



Annual General Meeting of Covestro AG on July 30, 2020

Explanatory notes on shareholders' rights and additional information

In view of the ongoing COVID-19 pandemic, the Board of Management of Covestro AG, with the approval of the Supervisory Board, has decided to take advantage of the option of holding a virtual Annual General Meeting in the interest of minimizing the health risks for the company's shareholders, employees and corporate officers as well as the service providers participating in planning and running our Annual General Meeting. The legal basis for this decision is the German Law on measures in corporate, cooperative, association, foundation and residential property law to combat the effects of the COVID-19 pandemic (C19-AuswBekG) of March 27, 2020, which offers the option of holding annual general meetings in 2020 without the physical presence of the shareholders or their proxies (virtual Annual General Meeting).

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 conjunction with Section 1 Paragraph 2 of the C19-AuswBekG in particular regarding the timeframe during which these rights may be exercised. The following information serves as more 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 €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 June 29, 2020.**

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 by the Board of Management. 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 at the internet address <https://www.covestro.com/en/investors/financial-calendar/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 annual general 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 an annual general 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 €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

The shareholders' rights to submit motions and proposals for election with respect to agenda items and the rules of procedure are excluded according to the legal concepts behind C19-AuswBekG. Nevertheless, shareholders will be provided the opportunity to submit counter-proposals and proposals for election in applying Sections 126, 127 of the German Stock Corporation Act as follows.

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) or to the election of members of the Supervisory Board (agenda item 6), 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 July 15, 2020** 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://www.covestro.com/en/investors/financial-calendar/annual-general-meeting>. Any statement by the management will also be posted on this internet site.

However, counter-proposals and proposals for election are not put to a vote or otherwise discussed in the Annual General Meeting in accordance with the legal concepts behind C19-AuswBekG.

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 annual general 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 an annual general 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 annual general meetings of the company within the past five years and at such annual general 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 annual general meeting, or*
- 7. if the shareholder, at two annual general 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."

Section 125 Paragraph 1 Sentence 5 AktG:

"In the case of listed companies, a proposal for the election of supervisory board members shall be accompanied by information on their membership in other supervisory boards required by law; information on their membership in comparable domestic and foreign supervisory bodies of commercial enterprises shall be enclosed."

3. Opportunity for shareholders to ask questions by means of electronic communication pursuant to Section 1 Paragraph 2 C19-AuswBekG

Shareholders or their proxies that have been registered correctly to attend the Annual General Meeting are granted to ask questions by means of electronic communication in accordance with Section 1 Paragraph 2 Sentence 1 No. 3 and Sentence 2 C19-AuswBekG.

The Board of Management, with the approval of the Supervisory Board, has decided that all questions must be submitted by no later than two days before the Annual General Meeting, meaning by **Monday, July 27, 2020, 24:00** (date of receipt), using the InvestorPortal at <https://www.covestro.com/de/investors/financial-calendar/annual-general-meeting>. The InvestorPortal will be activated starting July 9, 2020. Questions in languages other than German will not be accepted.

Questions submitted after the above deadline will not be accepted.

In contrast to Section 131 AktG, the Board of Management decides at its due and free discretion as to which questions it will answer and how, in accordance with Section 1 Paragraph 2 Sentence 2 of the C19-AuswBekG.

When answering questions, the company will gladly name the person submitting the question, if the respective person submitting the question has specifically made mention thereof when the questions were submitted in the InvestorPortal. A sample formulation is available in the InvestorPortal.

Excerpts of the underlying provisions of the C19-AuswBekG pertaining to shareholders' rights:

Section 1 Paragraph 2 Sentence 1 No. 3, Sentence 2 C19-AuswBekG:

"(2) The board of management may decide that the meeting is held without the physical presence of the shareholders or their proxies as a virtual annual general meeting, provided that

[...]

3. the shareholders are granted the opportunity to ask questions by means of electronic communication,

[...]

The board of management decides at its due and free discretion as to which questions it answers and how; it may also require that questions shall be submitted by way of electronic communication by no later than two days before the meeting."



4. Notes and information pursuant to Section 124a Sentence 1 AktG

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 Thursday, July 30, 2020 concerns the statutory accounting requirements for the financial year ended on December 31, 2019. The annual financial statements and group financial statement as of February 14, 2020 prepared by the Board of Management have already been approved by the Supervisory Board on February 18, 2020 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 183,000,000 bearer shares. Each share grants one vote. The company holds 135,315 treasury 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 182,864,685.

5. Data Protection

Information on the processing of personal data and on your rights under the European Union's General Data Protection Regulation (GDPR) can be found on the company's website at <https://www.covestro.com/en/investors/financial-calendar/annual-general-meeting>.

Leverkusen, June 2020
The Board of Management