

CORPORATE GOVERNANCE

Declaration on Corporate Governance

Covestro's corporate governance is characterized by a sense of responsibility as well as ethical principles. Covestro places great importance on responsible corporate governance. This promise to shareholders, business partners, and our employees is based on our commitment to the German Corporate Governance Code (GCGC) and Articles of Incorporation that reflect these standards. In pursuing our business activities, we follow company principles that exceed the requirements of the law and the GCGC. A key concern is combining business success with environmental and social goals, so when making any business decision, we always consider the three dimensions of sustainability – people, planet, profit. The principles guiding our actions, which are also based on these dimensions, are documented in six policies applicable throughout the Group. These provide our employees with guidance for the following topics: value creation; sustainability; innovation; people; health, safety, environment, energy, and quality (HSEQ); and compliance. The standards contained in these policies are mandatory for all employees worldwide.

→ For further information, please refer to www.covestro.com/en/sustainability/documents-and-downloads/policies-and-commitments

The Board of Management and Supervisory Board provide information pertaining to corporate governance in the sections that follow, including a combined Declaration on Corporate Governance for Covestro AG pursuant to Section 289f and for the Covestro Group pursuant to Section 315d of the German Commercial Code (HGB).

Declaration of compliance by the Board of Management and the Supervisory Board of Covestro AG on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act

The Board of Management and Supervisory Board issued the declaration of compliance with the GCGC pursuant to Section 161 AktG in December 2024:

Declaration of compliance by the Board of Management and the Supervisory Board
of Covestro AG on the German Corporate Governance Code pursuant to Section 161 of the German Stock
Corporation Act

Covestro AG has complied with the recommendations of the Commission of the German Corporate Governance Code, as amended on April 28, 2022, published by the Federal Ministry of Justice on June 27, 2022 in the official part of the Federal Gazette, since the last declaration of compliance was issued in December 2023. Covestro AG will continue to comply with these recommendations in the future, with the exception of the following deviation::

- **Recommendation G.10 sentence 2:** According to recommendation G.10 sentence 2, granted long-term variable remuneration components shall be accessible to Board of Management members only after a period of four years.

Against the backdrop of the tender offer by ADNOC International Germany Holding AG ("Takeover Offer"), the Supervisory Board of Covestro AG intends to adjust the compensation system and the long-term incentive program for the members of the Board of Management. In order to enable the members of the Board of Management to transfer the shares of Covestro AG held by them as part of the completion of the Takeover Offer, the acquisition and holding obligations incumbent on the members of the Board of Management of Covestro AG with regard to shares of Covestro AG ("Acquisition and Holding Obligations") are to be waived.

The Supervisory Board is convinced that it is in the interest of Covestro AG to enable the members of the Board of Management to transfer the shares of Covestro AG held by them as part of the completion of the Takeover Offer. This was and is necessary in particular in order to be able to allow the members of the Board of Management to decide freely on the acceptance of the Takeover Offer, as required by section 27 (1) no. 4 of the German Securities Acquisition and Takeover Act with regard to the reasoned statement on the Takeover Offer. Only through the corresponding abolition of the Acquisition and Holding Obligations is it possible for the members of the Board of Management to proceed with their own shares in the context of the Takeover Offer in accordance with their personal convictions and thus send a signal to the market.

Leverkusen, December 2024

For the Board of Management

For the Supervisory Board

Dr. Markus Steilemann

Dr. Richard Pott

Corporate governance disclosures and supplementary information on the Board of Management and Supervisory Board, along with the declaration of compliance with the GCGC of December 2024 and those of the past five years are published on Covestro's website.

→ For further information, please refer to: www.covestro.com/en/company/management/corporate-governance

Compensation Report/Compensation System

The compensation system applicable to members of the Board of Management, which was approved by the Annual General Meeting (AGM) on April 19, 2023, and the compensation of the members of the Supervisory Board set out in Section 12 of the Articles of Incorporation of Covestro AG, which was approved by the AGM on April 21, 2022, are available on our website. The Compensation Report, the auditor's report in accordance with Section 162, Paragraph 3 AktG, and the corresponding results of the latest AGM are also made accessible there. The Compensation Report for fiscal 2024 is part of this Annual Report.

→ For further information, please refer to: www.covestro.com/en/company/management/corporate-governance

Composition, Duties and Activities of the Board of Management and Supervisory Board Board of Management

Duties and Activities of the Board of Management

The Board of Management runs the company on its own responsibility with the goal of sustainably increasing the company's enterprise value and achieving defined corporate objectives. In doing so, it takes into account the interests of shareholders, employees, and other stakeholders. The Board of Management performs its duties according to the law, the Articles of Incorporation, the Board of Management's rules of procedure, and the recommendations of the GCGC as stated in the declaration of compliance. It ensures compliance with the law and internal company policies, and works with the company's other governance bodies in a spirit of trust.

→ The current rules of procedure for the Board of Management are available at:

www.covestro.com/en/company/management/corporate-governance

The Board of Management defines the long-term goals and strategy for the company and sets forth the principles and policies for the resulting corporate policies. Furthermore, it coordinates and monitors the most important activities, defines the company's portfolio, develops and deploys managerial staff, allocates resources, and decides on the management and reporting of the Covestro Group. In this context, the Board of Management ensures that both, the risks and opportunities for the company associated with social and environmental factors, and the ecological and social impact of the company's activities are systematically identified and assessed. In addition to the long-term economic goals, the corporate strategy also takes ecological and social goals into account. Corporate planning incorporates appropriate financial and sustainability-related goals.

During their period of service for Covestro, Board of Management members are subject to a comprehensive non-compete clause. They are obligated to work in the company's interests at all times and may not pursue any personal interests in making decisions for the company or take advantage of the company's business opportunities for themselves. All Board of Management members are required to disclose any conflicts of interest to the Chair of the Supervisory Board's Human Resources Committee and the Board of Management Chair, and inform the other Board of Management members of this fact. Other duties, particularly holding seats on Supervisory Boards or comparable governing bodies at companies outside the Group, may only be assumed with the approval of the Supervisory Board.

The members of the Board of Management bear joint responsibility for running the business as a whole. However, the individual members manage the areas assigned to them on their own responsibility within the framework of the decisions made by the full Board. The allocation of duties among the members of the Board of Management is defined in a written schedule appended to its rules of procedure and listed in the following table. The full Board of Management makes decisions on all matters of fundamental importance and in cases where a decision of the full Board is prescribed by law or otherwise mandatory. The rules of procedure of the Board of Management contain a list of topics that must be dealt with and resolved by the full Board.

Board of Management meetings are held regularly and are convened by the Chair of the Board of Management. Any member of the Board of Management may also request that a meeting be convened, notifying the other members of the matter for discussion. The Board of Management makes decisions by a simple majority of the votes cast, except where unanimity is required by law. In the event of a tie, the Chair casts the deciding vote.

According to the Board of Management's rules of procedure, the Chair bears particular responsibility for functional coordination of all Board of Management areas. The Chair represents the Board of Management as well as Covestro AG and the Group in dealings with the public and other third parties.

Composition of the Board of Management

[ESRS 2.21 \(a\)](#) The Supervisory Board appoints the Board of Management of Covestro AG, its Chair, and the Labor Director. The Board of Management currently has no committees. In the fiscal year 2024, the composition of the Board of Management was as follows:

Areas of responsibility¹

Name	Position	Areas of responsibility	Memberships ²
Dr. Markus Steilemann	Chief Executive Officer	<ul style="list-style-type: none"> • Communications • Corporate Audit • Human Resources • Strategy • Group Innovation & Sustainability 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Fuchs Petrolub SE³
Christian Baier	Chief Financial Officer ⁴	<ul style="list-style-type: none"> • Accounting • Controlling • Finance & Insurance • Information Technology & Digitalization • Investor Relations • Law, Intellectual Property & Compliance • Portfolio Development • Taxes 	<ul style="list-style-type: none"> • Member of the Supervisory Board of TUI AG³
Dr. Thorsten Dreier	Chief Technology Officer Labor Director	<ul style="list-style-type: none"> • Engineering • Process Technology • Group Health, Safety, Environment and Reliability • Group Procurement 	
Sucheta Govil	Chief Commercial Officer	<ul style="list-style-type: none"> • Performance Materials • Tailored Urethanes • Coatings & Adhesives • Engineering Plastics • Specialty Films • Elastomers • Thermoplastic Polyurethanes • Supply Chain & Logistics EMLA, NA, APAC 	<ul style="list-style-type: none"> • Member of the Board of Directors of Mondipol³ (since October 2024)

¹ As of December 31, 2024.

² Memberships on supervisory boards and memberships in comparable supervising bodies of German or foreign corporations.

³ Listed.

⁴ The Chief Financial Officer (CFO) is also responsible for country-specific topics in the United States and China. [↗](#)

Objectives and Concept for the Composition of the Board of Management

Assisted by the Human Resources Committee and the Board of Management, the Supervisory Board arranges long-term succession planning for individual Board of Management members. It conducts a systematic process for selecting candidates for the Board of Management, while following the recommendations of the GCGC. In accordance with Covestro's corporate values, it also observes the diversity principle, i.e., balancing the Board's composition in terms of age, educational and professional background as well as a balanced gender ratio among members. Board of Management members will generally not be appointed if they are over the age of 63.

[ESRS 2.21 \(c\)](#) The Board of Management as a whole should represent a variety of backgrounds and possess extensive experience in corporate strategy, innovation, production and technology, marketing and sales, finance, leadership and sustainability management. [↗](#) Members of the Board of Management are initially appointed for a maximum of three years.

[ESRS 2.21 \(c\)](#) When filling specific Board of Management positions, the Human Resources Committee also develops a skills profile that is based on the diversity criteria and used to evaluate candidates from within and outside the company. [↗](#) The Human Resources Committee conducts structured individual interviews with the eligible shortlisted candidates determined in this way. The committee then submits a proposed resolution to the Supervisory Board. Both the Human Resources Committee and the Supervisory Board make decisions in the company's interest, taking into account all the circumstances of each individual case. When necessary, external advisors support the Supervisory Board in preparing and executing specific succession decisions.

Implementation Status of the Objectives

Covestro AG's Board of Management currently has four members. The goals regarding age structure and function-specific expertise were generally met in fiscal 2024. The Board of Management additionally meets the education and professional background requirements. The Board of Management's members ranged in age from

48 to 61 in fiscal 2024. [ESRS 2.21 \(c\)](#) As a whole, the Board of Management features members with a range of different educational backgrounds. In particular, they possess many years of experience in the following areas: engineering, physics and chemistry, business administration, and finance. The members of the Board of Management have gathered extensive professional experience in Germany and abroad as well as in the chemical industry. In the course of their careers, they have held leadership positions in marketing and sales, innovation, corporate strategy, production and technology, and finance, among others, and possess extensive experience in human resources management and project management. [ESRS 2.21 \(c\)](#)

Promotion of Equal Participation of Women and Men in Leadership Positions

The Act Supplementing and Amending the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors of August 7, 2021, (FüPoG II) requires listed companies in Germany that are subject to codetermination rules and whose boards of management have more than three members to appoint at least one woman and one man to the board. The obligation stipulated as a general rule by the First Leadership Positions Act (FüPoG I) as far back as 2015 remains in effect: these companies are required to define target quotas for appointing women to their supervisory boards, boards of management, and the two management levels below, and to establish dates by which this quota is to be achieved in each case. If quotas are newly set in percent since FüPoG II entered into force, they must be specified as whole numbers.

In accordance with Section 96, Paragraph 2 AktG, the supervisory board of a company which is both listed and subject to codetermination rules should be composed of at least 30% women and at least 30% men. Although no targets need to be specified in this case, it is in the Supervisory Board's general interest to try to achieve gender parity in the Supervisory Board of Covestro AG. [ESRS 2.21 \(d\)](#) As of December 31, 2024, the Supervisory Board of Covestro AG comprised five women and seven men, which corresponds to a proportion of women of more than 40%. [ESRS 2.21 \(d\)](#) The minimum legal requirement has thus been met.

In accordance with Section 76, Paragraph 3a AktG, the board of management of a company which is both listed and subject to codetermination rules should be composed of at least one woman and at least one man, if it consists of more than three people. Although no targets need to be specified in this case, it is in the Supervisory Board's general interest to try to achieve gender parity in the Board of Management of Covestro AG. [ESRS 2.21 \(d\)](#) As of December 31, 2024, one woman and three men served on the Board of Management, which corresponds to a proportion of women of 25%. [ESRS 2.21 \(d\)](#) Covestro AG therefore also meets the legal minimum quota in accordance with Section 76, Paragraph 3a AktG.

In the year 2022, the Board of Management set new differentiated targets for the first two management levels below the Board of Management for the period through June 30, 2027, for both Covestro AG and the Covestro Group.

Targets for the proportion of women in the first two management levels below the Board of Management by June 30, 2027

	Covestro AG		Covestro Group	
	As of Dec. 31, 2024	Target by June 30, 2027 ³	As of Dec. 31, 2024	Target by June 30, 2027 ³
	%	%	%	%
Proportion of women in management level 1 ¹	0.0	25.0	25.0	31.0
Proportion of women in management level 2 ²	42.9	31.6	23.4	30.2

¹ Direct reports to the Board of Management with management responsibilities.

² Direct reports to management level 1 with management responsibilities.

³ The percentages are based on the employee numbers specified in the table below.

Targets for the proportion of women in the first two management levels below the Board of Management by June 30, 2027, in numbers of employees

	Covestro AG		Covestro Group	
	As of Dec. 31, 2024	Target by June 30, 2027	As of Dec. 31, 2024	Target by June 30, 2027
Proportion of women in management level 1 ¹	0 of 4	1 of 4	7 of 28	9 of 29
Proportion of women in management level 2 ²	9 of 21	6 of 19	40 of 171	54 of 179

¹ Direct reports to the Board of Management with management responsibilities.

² Direct reports to management level 1 with management responsibilities.

Supervisory Board

Duties and Activities of the Supervisory Board

The Supervisory Board advises and oversees the Board of Management. The Supervisory Board is directly involved in decisions on matters of fundamental importance to the company, regularly conferring with the Board of Management on the strategic alignment of Covestro AG and the Covestro Group, and on the implementation status of the business strategy. Monitoring and consulting also include sustainability issues that are dealt with not only in meetings of the full Supervisory Board, but also in committee meetings. The Supervisory Board Chair coordinates its work and presides over the meetings. The Chair also represents the Supervisory Board outside the company and holds discussions with investors on topics that fall within the Supervisory Board's tasks and responsibilities. In accordance with the Articles of Incorporation, the Supervisory Board has issued rules of procedure governing its activity. These rules of procedure are applicable to the Supervisory Board as a whole as well as to individual Supervisory Board committees. They also include rules concerning the composition and work of the committees.

→ The rules of procedure for the Supervisory Board are available at: www.covestro.com/en/company/management/corporate-governance

The Supervisory Board members are obligated to work in the company's interests at all times and may not pursue any personal interests in making decisions for the company or take advantage of the company's business opportunities for themselves. They are required to immediately disclose any conflicts of interest to the Chair of the Supervisory Board, in particular including those resulting from executive functions or consulting activities at customers, suppliers, lenders, or other third parties. If the conflict of interest is material and of more than a temporary nature, the Supervisory Board member must step down. In its report to the Annual General Meeting, the Supervisory Board discloses any conflicts of interest and how they were handled.

Another effectiveness and efficiency review of the Supervisory Board was performed in the 2024 reporting year. As in previous years, it was conducted in writing on the basis of a questionnaire. The Supervisory Board discussed the results of this written self-assessment, which deals with the organization and work of the Supervisory Board and its committees, at the first ordinary Supervisory Board meeting in fiscal 2024. The topics included in particular the structure and conduct of Supervisory Board meetings, cooperation with the Board of Management, the flow of information to the Supervisory Board, responsibilities, composition, and work of the committees, and cooperation among the members of the Supervisory Board. On the whole, members found the Supervisory Board's activity effective and efficient. They continued to value in particular the detailed discussions and exchanges with the Board of Management on issues relating to strategy, for which sufficient time was allowed at Supervisory Board meetings and the annual strategy workshop.

→ For further information, please refer to "Report of the Supervisory Board" in Capital Market.

The Board of Management informs the Supervisory Board about business policy, corporate planning, and strategy in regular and open discussions. Further details of how the Board of Management provides information to the Supervisory Board, including ongoing information of the Chair of the Supervisory Board by the Chair of the Board of Management, are governed by the Board of Management's rules of procedure.

→ The rules of procedure for the Board of Management are available at: www.covestro.com/en/company/management/corporate-governance

The Supervisory Board approves the corporate planning and financing framework. It also approves the Financial Statements of Covestro AG and the Consolidated Financial Statements of the Covestro Group, along with the Group Management Report, taking into account the auditor's reports and explanations. The Board of Management and Supervisory Board issue an annual compensation report in accordance with Section 162 of the German Stock Corporation Act. The Supervisory Board also regularly meets without the Board of Management in attendance. The members of the Supervisory Board representing employees regularly hold structured discussions with members of the Board of Management prior to Supervisory Board meetings. Prior meetings of shareholder representatives are held on a case-by-case basis when necessary.

Composition of the Supervisory Board

»ESRS 2.21 (a) (b) The Supervisory Board has 12 members, half of whom are shareholder representatives and half employee representatives pursuant to the German Codetermination Act. The members of the Supervisory Board representing shareholders are elected individually by the Annual General Meeting. The six employee representatives comprise four Covestro employees and two union representatives; they are elected in accordance with the provisions of the German Codetermination Act. There were no Supervisory Board elections for either the shareholder or the employee side in fiscal 2024. However, there was one change on the employee side. In May 2024, Oliver Heinrich was appointed by the court as a representative of the German Mining, Chemical and Energy Industrial Union (IG BCE) on the Supervisory Board. This was preceded by the resignation of Ms. Reinhold-Knape as the IG BCE representative. Ms. Petra Kronen also left the Supervisory Board as of the end of fiscal 2024.«

»ESRS 2.21 (c) The Supervisory Board discussed the requirements stipulated by Section 100, Paragraph 5 AktG. Based on its composition, the Supervisory Board as a whole has in-depth industry expertise in the chemical and polymer sector in which Covestro operates. This industry knowledge was acquired by the members either through their jobs or the requisite continuing education. In addition, the Supervisory Board has at least one member with expertise in the area of accounting and at least one other member with expertise in the area of auditing.«]

ESRS 2.21 (a) Supervisory Board members¹

Name/function	Membership on the Supervisory Board	Position	Memberships ²
Dr. Christine Bortenlänger	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> Member of various supervisory boards Chair of the Managerial Employees' Committees of Covestro Deutschland AG and of Covestro group 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Member of the Supervisory Board of MTU Aero Engines AG³ Member of the Supervisory Board of TÜV SÜD AG⁴ Member of the Supervisory Board of Siemens Energy AG³ Member of the Supervisory Board of Siemens Energy Management GmbH⁴ (Siemens Energy group)
Dr. Christoph Gürtler	Member of the Supervisory Board since April 2022	<ul style="list-style-type: none"> Managerial Employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Vice Chair of the Supervisory Board of Mitteldeutsche Braunkohlegesellschaft⁴ (Mibrag) Vice Chair of the Supervisory Board of Lausitz Energie Bergbau AG⁴ (LEAG) Chairman of the Supervisory Board of CHEMIE Pensionsfonds AG⁴
Oliver Heinrich	Member of the Supervisory Board since May 2024	<ul style="list-style-type: none"> Member of the Executive Board of IGBCE 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Independent Board Director of Danone SA³, France Independent Board Director of Sanofi SA³, France Member of the Board of Allianz Trade⁴, Belgium
Lise Kingo	Member of the Supervisory Board since April 2021	<ul style="list-style-type: none"> Member of various supervisory boards, governing bodies and committees Chair of the General Works Council of Covestro Member of the Group Works Council of Covestro 	<ul style="list-style-type: none"> Member of the Board of Allianz Trade⁴, Belgium
Petra Kronen (Vice Chair)	Member of the Supervisory Board since October 2015 until December 2024	<ul style="list-style-type: none"> Member of the Works Council of Covestro at the Uerdingen site Employee of Covestro Deutschland AG Chair of the Works Council of Covestro at the Leverkusen site Chair of the Group Works Council of Covestro Vice Chair of the General Works Council of Covestro 	<ul style="list-style-type: none"> Vice Chair of the Supervisory Board of Covestro Deutschland AG^{4,5}
Irena Küstner	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> Employee of Covestro Deutschland AG North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union (IGBCE), Düsseldorf 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5}
Frank Löllgen	Member of the Supervisory Board since April 2022	<ul style="list-style-type: none"> North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union (IGBCE), Düsseldorf 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Member of the Supervisory Board of Bayer AG³ Chair of the Supervisory Board of Covestro Deutschland AG^{4,5} Member of the Supervisory Board of Freudenberg SE⁴ Member of the Supervisory Board of SCHOTT AG⁴ (until March 2024)
Dr. Richard Pott (Chair)	Member of the Supervisory Board since August 2015	<ul style="list-style-type: none"> Member of various supervisory boards 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5}
Petra Reinbold-Knape	Member of the Supervisory Board from January 2020 until April 2024	<ul style="list-style-type: none"> Secretary for IGBCE Chair of the Board of August-Schmidt-Stiftung 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Member of the Supervisory Board of Infineon Technologies Austria AG⁴, Austria (Infineon group) Member of the Board of Directors, Infineon Technologies China Co., Ltd.⁴, China (Infineon group) Member of the Board of Directors, Infineon Technologies Asia Pacific Pte., Ltd.⁴, Singapore (Infineon group) Member of the Board of Directors, Infineon Technologies Americas Corp.⁴, USA (Infineon group) Member of the Board of Directors, Infineon Technologies Japan K.K.⁴, Japan (Infineon group)
Dr. Sven Schneider	Member of the Supervisory Board since April 2022	<ul style="list-style-type: none"> Chief Financial Officer at Infineon Technologies AG 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5}

Supervisory Board members¹

Name/function	Membership on the Supervisory Board	Position	Memberships ²
Regine Stachelhaus	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> Member of various supervisory boards Chair of the Works Council of Covestro at the Brunsbüttel site 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Director of SPIE SA³, France Member of the Supervisory Board of SPIE Deutschland und Zentraleuropa GmbH⁴ (SPIE group)
Marc Stothfang	Member of the Supervisory Board since February 2017	<ul style="list-style-type: none"> Member of Covestro-European Forum Employee of Covestro Deutschland AG 	
Patrick Thomas	Member of the Supervisory Board since July 2020	<ul style="list-style-type: none"> Member of various supervisory boards 	<ul style="list-style-type: none"> Member of the Supervisory Board of Covestro Deutschland AG^{4,5} Non-Executive Director (Chair) of Johnson Matthey plc³, United Kingdom Non-Executive Director of Akzo Nobel N.V.³, Netherlands

¹ As of December 31, 2024, for members stepping down during the fiscal year, the information relates to the leaving date.

² Memberships on other supervisory boards and memberships in comparable supervising bodies of German or foreign corporations.

³ Listed.

⁴ Non-listed.

⁵ Covestro Group membership. [x](#)

Committees of the Supervisory Board

The Supervisory Board currently has the following committees:

Presidial Committee: The Presidial Committee comprises the Supervisory Board Chair and Vice Chair along with an additional shareholder representative and an additional employee representative. The Presidial Committee serves primarily as the mediation committee pursuant to the German Codetermination Act. It has the task of submitting proposals to the Supervisory Board on the appointment of members of the Board of Management if the necessary two-thirds majority is not achieved in the first vote at a plenary meeting. Certain decision-making powers in connection with capital measures, including the power to amend the Articles of Incorporation, have also been delegated to this committee. In addition, the Presidial Committee is responsible for dealing with tasks of the Supervisory Board in the case of takeover matters and has decision-making powers to a certain extent.

Members: Dr. Richard Pott (Chair), Petra Kronen (until December 2024), Petra Reinbold-Knape (until April 2024), Frank Löllgen (since May 2024), and Regine Stachelhaus

Audit Committee: The Audit Committee has six members of the Supervisory Board, with shareholders and employees equally represented. The requirements of the AktG and the GCGC for the expertise of members of the Audit Committee are met. Due to his many years of experience as Chief Financial Officer of international DAX-listed companies, the Chairman of the Audit Committee, Dr. Sven Schneider, has the required accounting expertise, i.e., special know-how and experience in the application of accounting policies and internal control and risk management systems, as well as auditing expertise. This also covers sustainability reporting and auditing. Dr. Sven Schneider meets the requirements of the GCGC for the qualifications and independence of the Chair of the Audit Committee. Dr. Christine Bortenlänger also has the required auditing expertise, primarily due to her many years of experience as a member of other audit committees of international listed companies. The accounting expertise also includes know-how in relation to sustainability reporting and auditing.

The Audit Committee's main responsibilities include auditing the accounts; monitoring the accounting and financial reporting process; monitoring the effectiveness of the internal control system, the risk management system, and the internal audit system; financial statement audits; and compliance. The accounting comprises in particular the Consolidated Financial Statements and the Group Management Report. The Audit Committee is responsible for conducting a preliminary examination of the Financial Statements, Consolidated Financial Statements, and Management Reports, including the mandatory sustainability reporting, and for discussing the quarterly and half-yearly reporting with the Board of Management. On the basis of the auditor's report, the Audit Committee develops proposals for resolutions by the Supervisory Board relating to the confirmation of the Financial Statements, the approval of the Consolidated Financial Statements, and the use of the distributable profit.

The Audit Committee is also responsible for the company's relationship with the external auditor. It submits a proposal to the full Supervisory Board concerning the auditor's appointment and is authorized to award the audit contract to the audit firm appointed on behalf of the Supervisory Board and to agree the auditor's remuneration. It also suggests areas of focus for the audit and monitors the quality of the audit as well as the independence and qualifications of the auditor. To this end, the Audit Committee has obtained a statement of independence from the auditor, who is required to immediately inform the Audit Committee about all possible grounds for exclusion or lack of impartiality arising during the audit or review, and all findings and incidents material to the Supervisory Board's responsibilities, particularly suspected accounting irregularities. The Audit Committee discusses the audit risk assessment, audit strategy and audit planning, and the audit results with the auditor. Moreover, the Audit Committee has requested that the auditor inform the Committee and make a note in the audit report if facts are identified during the financial statement audit process that indicate an error in the declaration of compliance with the GCGC submitted by the Board of Management and Supervisory Board. The Chairman of the Audit Committee has regular feedback sessions with the auditor on the audit progress and reports on this to the committee. During the respective meetings, the Audit Committee also has regular discussions with the auditor without the Board of Management.

Members: Dr. Sven Schneider (Chair), Dr. Christine Bortenlänger, Petra Kronen (until December 2024), Irena Küstner, Petra Reinbold-Knape (until April 2024), Frank Löllgen (since May 2024), and Patrick Thomas

Human Resources Committee: On the Human Resources Committee, too, there is parity of representation between shareholders and employees. It consists of the Supervisory Board Chair and three other members. The Committee prepares the personnel decisions of the full Supervisory Board, which resolves on appointments or dismissals of members of the Board of Management. The Human Resources Committee resolves on behalf of the Supervisory Board on the service contracts of the members of the Board of Management. However, it is the responsibility of the full Supervisory Board, based on the recommendations submitted by the Human Resources Committee, to resolve on the total compensation of the individual members of the Board of Management and the respective compensation components, as well as to regularly review the compensation system. The Human Resources Committee also discusses the long-term succession planning for the Board of Management.

Members: Dr. Richard Pott (Chair), Dr. Christoph Gürtler, Petra Kronen (until December 2024), and Regine Stachelhaus

Nomination Committee: The Nomination Committee carries out preparatory work when an election of shareholder representatives to the Supervisory Board is to be held. It suggests suitable candidates for the Supervisory Board to propose to the Annual General Meeting for election. The committee comprises the Supervisory Board Chair, the other Supervisory Board member representing shareholders on the Presidial Committee, and another elected Supervisory Board member representing shareholders.

Members: Dr. Richard Pott (Chair), Regine Stachelhaus, and Patrick Thomas

Sustainability Committee: The Sustainability Committee has four Supervisory Board members with parity of representation between shareholders and employees. The Chair of the Sustainability Committee is elected by the Supervisory Board from between the two shareholder representatives elected to the Committee. The committee advises the Supervisory Board, its committees, and the Board of Management, as well as working on sustainable corporate governance and the company's environmental, social, and governance (ESG) activities in particular. It supports, monitors, and issues recommendations on the Board of Management's ESG strategies, targets, and initiatives, including the environmental, social, societal, ethical, and circular economy aspects of Covestro's business along the entire value chain.

The Sustainability Committee additionally helps the Audit Committee examine sustainability-related statements in the context of the audit of the mandatory sustainability reporting. Furthermore, it advises the Human Resources Committee on setting ESG targets for Board of Management compensation.

Members: Lise Kingo (Chair), Dr. Christoph Gürtler, Marc Stothfang, and Patrick Thomas

Details on the Supervisory Board's activities and its committees are provided by the Supervisory Board in its Report. The resumes of the members of the Supervisory Board are published on Covestro's website and updated annually.

→ For further information, please refer to "Report of the Supervisory Board" in Capital Market.

→ For further information, please refer to: www.covestro.com/en/company/management/supervisory-board

Objectives for the Composition of the Supervisory Board and Diversity Concept

The composition of the Supervisory Board should be such that its members jointly possess the necessary expertise, skills, and professional experience to properly perform their duties, and are sufficiently independent. The Supervisory Board assesses the independence of its members according to the recommendation contained in the GCGC, as amended.

Covestro AG's Supervisory Board has agreed the following specific goals for its composition that align with the recommendations of the GCGC and at the same time provide for diversity in terms of age, independence, professional experience, and expertise in the sustainability topics important to the company, including particularly the circular economy, climate neutrality, and good corporate governance:

- The Supervisory Board has resolved that 75% of its members and more than half of the shareholder representatives on the Supervisory Board are to be independent.
- Absent of special circumstances, a Supervisory Board member should not serve more than three full terms of office and should not hold office beyond the end of the next Annual General Meeting following their 72nd birthday or, at the latest, the end of the Annual General Meeting following their 74th birthday.
- The Supervisory Board should not include more than two former members of the company's Board of Management. Supervisory Board members may not perform executive functions or consulting activities for major competitors of the company or any Group company, and they must not be exposed to other significant conflicts of interest.
- At least one member of the Supervisory Board should have accounting expertise and at least one other member should have auditing expertise.
- At least two Supervisory Board members must have function-specific knowledge in each of the following areas:
 - Strategy, mergers and acquisitions, capital markets
 - Marketing, sales, supply chain
 - Research and development, innovation
 - Sustainability (environment), circular economy and new technologies
 - Digitalization
 - Human resources, change management, sustainability (social)
 - Corporate governance, compliance
- The Supervisory Board must have at least two members with experience in industries, sales markets, and/or divisions of importance to Covestro, e.g., (polymer) chemistry, production, and technology.
- Taking into account the specific situation and international operations of Covestro and its affiliated companies, the Supervisory Board should strive to ensure sufficient diversity among its members. Moreover, at least three members should have managerial experience in an international enterprise and/or experience serving on other supervisory boards or supervisory bodies, and experience in relation to corporate culture and employee engagement.

The objectives described refer to the Supervisory Board as a whole unless resolved otherwise. However, since the Supervisory Board can only nominate candidates for election as shareholder representatives, it can only consider the objectives in making these nominations.

Implementation Status of the Objectives and Qualification Matrix

The Supervisory Board has several members with international business experience and an international background. The objectives pertaining to age limits, length of service, and independence are being met.

↳ **ESRS 2.21 (e)** In the Supervisory Board's opinion, the shareholder representative Dr. Richard Pott, Dr. Christine Bortenlänger, Lise Kingo, Dr. Sven Schneider, Regine Stachelhaus, and Patrick Thomas and the workers' representatives Petra Kronen, Dr. Christoph Gürtler, Oliver Heinrich, Irena Küstner, Frank Löllgen, and Marc Stothfang are independent within the meaning of the GCGC, meaning that 100% of the shareholder representatives and workers' representatives are independent.⌞ In principle, the requirements relating to function-specific knowledge are met.

→ For further information about Covestro AG's current Supervisory Board members, please refer to:

www.covestro.com/en/company/management/supervisory-board

ESRS 2.21 (c), (e), ESRS 2.23 (a) Qualification matrix¹

Category	Field of expertise	Supervisory Board members												
		C. Bortenlänger ²	C. Gürtler ³	O. Heinrich ³	L. Kingo ²	P. Kronen ³	I. Küstner ³	F. Löllgen ³	R. Pott ²	P. Reinbold-Knape ³	S. Schneider ²	R. Stachelhaus ²	M. Stothfang ³	P. Thomas ²
Industry- and company-specific knowledge/experience	(Polymer)Chemistry	Light	Medium	Light	Light	Medium	Medium	Light	Medium	Light	Light	Light	Medium	Medium
	Production and technology	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
Function-specific knowledge	Strategy, M&A, capital market	Medium	Light	Light	Medium	Medium	Light	Light	Medium	Light	Medium	Medium	Light	Medium
	Marketing/sales/supply chain	Medium	Light	Light	Light	Light	Light	Light	Medium	Light	Light	Light	Light	Medium
	R&D, innovation	Light	Medium	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Medium
	Sustainability (environment)/circular economy/new technologies	Light	Medium	Light	Medium	Light	Light	Light	Light	Light	Light	Light	Light	Medium
	Digitalization	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
	Human resources/ change management/ sustainability (social)	Light	Light	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
	Corporate governance/ compliance	Medium	Light	Light	Medium	Light	Light	Light	Light	Light	Light	Medium	Light	Light
	Accounting	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
	Financial statement audit	Medium	Light	Light	Light	Light	Light	Light	Medium	Light	Light	Light	Light	Light
	Leadership in an international enterprise	Light	Light	Light	Medium	Light	Light	Light	Medium	Light	Light	Medium	Light	Medium
Management- and leadership experience	Corporate culture and employee engagement (Covestro focus)	Light	Medium	Light	Light	Medium	Medium	Medium	Medium	Medium	Light	Medium	Medium	Medium
	Membership in supervisory boards and governing bodies	Medium	Light	Medium	Medium	Medium	Light	Medium	Medium	Medium	Medium	Light	Medium	Medium
Further information														
Terms of office/ Appointments	Initial appointment	2015	2022	2024	2021	2015	2015	2022	2015	2020	2022	2015	2017	2020
	Re-appointment	2020				2017	2017		2020	2022		2020	2022	
	Re-appointment					2022	2022							
	End of term of office	2025	2027	2027	2025	2024	2027	2027	2025	2024	2026	2025	2027	2025
Diversity	Age (2024 reporting year minus year of birth)	58	57	47	63	60	58	63	71	65	58	69	58	67
	Gender (male, female, diverse)	F	M	M	F	F	F	M	M	F	M	F	M	M
	Nationality	D	D	D	DK	D	D	D	D	D	D	D	D	UK
	Independence ⁴	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Professional activity	Professional status/ "work stage" (executive vs. post-executive)	Post	Exec	Exec	Post	Exec	Exec	Exec	Post	Exec	Exec	Post	Exec	Post
	Overboarding	No	No	No	No	No	No	No	No	No	No	No	No	No

¹ Based on a self-assessment by the Supervisory Board, incorporating the individual assessments of individual Supervisory Board members and the recommendations of the Nomination Committee and Presidial Committee to the full Supervisory Board. The three shades of color refer to the levels of know-how, from basic know-how (light) through extensive know-how (medium) down to profound know-how (dark).

² Members representing shareholders.

³ Members representing employees.

⁴ In accordance with GCGC 2022.[a](#)

[Responsibilities and Duties of the Board of Management and Supervisory Board in Relation to Impacts, Risks, and Opportunities within the Meaning of the European Sustainability Reporting Standards (ESRS)]

»ESRS 2.22 (a), (c) i, ii At Covestro, the relevant expert functions are responsible for monitoring and controlling material impacts, risks, and opportunities. They report on current developments within their organizational structure to the responsible member of the Board of Management. »ESRS 2.22 (b) The Board of Management is responsible for managing the company and in this context defines the long-term targets and strategies for Covestro. The Board of Management also has a duty to approve the results of the double materiality assessment to identify and assess the impacts, risks, and opportunities material for Covestro. »ESRS 2.22 (b), (c) iii The Supervisory Board oversees and advises the Board of Management on these matters. Here, the Sustainability Committee has a special responsibility in advising on and overseeing the targets and strategies that the Board of Management has to define in connection with environmental, social, and governance matters.«

»ESRS 2.22 (c) iii As part of its sustainability management, Covestro has developed controls and procedures for managing the impacts, risks, and opportunities. Regular materiality assessments help Covestro identify and assess the key sustainability topics and their impacts, risks, and opportunities, thereby ensuring that they are up to date. This process taps into other internal analyses and management systems, such as assessment results from the human-rights-related risk analysis as well as existing risks in Group-wide risk management in relation to sustainability topics.«

→ For further information, please refer to "Impact, Risk and Opportunity Management."

»ESRS 2.22 (d) The management monitors progress, sets priorities, and, where necessary, adjusts the allocation of resources in relation to the material impacts, risks, and opportunities within the meaning of the ESRS. In this context, the Board of Management sets long-term targets, which it reviews regularly. The Supervisory Board and its committees, in particular the Audit Committee and the Sustainability Committee, monitor progress and advise the Board of Management in this regard. At the operational level, special bodies and functions and risk owners are responsible for implementing and monitoring actions, e.g., the Sustainability & Innovation Governance Body (SI GoB) for sustainability topics, the Group Human Rights Officer and the Human Rights Office for human rights.

»ESRS 2.22 (c) ii The CEO chairs the SI GoB and is therefore directly involved.«

Ensuring Sustainability Competence in the Board of Management and Supervisory Board

»ESRS 2.23 Covestro believes that it is important for the Board of Management and Supervisory Board to have suitable skills and professional knowledge for overseeing sustainability aspects.«

»ESRS 2.23 (a) Care is taken in the composition of the Board of Management to ensure that, in its entirety, it has many years of experience in sustainability management. The Human Resources Committee also takes this into account when putting together skills profiles for filling a Board of Management vacancy. Through regular exchanges between the Board of Management and the respective expert functions, it also has the requisite expertise related to sustainability.

The composition of the Supervisory Board is carefully planned so that at least two members each have function-specific knowledge in the areas of "sustainability (environment), circular economy, and new technologies" as well as "human resources, change management, sustainability (social)." Moreover, the Supervisory Board is committed to continuing education. Workshops are held for the Supervisory Board at which relevant Covestro-specific sustainability topics are highlighted and discussed, e.g., achieving climate neutrality through the circular economy.«

»ESRS 2.23 (b) By ensuring the required expertise related to sustainability in Covestro's Board of Management and Supervisory Board, the company is able to take account of the material impacts, risks, and opportunities within the meaning of the ESRS in its business decisions, to drive especially the transformation to the circular economy, and to take advantage of opportunities in the area of sustainable products. These specialist skills ensure, moreover, that sustainability risks are managed effectively.«

Securities Transactions by Members of Governing Bodies

In the reporting year, members of the Board of Management and Supervisory Board were required by law to report proprietary transactions in shares or debt instruments of Covestro AG or in related derivatives or other related financial instruments to Covestro AG and the German Federal Financial Supervisory Authority (BaFin)

without undue delay, no later than three business days after the date of the transaction, if the total value of the transactions is equal to or exceeds €20,000 in the calendar year. Covestro publishes the details of reportable transactions in suitable media in the European Union and on its website without delay, but no later than two business days after receipt of the disclosure, and also provides this information to the company register for archiving.

→ For further information about securities transactions by members of the Board of Management or Supervisory Board, please refer to: www.covestro.com/en/investors/share-details/disclosure-of-securities-transactions

Systematic Risk Management

Covestro's enterprise risk management system ensures early identification of any financial or nonfinancial risks. We attempt to avoid or mitigate identified risks, or to transfer them to third parties (such as insurers) to the extent possible and economically acceptable.

The internal control system (ICS) for accounting and financial reporting enables the timely monitoring of risks to prevent or correct potential errors in accounting for business transactions. It thus ensures the availability of reliable data on the company's financial situation.

However, the control and risk management system cannot provide absolute protection against losses arising from business risks or fraudulent actions.

Based on regular reports by the expert functions and audits conducted by Internal Audit (Corporate Audit function), the Board of Management is not aware of any matters that would lead to the assessment that the internal control system and the risk management system, which comprise a compliance management system aligned to the company's risk situation, are not largely appropriate and effective.

The main features of the internal control system, the risk management system, and the compliance management system, which is aligned with the company's risk situation, are described in the sections below.

→ For further information, please refer to "Group-wide Opportunity and Risk Management."

→ For further information, please refer to "ESRS G1: Business Conduct."

Detailed Reporting

We provide regular and timely information on the Covestro Group's position and significant changes in business activities to shareholders, financial analysts, shareholders' associations, the media, and the general public to maximize transparency. Four times a year, we report to our shareholders about the company's business performance and financial situation as well as on changes in the business prospects and risk situation. Covestro's reporting thus complies with the provisions of the GCGC.

In line with statutory requirements, the members of the company's Board of Management provide assurance that, to the best of their knowledge, the Financial Statements of Covestro AG, the Consolidated Financial Statements of the Covestro Group, and the Combined Management Report provide a true and fair view.

The Financial Statements of Covestro AG, the Consolidated Financial Statements, and the Combined Management Report are published within 90 days following the end of each fiscal year. During the fiscal year, Covestro additionally informs shareholders and other interested parties about developments by means of the half-year financial report as well as quarterly statements after the end of the first and third quarters. The half-year financial report is voluntarily subjected to a review by the auditor appointed by the Annual General Meeting.

Covestro also provides information about the current corporate strategy, important growth areas, the financial position and results of operations, and financial targets at regular press conferences and analysts' meetings. The company uses the internet as a platform for the timely disclosure of information, with major publications, such as annual reports, half-year financial reports, and quarterly statements, and the dates of events, such as Annual General Meetings, posted on the Group's website.

In line with the principle of fair disclosure, all stockholders and other main target groups are treated equally as regards the communication of valuation-relevant information. All significant new facts are disclosed immediately to the general public. In addition to our regular reporting, we issue ad-hoc statements on developments that otherwise might not become publicly known but have the potential to materially affect the price of Covestro shares.

Shareholders and Annual General Meeting

Covestro's shareholders exercise their rights within the scope provided for by the law and the Articles of Incorporation at the Annual General Meeting and there exercise their right to vote. Each share of Covestro AG confers the same rights and carries one vote at the Annual General Meeting. Shareholders can exercise their voting rights by way of a proxy, e.g., a credit institution, a shareholders' association, or another third party. 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. The company also makes it easier for its shareholders to exercise their personal rights by appointing voting proxies to cast their votes, subject to their instructions. They are also available during the Annual General Meeting. The Board of Management can enable shareholders to take part in the Annual General Meeting without in-person attendance and without a proxy, and exercise all of their rights or individual rights in whole or in part through electronic means of communication. All of the company's shareholders and interested members of the public may watch the full Annual General Meeting live online on the company's website. All legally required documents and information on the Annual General Meeting are available to shareholders on Covestro's website as well.

In accordance with Article 13, Paragraph 2 of the Articles of Incorporation of Covestro AG, the Board of Management of Covestro AG decided to hold the Annual General Meeting on April 17, 2024, as a virtual AGM. As a result, no shareholders or their proxies (with the exception of the proxies nominated by the company) were physically present at the location of the AGM. Instead shareholders and their proxies were able to attend the meeting electronically via the InvestorPortal on the company's website and exercise their rights by way of electronic communication.

→ For further information about the Annual General Meeting, please refer to: www.covestro.com/en/investors/annual-general-meeting

Takeover-Relevant Information

Disclosures Pursuant to Sections 289a, 315a of the German Commercial Code (HGB) Investments in Capital Interest Held, Exceeding 10% of Total Voting Rights

In relation to its takeover offer to the company's shareholders dated October 25, 2024, ADNOC International Germany Holding AG, which has its registered office in Munich (Germany), announced on December 19, 2024 that the takeover offer had been accepted for a total of 154,541,806 shares of the company. That represents a share of 81.77% of the company's shares and voting rights. This means that, after completion of the takeover offer, ADNOC International Germany Holding AG will hold more than 75% of the shares and voting rights of the company.

In the same notification of December 19, 2024, ADNOC International Germany Holding AG also announced that XRG P.J.S.C. (formerly ADNOC International Limited), whose registered office is in Abu Dhabi (United Arab Emirates (XRG)), a person acting in concert with the Bidder pursuant to Section 2 (5) WpÜG, holds a total of 18,050,000 shares of the company and that the Abu Dhabi Investment Authority (ADIA), whose registered office is in Abu Dhabi (United Arab Emirates), likewise a person acting in concert with the Bidder pursuant to Section 2 (5) WpÜG, holds 305,897 shares of the company. Out of this total, ADIA accepted the takeover offer for 303,172 shares. In further notifications dated December 23, 2024 and December 24, 2024, ADNOC International Germany Holding AG also announced that XRG had acquired a further 500,000 shares of the company. In voting rights notification dated January 29, 2025, the Government of Abu Dhabi, which indirectly holds all shares of XRG, announced that cash-settled instruments within the meaning of Section 38 (1) No. 2 WpÜG were held for 6,500,000 shares of Covestro AG.

Subject to the completion of the takeover offer, this together corresponds to around 91.58% in relation to the shares and voting rights held directly and indirectly by XRG and to those held by the Government of Abu Dhabi (i.e., including the shares held by ADIA), and 3.44% of the shares and voting rights of the company in relation to the instruments.

For further information in this context, please refer to the latest voting rights notifications pursuant to the German Securities Trading Act (WpHG) published on our website.

→ <https://www.covestro.com/en/investors/share-details/voting-rights-announcements>

Apart from that, we are not aware of any other direct or indirect investments in the capital of Covestro AG equal to or exceeding 10% of the voting rights.

→ For further information on Covestro's ownership structure, please refer to:

www.covestro.com/en/investors/stock-details/shareholder-structure

Appointment and Dismissal of Members of the Board of Management

The appointment and dismissal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act, Section 31 of the German Codetermination Act, and Article 6 of the Articles of Incorporation of Covestro AG. Pursuant to Section 84, Paragraph 1 of the German Stock Corporation Act, the members of the Board of Management are appointed and dismissed by the Supervisory Board. The maximum term of service for a Board of Management member appointed for the first time is three years. Since Covestro AG falls within the scope of the German Codetermination Act, the appointment or dismissal of members of the Board of Management requires a majority of two-thirds of the votes of the members of the Supervisory Board on the first ballot pursuant to Section 31, Paragraph 2 of that act. If no such majority is achieved, the appointment is resolved pursuant to Section 31, Paragraph 3 of the Codetermination Act on a second ballot by a simple majority of the votes of the members of the Supervisory Board. If the required majority still is not achieved, a third ballot is held. Here again, a simple majority of the votes of the members suffices, but in this ballot, the Supervisory Board Chair has two votes pursuant to Section 31, Paragraph 4 of the Codetermination Act. Under Article 6, Paragraph 1 of the Articles of Incorporation, the number of members of the Board of Management is determined by the Supervisory Board but must be at least two. The Supervisory Board may appoint one member of the Board of Management to be its Chair and one member to be the Vice Chair pursuant to Section 84, Paragraph 2 of the German Stock Corporation Act and Article 6, Paragraph 1 of the Articles of Incorporation of Covestro AG.

Amendments to the Articles of Incorporation

Any amendments to the Articles of Incorporation are made pursuant to Section 179 of the German Stock Corporation Act and Articles 10 and 17 of the Articles of Incorporation. Under Section 179, Paragraph 1 of the German Stock Corporation Act, amendments to the Articles of Incorporation require a resolution of the Annual General Meeting. Pursuant to Section 179, Paragraph 2 of the German Stock Corporation Act, this resolution must be passed by a majority of three-quarters of the voting capital represented at the meeting, unless the Articles of Incorporation provide for a different majority. However, where an amendment relates to a change in the object of the company, the Articles of Incorporation may only specify a larger majority. Article 17, Paragraph 2 of the Articles of Incorporation utilizes the scope for deviation pursuant to Section 179, Paragraph 2 of the German Stock Corporation Act and provides that resolutions may be passed by a simple majority of the votes cast or, where a capital majority is required, by a simple majority of the capital represented. Pursuant to Article 10, Paragraph 9 of the Articles of Incorporation, the Supervisory Board may resolve on amendments to the Articles of Incorporation that relate solely to their wording.

Capital

Composition of the Capital Stock

The capital stock of Covestro AG amounted to €189,000,000 as of December 31, 2024, and is composed of 189,000,000 no-par value bearer shares. Each share confers equal rights and one vote at the Annual General Meeting (AGM).

Board of Management's Authorizations to Issue Shares

The AGM adopted a resolution on April 16, 2021, authorizing the Board of Management, with the approval of the Supervisory Board, to increase the capital stock by up to €57,960,000 in the period through April 15, 2026, by issuing new shares against cash contributions and/or contributions in kind (Authorized Capital 2021); new shares will always participate in the profit from the beginning of the fiscal year of issue. The Board of Management is also authorized, with the approval of the Supervisory Board, to disapply the subscription rights of shareholders in certain cases. This applies initially to capital increases in return for contributions in kind, especially in the context of business combinations or acquisitions. In the case of capital increases in return for cash contributions, the authorization permits subscription rights to be disappplied for fractions to protect holders or creditors of warrants/conversion rights arising from bonds from dilution and if the issue price of the new shares, whose proportionate amount accounts for a maximum of 10% of the existing capital stock, is not significantly lower than the market price.

On July 30, 2020, the AGM additionally authorized the Board of Management to issue bonds with conversion or exchange rights or warrants, or with conversion obligations on up to 18,300,000 shares. Based on this authorization, convertible/warrant bonds can be issued up to a total nominal value of €2,000,000,000 in the period through July 29, 2025. The 2020 AGM also resolved to conditionally increase the capital stock by up to €18,300,000 by issuing up to 18,300,000 shares to grant shares to the holders or creditors of such convertible/warrant bonds (Conditional Capital 2020). The aforementioned bonds can be issued in return for cash contributions or contributions in kind. The Board of Management is authorized, with the approval of the Supervisory Board, to disapply shareholders' subscription rights when instruments are issued in return for contributions in kind, particularly as part of business combinations or acquisitions. When instruments are issued in return for cash contributions, subscription rights can be disappplied, with the approval of the Supervisory Board, for fractions to protect holders or creditors of warrants/conversion rights arising from (other) bonds from dilution and if the issue price of a bond is not significantly lower than its theoretical fair value calculated using accepted financial valuation methods, while at the same time limiting the volume of subscription shares to 10% of the existing capital stock.

In addition, the Board of Management declared in a Corporate Commitment ending no later than April 15, 2026, that it will not increase the company's capital stock from Authorized Capital 2021 and Conditional Capital 2020 by a total of more than 10% of the capital stock, insofar as capital increases are implemented while disapplying subscription rights.

Acquisition and Use of Treasury Shares

The AGM adopted a resolution on April 17, 2024 authorizing the Board of Management until April 16, 2029 to acquire treasury shares in an amount of up to 10% of the company's capital stock. The acquisition may only take place via the stock exchange or by means of a public purchase offer and must satisfy the principle of the equal treatment of shareholders, and the price must not be more than 10% higher or lower than the market price.

The Board of Management is furthermore authorized to use the treasury shares acquired for all purposes permitted by law, including their sale via the stock exchange or by means of an offer to all shareholders, while satisfying the principle of the equal treatment of shareholders; if they are sold via the stock exchange, shareholders' subscription rights are disappplied, and if they are sold by means of a public offer, the Board of Management is authorized to disapply subscription rights for fractions. In addition, the Board of Management is authorized: a) with the approval of the Supervisory Board, to sell the shares outside the stock exchange, if the selling price is not significantly lower than the market price, and with the proviso that this authorization is limited to a proportionate amount of up to 10% of the capital stock; b) with the approval of the Supervisory Board, to transfer the shares to third parties, in particular to acquire companies or equity investments; c) with the approval of the Supervisory Board, to use the shares to service warrants or conversion rights arising from bonds; d) to retire the shares without a further resolution by the AGM e) with the approval of the Supervisory Board, to use the shares to pay a scrip dividend. For the purposes specified in letters a), b), and c), shareholders' subscription rights are disappplied; for the purpose specified in letter e), the Board of Management is authorized to disapply subscription rights.

The transactions to acquire treasury shares may also be entered into by an independent financial institution using put or call options at a market-driven price, although the purchase of the shares using such derivatives must be made by April 16, 2029 and is at the same time limited to up to 5% of the capital stock.

Material Conditional Agreements

Some debt financing instruments contain clauses that refer to cases of change of control. Such clauses grant the respective investor additional rights of termination, which may be restricted by additional conditions – such as a rating being downgraded. Our syndicated credit line and our bonds, for example, are governed by change-of-control agreements.

For the case of a takeover offer for Covestro AG, agreements are in place that impose limits on the financial benefits in the event of early termination of the service contract of a Board of Management member due to a change of control. Such payments are subject to the severance cap set out in the German Corporate Governance Code as amended on April 28, 2022, and may not exceed compensation for the remaining term of the contract.