level as opposed to an immediate buy-back. If the option holder does not exercise the option because the share price on the date of exercise date exceeds the strike price, the Company, although unable to acquire any of its own shares, still retains the option premium received.

When exercising a call option, the Company receives the right to purchase a predetermined number of shares at a predetermined price (strike

price) from the seller of the option against payment of an option premium. Exercising the call option makes economic sense for the Company if the price of the Company's share is above the exercise price because it can then buy the shares at the lower exercise price. This allows the Company to hedge against rising share prices. The Company's liquidity is also conserved, as the fixed purchase price for the shares does not have to be paid until the call options are exercised.

The option transactions must be entered into in accordance with the proposed authorization, with a credit institution that is independent of the Company or a Company which operates in accordance with Section 53, Paragraph 1, Sentence 1 or in accordance with Section 53b, Paragraph 1, Sentence 1 or Paragraph 7 of the German Banking Act (financial institution), provided that this financial institution, when exercising the option, only delivers shares which were previously acquired via the stock exchange at a market-driven price in compliance with the principle of equal treatment.

The premium paid by the Company for call options may not be materially higher and the option premium received for put options may not be materially lower than the theoretical fair value of the options concerned calculated using accepted valuation techniques. This and the limited extent to which own shares may be acquired using derivatives, reflect the fundamental idea of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, which applies to the disapplication of subscription rights, and which has been transferred to any shareholders' tender rights.

The exercise price agreed in the option transaction (in each case excluding transaction costs, but taking into account the option premium received or paid) may be higher or lower than the stock exchange price of the Company on the day on which the option transaction is concluded, however it may not be more than 10% higher or lower than the price of the Company's shares as determined by the opening auction in the XETRA® trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day on which the option transaction was entered into. The ability to remain below the market price by up to 10% is necessary to enable the Company, even in a volatile market environment, to use options with medium and longer terms to repurchase its own shares or to make forward purchases.

The longer the term of an option contract, the greater the probability that the price of the Company's could unexpectedly deviate from the price at the time the option contract was entered into. Therefore, the proposed authorization provides that the term of each derivative may not exceed 18 months. It also provides that the terms of the individual derivatives shall expire on April 11, 2024 at the latest and must be selected in such a way that the acquisition of own shares using the derivatives cannot take place after April 11, 2024. The reason for this is that the proposed acquisition authorization expires at the end of April 11, 2024 and no more shares may be repurchased on this basis after that date. Since the proposed authorization to acquire shares using derivatives supplements this acquisition authorization, consistency in timing is therefore expected.

If own shares are acquired using put or call options in accordance with the above provisions, the right of shareholders to enter into such option transactions directly with the Company shall be excluded under the proposed authorization. The fact that the Company enters into option transactions with financial institutions enables it – in contrast to an offer to enter into option transactions with all shareholders – to enter into these option transactions at short notice. This gives the Company the necessary flexibility to react quickly to market situations. When exercising the option, the financial institution shall only deliver shares which have previously been acquired on the stock exchange at a market-driven price in compliance with the principle of equal treatment.

The provisions described above exclude the possibility that shareholders may suffer a material economic disadvantage when acquiring own shares using put or call options. Since the Company receives or pays a fair market price, the shareholders who do not participate in the option transactions do not suffer any material economic disadvantage. The position of shareholders essentially corresponds to their position in relation to share buy-backs via the stock exchange, where not all shareholders are actually able to sell shares to the company. The specifications for the structure of the put or call options and the requirements for the shares to be delivered ensure that the principle of equal treatment of shareholders is also observed with this method of acquisition. It is therefore justifiable that the option transactions are only entered into with a financial institution and that the shareholders'

right to enter into the aforementioned option transactions with the Company is thus excluded.

Considering all of the aforementioned circumstances, the Board of Management and the Supervisory Board deem the resulting exclusion of any right to offer shares to be objectively justified and appropriate vis-à-vis the shareholders. The Board of Management shall report to the Annual General Meeting on details of any utilization of the authorization to repurchase own shares using put or call options.

The use of own shares which are acquired using derivatives shall be subject to the same provisions which also apply to own shares which are acquired on the basis of the authorization proposed under no. 1 above.

11. Information on data protection for shareholders or shareholder representatives (subsequently “persons concerned”)

Covestro AG, Kaiser-Wilhelm-Allee 60, 51373 Leverkusen, Germany, processes personal data of the persons concerned (e.g. name and first name, address, e-mail address, number of shares, class of shares, type of ownership of shares and number of admission ticket). The company is legally represented by its Board of Management, namely Dr. Markus Steilemann, Dr. Thomas Toepfer and Dr. Klaus Schäfer.

The contact details of the company in its capacity as responsible body are as follows:

Covestro AG
Board of Management
– Office of the Chairman of the Board of Management –
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany

The processing of personal data is required by law for admission to the Annual General Meeting. The legal basis of this processing is Section 6, Paragraph 1, Sentence 1(c) of Regulation (EU) 2016/679 of April 27, 2016 (EU General Data Protection Regulation, hereinafter GDPR) in conjunction with Section 118 et seq. of the German Stock Corporation Act. In general, Covestro AG or the service providers it commissions, receive the shareholders’ personal data via the registration address from the credit institution that the shareholders have commissioned to hold their shares (custodian banks). Covestro AG broadcasts the Annual General Meeting live via the internet. Insofar as personal data is processed for attendees who contribute to the Meeting, the legal basis for such processing is Section 6, Paragraph 1, Sentence 1 lit. f) GDPR.

The service providers commissioned by Covestro AG for the purpose of organizing the Annual General Meeting (e.g. Annual General Meeting agencies, lawyers or auditors) process the personal data of the persons concerned exclusively in accordance with the instructions of Covestro AG and only to the extent that this is necessary for the execution of the service commissioned. All employees of Covestro AG and the employees of the commissioned service providers who have access to and/or process personal data of the

persons concerned, are obliged to treat this data confidentially. In addition, personal data of persons concerned attending the Annual General Meeting can be viewed by other persons concerned within the framework of the statutory provisions (in particular the list of shareholders, Section 129 of the German Stock Corporation Act). Covestro AG shall delete the personal data of the persons concerned in accordance with statutory provisions, in particular if the personal data is no longer necessary for the original purposes of collection or processing, the data is no longer required in connection with any administrative or court proceedings and there are no statutory obligations to retain such data.

Subject to legal requirements, the persons concerned have the right to obtain information about their personal data and to request the correction or deletion of their personal data or the restriction of processing. Furthermore, the persons concerned have the right to receive the personal data in a format that complies with legal requirements and to transfer this data to another responsible person without hindrance (right to data transferability). In addition, the persons concerned have a right of appeal to the supervisory authorities, in particular the data protection supervisory authority responsible for the domicile or permanent residence of the persons concerned, or the state in which the alleged violation was committed. If personal data is processed on the basis of Section 6, Paragraph 1, Sentence 1 lit. f) GDPR, shareholders also have a right of objection under the statutory conditions.

In the event of any comments or queries regarding the processing of personal data, you may contact Covestro AG's data protection officer:

Covestro AG
Group data protection
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany
Tel: +49 214 6009 2000
Email: <https://www.covestro.de/en/contact>

Further information on data protection may be found on the Covestro AG website at <https://investor.covestro.com/en/events/annual-general-meeting/>.

Leverkusen, March 2019

Covestro AG
The Board of Management

ARRIVAL BY TRAIN



DIRECTIONS





Covestro AG

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51373 Leverkusen

Germany

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covestro.com