



Annual General Meeting of Covestro AG on April 13, 2018

Explanatory notes on shareholders' rights and additional information

The convening Notice of the Annual General Meeting contains information on the shareholders' rights pursuant to Sections 122 Paragraph 2, 126, 127 and 131 Paragraph 1 German Stock Corporation Act (AktG), in particular regarding the timeframe during which these rights may be exercised. The following information serves as detailed explanation of these shareholders' rights.

1. Additions to the Agenda pursuant to Section 122 Paragraph 2 AktG

Shareholders whose shares together account for one-twentieth of the capital stock or a proportionate interest of EUR 500,000.00 (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 13, 2018**.

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**

According to Section 122 Paragraphs 2 and 1 AktG, 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. Attention is explicitly drawn to the fact that Section 70 AktG provides certain options of apportionment in calculation of this period of shareholding.

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 and notified to the shareholders on the website <http://investor.covestro.com/en/events/annual-general-meeting>.

Excerpts of the underlying provisions of the AktG pertaining to shareholders' rights:

Section 122 Paragraph 1 and Paragraph 2 AktG:

"(1) The shareholders' meeting is to be convened, if shareholders whose holdings in aggregate amount to one-twentieth of the share capital, request such a convention in writing and by stating the objective and the reasons; the request is to be submitted to the management board. The articles of incorporation may provide that the right to require a shareholders' meeting to be convened shall be dependent upon another form or the holding of a lower proportion of the capital stock. The applicants must provide evidence that they have been holders of the shares for at least 90 days preceding the date of receipt of the request and that they hold the shares until a decision on the motion by the management board has been made. Section 121 Paragraph 7 shall be applied accordingly.



(2) In the same way, shareholders whose aggregate holdings amount to one-twentieth of the share capital or a proportionate amount of EUR 500,000 may request items to be placed on the agenda and to be published. Each new item must be accompanied by a substantiation or a draft resolution. A request in the meaning of Sentence 1 must be received by the company no later than 24 days, in the case of stock-exchange listed companies no later than 30 days prior to the meeting; the day of receipt shall not be counted."

Section 121 Paragraph 7 AktG:

„(7) For deadlines and periods calculated backwards from the date of the meeting, the day of the meeting shall not be included in the calculation. Adjourning the meeting from a Sunday, Saturday or public holiday to a preceding or following business day shall not be possible. Sections 187 to 193 of the German Civil Code (BGB) shall not be applied accordingly. In case of nonlisted companies, the articles of incorporation may define a different calculation of the deadline."

Section 70 AktG:

"If the exercise of rights stemming from the share depends on the shareholder being the bearer of the share for a specified period of time, then the right to demand transfer of title from a credit institution, a financial services institute, or an enterprise operating under Section 53 Paragraph 1 Sentence 1 or Section 53b Paragraph 1 Sentence 1 or Paragraph 7 of the Banking Act shall be deemed equivalent to ownership. The period during which the share was owned by a predecessor shall be attributed to the shareholder, provided that he has acquired the share without consideration from his fiduciary, as a successor in legal interest by operation of law, in connection with the liquidation of a community of interest, or as a result of a transfer of assets pursuant to Section 13 of the Insurance Supervision Act or Section 14 of the Building Loan Associations Act."

2. Motions and proposals for elections pursuant to Sections 126 Paragraph 1 and 127 AktG

Counter-motions to resolutions proposed by the Board of Management and/or Supervisory Board on a specific item of 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 29, 2018** at the above address, together with evidence of the stockholding that have to be made available to the other shareholders, will be posted immediately on the internet at <http://investor.covestro.com/en/events/annual-general-meeting>. Any statement by the management will be also be posted on this internet site.

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 advanced notification of the company by the deadline, remains unaffected.

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



Excerpts of the underlying provisions of the AktG pertaining to shareholders' rights:

Section 126 AktG:

"(1) Motions from shareholders, including their name, the reasons, and any comments by the management, shall be made accessible to those entitled as specified in Section 125 Paragraphs 1 to 3 under the conditions stated therein if, at least 14 days before the meeting of the company, the shareholders have submitted a counter-motion to a proposal of the management board and supervisory board regarding a specific item on the agenda, with substantiation, to the address stated in the invitation for this purpose. The day of receipt shall not be counted. For listed companies, publication shall be on the company website. Section 125 Paragraph 3 applies accordingly.

(2) A counter-motion and its substantiation do not need to be disclosed,

- 1. if the management board would render itself liable to prosecution by its disclosure,*
- 2. if the counter-motion would result in a resolution by the shareholders' meeting which is either unlawful or in breach of the articles of association,*
- 3. the substantiation includes statements which are obviously false or misleading in material respects or are libellous,*
- 4. if a counter-motion by the shareholder based on the same facts has already been disclosed with respect to a shareholders' meeting of the company pursuant to Section 125,*
- 5. if the same counter-motion of such shareholder on essentially identical grounds has already been made accessible pursuant to Section 125 to not less than two shareholders' meetings of the company within the past five years and at such shareholders' meetings less than one-twentieth of the share capital represented has voted in favour of such counter-motion,*
- 6. if the shareholder indicates, that he will neither attend nor be represented at the shareholders' meeting, or*
- 7. if the shareholder, at two shareholders' meetings within the last two years, did not present, or did not have presented, a counter-motion submitted by him.*

The counter-motion's substantiation need not be published if it exceeds 5,000 characters.

(3) If more than one shareholder submits a counter-motion to the same items of the resolution, the management board may consolidate the counter-motions and their substantiations."

Section 127 Sentences 1 to 3 AktG:

"Section 126 shall apply analogously to a proposal by a shareholder for the election of members of the supervisory board or external auditors. Such election proposal need not be substantiated. The management board need not disclose such election proposal if it fails to contain the information prescribed by Section 124 Paragraph 3 Sentence 4 and Section 125 Paragraph 1 Sentence 5."

Section 124 Paragraph 3 Sentence 4 AktG:

"A proposal for the election of members of the supervisory board or auditors must specify their names, profession and place of residence."



3. Shareholders' right to information (Section 131 AktG)

Any 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 refuse to answer individual questions on the grounds set forth in Section 131 Paragraph 3 AktG, 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 Articles of Incorporation of the company stipulate, that the person chairing the Annual General Meeting may set reasonable time limits on the right of shareholders to speak and to ask questions.

Excerpts of the underlying provisions of the AktG pertaining to shareholders' rights:

Section 131 AktG:

- "(1) Each shareholder shall, upon request, be provided with information at a shareholders' meeting by the management board regarding the company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with an affiliated company. If a company makes use of the facilitations pursuant to Section 266 Paragraph 1 Sentence 3, Section 276 or Section 288 of the Commercial Code, each shareholder may demand the annual financial statements to be presented to him at the shareholders' meeting on such annual financial statements in the form which would have been used if such provisions on simplified procedure were not applied. The duty of the management board of a parent company (Section 290 Paragraphs 1 and 2 of the Commercial Code) to provide information at the shareholders' meeting presented with the consolidated financial statements and the consolidated management report also encompasses the situation of the group and the companies included in the consolidated financial statements.*
- (2) The information shall comply with the principles of diligent and faithful accounting. The articles of association or the by-laws pursuant to Section 129 may authorize the chairperson of the meeting to reasonably limit a shareholder's time to speak and ask questions and resolve details in this respect.*
- (3) The management board may refuse to give information*
- 1. to the extent that providing such information is, according to sound business judgement, likely to entail significant detrimental effects for the company or an affiliated company;*
 - 2. to the extent it relates to valuations for tax purposes or the amount of individual taxes;*
 - 3. about the difference between the value of items reported in the annual balance sheet and a higher value of these items, unless the shareholders' meeting approves the annual financial statement;*
 - 4. about the accounting and valuation methods, to the extent the information on these methods contained in the notes is sufficient to convey a true and fair view of the company's net assets, financial position and results of operations in the meaning of Section 264 Paragraph 2 of the Commercial Code; this shall not apply, if the shareholders' meeting approves the annual financial statements;*
 - 5. if the management board would commit a criminal offence by disclosing such information*



6. *insofar as information concerning the applied accounting and valuation methods as well as offsetting applied in the annual financial statements, management report, group financial statements or group management report does not need to be provided to a bank or financial services institution;*
7. *if the information has been continuously accessible on the company's website for at least seven days prior to the commencement of and during the shareholders' meeting.*

Information may not be refused for other reasons.

- (4) *Should information have been provided outside the shareholders' meeting to a shareholder due to his capacity as a shareholder, such information must be provided to any other shareholder upon demand at the shareholders' meeting, even if the information is not required for a proper assessment of the agenda item. The management board may not refuse to provide the information under Paragraph 3 Sentence 1 Nos. 1 to 4. Sentences 1 and 2 shall not apply if a subsidiary (Section 290 Paragraphs 1, 2 of the Commercial Code), a joint venture (Section 310 Paragraph 1 of the Commercial Code) or an associated company (Section 311 Paragraph 1 of the Commercial Code) discloses information to a parent company (Section 290 Paragraphs 1, 2 of the Commercial Code) for the purpose of inclusion of the company in the consolidated financial statements of the parent company and the information is required for such purpose.*
- (5) *A shareholder who has been denied information may demand his question and the grounds on which the information was denied to be recorded in the minutes of the meeting."*

4. Additional information

Notes on agenda item 1 pursuant to Section 124a Sentence 1 No. 2 AktG

Agenda item 1 of the invitation to the Annual General Meeting on April 13, 2018 concerns the statutory accounting requirements for the financial year ended on December 31, 2017. The annual financial statements and group financial statement as of February 13, 2018 prepared by the Board of Management have already been approved by the Supervisory Board on February 19, 2018 and the annual financial statements have thus been adopted. A resolution by the Annual General Meeting pursuant to Section 173 Paragraph 1 AktG on the adoption of the annual financial statements or approval of the group financial statement is therefore not required. Pursuant to Section 176 Paragraph 1 Sentence 1 AktG, the other documents referred to in agenda item 1 are merely to be made available to the Annual General Meeting without the need for a resolution, apart from the resolution on the use of distributable profit, which is carried out under agenda item 2.

Information on the total number of shares and voting rights pursuant to Section 124a Sentence 1 No. 4 AktG

The stock capital of the company on the date of issue of the notice convening the Annual General Meeting is divided into 202,500,000 bearer shares. Each share grants one vote. The company holds 4,507,752 own shares on the date of issue of the notice convening the Annual General Meeting. The total number of shares bearing participation and voting rights at the time of convening the Annual General Meeting therefore amounts to 197,992,248.

Right to speak and ask questions

The chairperson of the meeting is entitled to take various directive and disciplinary measures during the Annual General Meeting. This also includes the right to reasonably restrict the amount of time for shareholders to ask questions and speak. The underlying provisions of Section 16 Paragraph 3 of the Articles of Incorporation of the company, which utilizes the authority granted by the aforementioned Section 131 Paragraph 2 Sentence 2 AktG, state the following:



“(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 Shareholders’ Meeting or during the Shareholders’ Meeting the Chairperson may set reasonable timeframes for the Meeting itself, the discussion of the individual agenda items or for individual questions and statements.”

Translation during the Annual General Meeting

It is expected, that the Chairman of the Board of Management, Mr. Patrick Thomas, will speak in his native language English at the Annual General Meeting. The company offers simultaneous interpretation to German via headsets (wireless earphones). Attendees of the Annual General Meeting who are interested in the simultaneous interpretation will receive a headset at the Annual General Meeting. The same applies for answers to shareholders’ questions by Mr. Thomas. It is only possible for shareholders to ask questions in English, if the respective shareholders arrange for a suitable translation on site. Alternatively, shareholders may utilize the simultaneous interpretation to English provided by the company. In these cases, the company accepts no responsibility for the accuracy of the interpretation.

Leverkusen, March 2018
The Board of Management