



Rules of Procedure

of the Supervisory Board of

Evonik Industries AG

(Version December 11, 2019)

*Convenience translation. The German version is legally binding.*

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## **§ 1 General**

- (1) The Supervisory Board of Evonik Industries AG (hereinafter referred to as the “Company”) performs its tasks in accordance with statutory provisions, the Articles of Incorporation, these Rules of Procedure, and supplementary resolutions of the Supervisory Board. It is guided by the recommendations and suggestions of the German Corporate Governance Code.
- (2) Unless otherwise specified by law, the Articles of Incorporation, or these Rules of Procedure, the members of the Supervisory Board have the same rights and obligations. They are not subject to directives or orders.
- (3) The Supervisory Board shall monitor the Executive Board. Furthermore, the Supervisory Board shall support the Executive Board with advisement and promote the objectives of the Company.

## **§ 2 Composition of the Supervisory Board and nomination of candidates to the Shareholders’ Meeting**

- (1) The Supervisory Board comprises twenty members: ten representatives of the shareholders and ten representatives of the employees.
- (2) The Supervisory Board shall be composed in such a manner that its members as a group possess the knowledge, ability, and expert experience to properly complete its tasks. The members of the Supervisory Board may not undertake any duties as officers or advisors to the enterprise’s major competitors. The Supervisory Board shall comprise an adequate number of men and women in compliance with the applicable legal quota regulations.
- (3) The Supervisory Board shall specify concrete objectives regarding its composition which, within the specific framework of the enterprise, appropriately take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members in the definition of § 2 (4), Sentence 3, an age limit for the members of the Supervisory Board as stated in § 2 (6), Sentence 1, the term limits for Supervisory Board members in the definition of § 2 (6), Sentence 3, as well as diversity. The Supervisory Board shall develop a competency profile for the full Board. The implementation status of the Supervisory Board's objectives and the representation level of the competency profile shall be

published in the Declaration on Corporate Governance. The Declaration on Corporate Governance shall also include the number of independent shareholder representatives deemed appropriate by the Supervisory Board and the names of these Supervisory Board members.

- (4) When recommending candidates to the Shareholders' Meeting, the Supervisory Board shall take into account the objectives established in § 2 (3), including the age limit for members of the Supervisory Board as set out in § 2 (6), Sentence 1, as well as the provisions regarding the election of former members of the Executive Board in accordance with § 2 (5) and the term limits for Supervisory Board members according to § 2 (6), Sentence 3, whilst striving for full representation of the competency profile for the entire Board. The list of candidates shall also include a number of independent members which the Supervisory Board considers appropriate in light of the shareholder structure to ensure independent advice and supervision of the Executive Board by the Supervisory Board. A member of the Supervisory Board shall be considered independent if he or she has no relationship with the Company and its Executive Board or with a majority shareholder.. Furthermore, the provisions contained in § 19 (2) shall be taken in account before submitting the list of candidates to the Shareholders' Meeting. In particular, the Supervisory Board must verify that candidates nominated for election to the Supervisory Board have the necessary time to dedicate to the anticipated Board tasks. The nomination shall be accompanied by a curriculum vitae that summarizes the candidate's relevant expertise, skills and experience; this information shall be supplemented with an overview of significant work activities in addition to the Supervisory Board position and shall be published in updated format for all members of the Supervisory Board on the Company's website once a year.
- (5) No more than two members of the Supervisory Board should be former members of the Executive Board. Former members of the Executive Board may only be nominated for the Supervisory Board within two years of the end of their term upon a motion presented by one or more shareholders who jointly hold more than 25% of the Company's voting rights.
- (6) As a general rule, members of the Supervisory Board should not be older than 75 years at the time of their election. Supervisory Board members who also are members of the executive board of a listed company should not accept more than two supervisory board mandates, while Supervisory Board members who are not members of the executive board of a listed company should not hold more than five supervisory board mandates in non-group listed companies or comparable positions. Chairing a supervisory board shall count double. As a general rule, members of the Supervisory Board should not serve more than three full terms in the definition of § 102 (1), German Corporation Act (AktG); an exception from this rule may apply in

particular to members of the Supervisory Board who directly or indirectly hold at least 25% of the Company's shares or who are part of a governing body for a shareholder directly or indirectly holding at least 25% of the Company's shares.

- (7) Elections to the Supervisory Board shall be made on an individual basis. An application for the judicial appointment of a member of the Supervisory Board shall be limited in time up to the next Shareholders' Meeting.
- (8) Proposed candidates for the Supervisory Board chair shall be announced to the shareholders.

### **§ 3**

#### **Chairperson and Deputy Chairperson**

- (1) Following the Shareholders' Meeting at the end of which its term of office starts, the Supervisory Board shall elect a Chairperson and Deputy Chairperson from among its members for the full term of office at a meeting for which no special invitation is required. The election shall be conducted by the oldest member of the Supervisory Board present. The election of the Chairperson and Deputy Chairperson shall be governed by § 27 paragraphs 1 and 2 of the German Codetermination Act (MitbestG).
- (2) In the event that a former member of the Company's Executive Board joins the Supervisory Board within two years after the end of his or her term, this member may only be elected Chairperson of the Supervisory Board in exceptional cases to be justified to the Shareholders' Meeting.
- (3) The members of the Supervisory Board shall be elected for their respective term of office. In the event that the Chairperson or Deputy Chairperson retires from the Supervisory Board during the term of office, a new election must be held without delay to replace the retired member. This election shall be conducted by the Chairperson or, if he or she is unable to attend, by the Deputy Chairperson or, if both are unable to attend, the oldest member of the Supervisory Board present.
- (4) The Chairperson and Deputy Chairperson of the Supervisory Board shall keep each other informed on an ongoing basis, especially as regards business matters requiring urgent approval.
- (5) If required in the interest of the Company, the Chairperson shall be empowered to hold talks with investors on specific topics related to the tasks of the Supervisory Board in an appropriate scope. The Chairperson shall report

to the Supervisory Board on the reason, time, participants and essential content of such talks held with investors. The Chairperson shall also appropriately communicate such communication to the Executive Board.

- (6) The Chairperson, or in his or her absence, the Deputy Chairperson shall represent the Supervisory Board in the scope of its adopted resolutions. They shall be authorized to issue and accept the respective statements. In particular, they shall be empowered to issue audit contracts to the auditor selected by the Shareholders' Meeting.

#### § 4

#### Convening meetings

- (1) Meetings of the Supervisory Board should be convened once per calendar quarter and, in any event, must be convened twice each calendar half-year.
- (2) The Chairperson shall convene meetings and set the agenda.
- (3) The Chairperson shall convene meetings in writing, giving a period of notice of fourteen days and determine the form to be taken by the meeting. Neither the date on which the invitation is issued nor the day on which the meeting is held shall be included in the calculation of the period of notice. In cases of urgency the Chairperson may select a shorter period of notice and convene the meeting verbally, by telephone, by telefax or via electronic media.
- (4) The documents required for the adoption of resolutions shall be distributed to the members of the Supervisory Board in due time, i.e., generally no later than two weeks before the meeting. Financial reporting documents (draft auditor reports with drafts of the annual financial statements, consolidated financial statements, management report/consolidated management report, and proposed appropriation of profits) shall be distributed to the members of the Supervisory Board at least six working days prior to the meeting of the Supervisory Board relating to the audit of the annual financial statements and consolidated financial statements. If a separate non-financial report and a separate non-financial corporate report were compiled, a draft of these documents shall be distributed to the members of the Supervisory Board at least six business days before the meeting of the Supervisory Board at which these reports are to be discussed. The above-referenced documents, including reports by the Executive Board according to § 11 (2), may be transmitted to the members of the Supervisory Board in writing or via electronic media (specifically, the Supervisory Board database).

- (5) Further, a meeting of the Supervisory Board shall be convened without delay if necessitated by business reasons or if a member of the Supervisory Board or Executive Board has requested that the meeting be convened, giving details of the purpose of the meeting and reasons for convening it. In such cases, a meeting of the Supervisory Board must be held within two weeks of issuing the invitation or other convening information; the period of notice according to § 4 (3), Sentence 1 shall be abbreviated accordingly.
- (6) Specialists and other persons may attend meetings of the Supervisory Board on a case-by-case basis to provide information. The Chairperson of the Supervisory Board shall decide whether to call in such advisors.

## **§ 5**

### **Preparation for Supervisory Board meetings; participation of the Executive Board in the meeting**

The representatives of the shareholders and employees shall prepare separately for meetings of the Supervisory Board, in conjunction with members of the Executive Board where appropriate. The Supervisory Board shall meet on a regular basis without the Executive Board.

## **§ 6**

### **Resolutions of the Supervisory Board**

- (1) Notwithstanding § 6 (7), resolutions of the Supervisory Board shall be taken at plenary meetings. The Chairperson may decide to hold meetings in the form of video conferences or conference calls, and individual members of the Supervisory Board may also participate in a meeting via video conference or telephone; members shall not have the right to oppose such decisions of the Chairperson.
- (2) Absent members may participate in resolutions by having their written vote submitted by another member or by transmitting their vote by telefax or through other suitable means of electronic communication prior to the resolution. If so permitted by the Chairperson, absent members may participate in a resolution by subsequently voting within a period specified by the Chairperson of the Supervisory Board in the manner set out above; members shall not have the right to oppose such decisions of the Chairperson.
- (3) Unless otherwise mandated by law, the Supervisory Board shall be quorate if at least half of the number of members which it is required to comprise

of participates in the resolution. For the purpose of determining whether the Supervisory Board is quorate, a member shall be deemed to have participated in the adoption of a resolution if he or she abstains.

- (4) Unless otherwise mandated by law, resolutions shall be adopted by a simple majority of the votes cast. Abstentions shall not count as votes cast. If an equal number of votes is cast, the Chairperson shall decide whether to hold a new vote on the matter and whether a renewed vote should be taken at the same or a different meeting of the Supervisory Board, unless the Supervisory Board decides to use a different procedure. If the renewed vote on the same matter does not result in a majority, the Chairperson shall have the casting vote. This second vote may also be submitted in accordance with § 6 (2). The Deputy Chairperson shall not have a casting vote.
- (5) If items on the agenda are not announced in due time, resolutions thereon may only be taken if no member objects to the vote. In such cases, the Chairperson shall give members who are not present a specific, appropriate time in which they may oppose the vote. The resolution shall only take effect if no absent member opposes the vote within the period set.
- (6) The Chairperson determines the order in which the items on the agenda are discussed, the voting method and the order in which any votes are taken.
- (7) By order of the Chairperson, resolutions may also be passed by the Supervisory Board outside of meetings verbally, by phone, in writing, by telefax or via electronic media. Members shall not have the right to oppose the voting method determined by the Chairperson.

## § 7

### Minutes of meetings

- (1) Minutes shall be prepared of every meeting of the Supervisory Board and of all resolutions taken in accordance with § 6 (7) and signed by the Chairperson.
- (2) The minutes must state the place and date of the meeting, those present, the items on the agenda, the main content of the discussions, and the resolutions taken by the Supervisory Board. The minutes shall be distributed to all members of the Supervisory Board within four weeks after each meeting. The Supervisory Board shall decide at its next meeting whether the minutes should be adopted.

## **§ 8**

### **Duty to maintain confidentiality**

- (1) All members of the Supervisory Board are required to maintain the confidentiality of all confidential matters and secrets of the Company and specifically of business and operating secrets which have become known to them through their position on the Supervisory Board, even after the end of their term of office on the Supervisory Board. Members must return all confidential documents to the Chairperson of the Supervisory Board at the end of their term; confidential documents in electronic format must be deleted. Should a member of the Supervisory Board wish to utilize confidential documents for a legal defense after the end of his or her term of office, he or she shall be granted access to the confidential documents insofar as is necessary.
- (2) Members of the Supervisory Board shall make sure that any employees they involve for support observe this confidentiality requirement in the same way as they do.

## **§ 9**

### **Tasks of the Supervisory Board in conformance with the Articles of Incorporation and statutory provisions**

- (1) Providing there are no contradictory statutory rulings and insofar as the Supervisory Board has not delegated its duties under the statutory provisions or Articles of Incorporation to committees as set out in §12 et seq. of these Rules of Procedure, they shall be discussed by full meetings of the Supervisory Board. This shall apply in particular for the following duties imposed by the Articles of Incorporation or statutory provisions:
  - a) appointment and dismissal of members of the Executive Board (§ 84 of the German Stock Corporation Act [AktG]) and preparations for such decisions
  - b) setting or reducing the overall remuneration (salary, profit participation, reimbursement of expenses, insurance premiums, commission payments, incentive-based remuneration such as stock rights and all types of fringe benefits) of members of the Executive Board (§ 87 AktG)
  - c) convening Extraordinary Shareholders' Meetings (§ 111 (3) AktG)

- d) examining the annual financial statements (§ 171 AktG)
  - e) approving the conclusion of contracts by the enterprise in accordance with § 291 et seq AktG
  - f) approving credits in accordance with § 89 AktG
  - g) approving credits in accordance with § 115 AktG
  - h) amending the Articles of Incorporation, insofar as such amendments are merely editorial
  - i) representing the Company in dealings with members of the Executive Board (§ 112 AktG); any necessary declarations shall be made by the Chairperson of the Supervisory Board on the basis of resolutions adopted by the Supervisory Board
  - j) approving the Rules of Procedure of the Executive Board, including the allocation of duties among the members of the Executive Board
  - k) approval of transactions with closely related persons in the definition of § 111b AktG
- (2) The Supervisory Board shall examine the annual financial statements, the management report, and the proposal for distribution of the profit as well as the consolidated financial statements and management report of the Group. The auditor shall attend discussions of the Supervisory Board on these documents and shall report on the main audit findings. The Supervisory Board shall adopt the annual financial statements and approve the consolidated financial statements. If a separate non-financial report and a separate non-financial corporate report were compiled, the Supervisory Board shall review these reports as well. If the non-financial statement and the non-financial corporate declaration or separate non-financial report and separate non-financial corporate report are subject to an audit, the auditor shall be present during the Supervisory Board's discussions of these documents and shall report on the essential findings of this audit. The Supervisory Board shall take a resolution on the report of the Supervisory Board to the Annual Shareholders' Meeting.

## § 10

### **Business matters requiring the approval of the Supervisory Board**

- (1) The following business matters of the Company require the prior consent of the full Supervisory Board, except where approval is delegated to a committee of the Supervisory Board in accordance with these Rules of Procedure

or a resolution of the Supervisory Board:

- a) fundamental changes to the structure of the enterprise and the Group
- b) entering new areas of business or withdrawing from areas of business insofar as this is of material or fundamental importance for the Group
- c) setting the annual budget for the Group and its subsequent amendment in cases referred to in § 16 (2) c)
- d) investments, divestments and economically comparable leasing situations where the individual amount exceeds €100 million
- e) acquisition, divestment and encumbrance of land, similar rights and rights to land where the individual amount exceeds €100 million
- f) equity investments (share and asset deals) in other enterprises and the withdrawal from such investments and sites, and capital increases and decreases where their value exceeds €100 million in individual cases
- g) assumption of loans and the issuance of bonds exceeding €300 million with a term of more than one year
- h) exercising an authorization to issue convertible bonds and income bonds and profit participation certificates
- i) exercising an authorization for exclusion of pre-emption rights if using the Group's shares
- j) granting of general authorizations
- k) all other business matters, activities and contracts insofar as they are of material or fundamental importance for the Group

Letters e) and f) shall not apply to transactions with companies in which the Company holds a majority of shares in the definition of § 16 AktG.

- (2) With the exception of Paragraph 1 k) above, the Executive Board must also obtain the consent of the Supervisory Board if it is involved in the above business activities and actions at affiliated companies by issuing instructions, granting approval, voting or in any other way.

- (3) The approval of the Supervisory Board as set out in paragraph 1 may comprise a general decision taken in advance for a designated group of actions.
- (4) The Supervisory Board may stipulate that its approval is required for other business activities.

## § 11

### Information for the Supervisory Board

- (1) The Executive Board shall provide the Supervisory Board with regular, timely and full information on all matters of relevance for the Company and its subsidiaries relating to strategy, planning, business development, the risk situation, risk management and compliance. It shall outline deviations between the planned and actual business performance and targets and the reasons for them. In particular, the Executive Board shall report annually on business transactions involving financial derivatives and shall provide reports on investments approved by the Supervisory Board or the Finance and Investment Committee six months or two years after the start-up/closing of their operation ("*post-completion information*" or "*post-completion audit*").
- (2) The reports shall generally be issued in written form and be submitted as soon as possible.
- (3) The Chairperson of the Executive Board is responsible for reporting; all members of the Executive Board shall support the Chairperson in this task. The Executive Board shall report to the Supervisory Board once a quarter on the matters relating to the enterprise set out in § 90 paragraph 1, sentence 1 point 3 AktG and shall also submit reports on the Group.
- (4) Between meetings, the Chairperson of the Supervisory Board shall maintain regular contact with the Executive Board and especially the Chairperson of the Executive Board to discuss matters of strategy, planning, business performance, risk situation, risk management, and compliance of the enterprise. The Chairperson of the Supervisory Board shall be notified of major events of material significance for assessing the situation, development and management of the enterprise and shall be informed without delay by the Chairperson of the Executive Board of any shortcomings in the control system to be set up by the Executive Board pursuant to § 91 paragraph 2 AktG or as a result of capital market regulations (including stock exchange rules). The Chairperson of the Supervisory Board shall then inform the Supervisory Board and convene an extraordinary meeting of the Supervisory Board if necessary.

- (5) Further, at the last meeting of the Supervisory Board in the fiscal year, the Executive Board shall submit the proposed budget for the Group and the human resources plan for the Group for the next fiscal year, together with its mid-term planning.
- (6) All other statutory reporting duties shall remain unaffected.

## **§ 12 Committees**

- (1) The Supervisory Board shall establish a Mediation Committee, an Executive Committee, a Finance and Investment Committee, an Audit Committee, a Nomination Committee and an Innovation and Research Committee. It may establish further committees where these are required by law or where it deems them necessary for the proper performance of its duties.
- (2) Insofar as is permitted by law, powers may be delegated to such committees to take resolutions in place of the full Supervisory Board.
- (3) The chairperson of a committee shall report to the Supervisory Board on the committee's discussions and resolutions. The main work results of such committees shall be recorded in the minutes of the relevant Supervisory Board meeting.

## **§13 Internal committee rules**

- (1) Committees shall be quorate when at least three members including the chairperson of the committee take part in a resolution.
- (2) The members of Supervisory Board committees are appointed for the duration of their term of office, unless a shorter term was specified during the committee selection of the Supervisory Board.
- (3) Further, the regulations applicable for the Supervisory Board on convening meetings, quorums, resolutions and minutes shall also be applicable for the committees, unless otherwise specified. Financial reporting documents (draft auditor reports with drafts of the annual financial statements, consolidated financial statements, management report/consolidated management report, and proposed appropriation of profits) as well as quarterly releases or quarterly financial reports as well as half-year reports (interim reports) shall be distributed to the members of the Audit Committee at least

four working days before the meeting of the Audit Committee at which the audit of the corresponding documents is to be discussed.

#### **§ 14 Mediation Committee**

Immediately after the election of the Chairperson and Deputy Chairperson of the Supervisory Board, the Supervisory Board shall nominate a Mediation Committee, which shall be comprised as set out in § 27 (3) of the German Codetermination Act 1976 (MitbestG) and whose members thus include the Chairperson and Deputy Chairperson of the Supervisory Board and one representative each of the representatives of the employees and shareholders elected by a majority of the votes cast. The Mediation Committee shall perform the tasks set out in § 31 (3), Sentence 1 of the German Codetermination Act 1976 (MitbestG). The Chairperson of the Supervisory Board shall also chair the Mediation Committee and the Deputy Chairperson of the Supervisory Board shall serve as the deputy chair of the Mediation Committee.

#### **§15 Executive Committee**

- (1) Further, an Executive Committee shall be established. It shall comprise the Chairperson of the Supervisory Board, the Deputy Chairperson and two other members to be elected by the Supervisory Board. The Chairperson of the Supervisory Board shall also chair the Executive Committee and the Deputy Chairperson of the Supervisory Board shall serve as the deputy chair of the Executive Committee.
- (2) The Executive Committee is empowered and entitled to act on behalf of the Supervisory Board in the following matters and to make the associated decisions:
  - a) preparing meetings, performance of day-to-day business and advising the Executive Board on basic issues relating to the continued strategic development of the Company
  - b) preparing personnel decisions to be taken by the Supervisory Board (especially by putting forward proposals for the appointment and extension of the term of office of members of the Executive Board, setting or changing their overall remuneration (salary, profit participation, reimbursement of expenses, insurance premiums, commission payments, incentive-based remuneration such as stock rights and all

types of fringe benefits) and dismissal of members of the Executive Board) including long-term succession planning for the Executive Board

- c) concluding, amending and terminating employment contracts with members of the Executive Board other than setting or amending the overall remuneration of individual members of the Executive Board (salary, profit-sharing components, reimbursement of expenses, insurance premiums, commission, incentive-based remuneration such as stock rights and fringe benefits of all types)
  - d) other legally effective transactions with present and former Executive Board members in accordance with § 112 AktG and transactions with related parties of the Executive Board (individuals or companies), within the meaning of the German Tax Code
  - e) approving activities within the meaning of § 88 (1) and § 89, § 114 and § 115 AktG and secondary activities of Executive Board members, especially as supervisory board members outside of the company
  - f) taking into account § 107 paragraph 3 sentence 3, AktG, passing resolutions on matters which cannot be put off until the next meeting of the Supervisory Board in order to avoid detrimental effects for the company and where a decision by the Supervisory Board cannot be taken within a reasonable time frame; a report on the decision must be submitted to the Supervisory Board immediately in writing and it must be reported verbally at the next meeting of the Supervisory Board
  - g) resolution on the acquisition of currency options to prepare for planned shareholdings in other companies with option premiums not to exceed a volume of €300 million, provided this is expedient or necessary to avoid exchange risks in tight and/or volatile currency markets and suitable measures for risk management are established
  - h) resolution on the approval of the Supervisory Board for utilization of authorized capital.
- (3) Furthermore, the Executive Committee is empowered and entitled – as permitted by law – to address actual or any insider information that falls within the competency of the Supervisory Board and to initiate the associated decisions and actions, or to prepare such measures if they require a resolution of the full Supervisory Board. The Executive Committee may generate, or on a case-by-case basis, authorize one or several members to implement such decisions and actions.

## § 16

### Finance and Investment Committee

- (1) The Finance and Investment Committee comprises up to eight members elected by the Supervisory Board. The chairperson and deputy chairperson of the Finance and Investment Committee are elected by the Supervisory Board.
- (2) The Finance and Investment Committee is empowered and entitled to act on behalf of the Supervisory Board in the following matters and to make the associated decisions:
  - a) preparing decisions to be taken by the Supervisory Board to determine the annual budget for the Group and the credit authorization scope
  - b) preparing decisions of the Supervisory Board on equity investments in other companies and withdrawal from investments in other companies, and capital increases and decreases in excess of €500 million
  - c) decisions on investments, divestments and economically comparable leasing situations, provided individual transactions exceed €100 million; full Supervisory Board approval is also required for previously approved investments that lead to a substantial annual budget changes as set out in § 10 (1) c)
  - d) decisions on the acquisition, divestment and encumbrance of land, similar rights and rights to land where the individual amount exceeds €100 million
  - e) decisions on equity investments in other companies and withdrawal from investments in other companies and sites, and capital increases and decreases in excess of €100 million and up to €500 million
  - h) except for transactions set out in § 16 (2) b) and e), decisions on investment in financial assets in the form of equities that are not covered by decisions on budgets as set out in § 10 (1) c) and whose individual value exceeds €100 million or which are outside normal business activities
  - i) decisions on the assumption of guarantees, sureties and similar liabilities outside normal business operations or in individual cases where they exceed €50 million, except where they refer to deliveries to or by an majority-owned company in the definition of § 16 AktG within the scope of normal business operations, binding letters of comfort in respect of annual financial statements of a majority-owned

company in the definition of § 16 AktG, security for loans taken out or bonds issued by such companies or decisions on budgets as set out in § 10 (1) c) or which are covered by general approval for a project

- j) decisions on the granting of loans and other credits outside normal business operations or in individual cases where they exceed €50 million except where they are granted to majority-owned companies in the definition of § 16 AktG or as part of short-term liquidity management arrangements or are covered by decisions on budgets as set out in § 10 (1) c) or general approval for a project
- i) approving amendments to the principles for transactions in financial derivatives as determined in the General Corporate Finance Guideline.

Letters b), d) and e) shall not apply to transactions with companies in which the Company holds a majority of shares in the definition of § 16 AktG. The Executive Board must obtain the consent of the Finance and Investment Committee for decisions on the issues set out in items c) to h) if it is involved in the business activities and actions of the affiliated company through an ability to issue instructions, approval or cast votes or in any other way. In justified cases (especially in case of special strategic importance), the Finance and Investment Committee may also present decisions on the issues set out in Paragraph 2, letters c) to h) to the full Supervisory Board instead of making a decision of its own.

- (3) The Executive Board shall provide the Finance and Investment Committee with regular reports on the status of investments approved by the Supervisory Board and the Committee.
- (4) The Executive Board shall provide the Finance and Investment Committee with regular reports in suitable form about individual investments ranging in value from €50 million to €100 million.

## **§ 17**

### **Audit Committee**

- (1) The Audit Committee comprises six members elected by the Supervisory Board. The chairperson and deputy chairperson of the Audit Committee shall be elected by the Supervisory Board.
- (2) The members of the Audit Committee and especially the chairperson of the committee must have specialist knowledge and experience in the application of accounting standards and internal control processes. Further, the chairperson of the Audit Committee must be independent and may not be

the Chairperson of the Supervisory Board or a former member of the Company's Executive Board whose term ended within the last two years. At least one member of the Audit Committee must fulfill the requirements according to § 100 (5), half-sentence 1 AktG.

- (3) The Audit Committee is empowered and entitled to act on behalf of the Supervisory Board, in particular with regard to oversight of accounting, the accounting process and the efficacy of the internal system for controlling, risk management and internal audits, the final audit, particularly with regard to the independence of the auditor and additional services provided by the auditor (non-audit service) by prior agreement and subsequent oversight, in addition to compliance, and to make the associated decisions. It can make recommendations or proposals on guaranteeing the integrity of the accounting process. It prepares the Supervisory Board's proposal to the Shareholders' Meeting on the choice of auditor based on a justified recommendation, which shall include at least two candidates if the audit contract is to be sent out to bid. It decides on issuing the audit contract to the auditor, sets focal points for the audit, establishes audit fees, and authorizes the Chairperson of the Supervisory Board to issue the contract to the auditor. The Audit Committee shall also support the Supervisory Board with the selection and contracting of an auditor in the event of auditing the non-financial statement and non-financial corporate declaration or of the separate non-financial report and the separate non-financial corporate report. It shall conduct an evaluation of the quality of the audit on a regular basis.
- (4) The Audit Committee prepares the decision of the Supervisory Board on adoption of the annual financial statements and the approval of the consolidated financial statements for the Group. For this purpose, it is required to conduct a preliminary examination of the annual financial statements and management report for the Company, the consolidated financial statements and management report for the Group and the proposed appropriation of profits; the Audit Committee also concerns itself with the auditor's audit report. The auditor of the financial statements shall also attend these meetings of the Audit Committee.
- (5) The Audit Committee also prepares the Supervisory Board's resolution on the non-financial statement and the non-financial corporate declaration or the separate non-financial report and the separate non-financial corporate report. To this end, it is tasked with a preliminary review of the statements or reports. If such documents are subject to an audit, the auditor of these documents shall attend the corresponding meetings of the Audit Committee as well.
- (6) The Audit Committee examines the quarterly reports or quarterly financial

statements as well as the half-yearly financial report (interim reports), discusses the audit review report—provided it was commissioned—with the auditor, and makes a final determination regarding objections.

- (7) The Audit Committee shall also deal with issues relating to corporate governance. It shall report to the Supervisory Board at least once a year on the status, effectiveness and potential improvements of corporate governance in the enterprise and on any new developments and requirements in this field.

## **§ 18**

### **Innovation and Research Committee**

- (1) The Innovation and Research Committee comprises up to eight members elected by the Supervisory Board. The chairperson and deputy chairperson of the Innovation and Research Committee shall be elected by the Supervisory Board.
- (2) The Innovation and Research Committee is tasked with debating innovation and research strategies on the basis of the overall Company strategy that is the subject of status reports in the meetings of the Supervisory Board. In this context, it specifically addresses future developments, both in the chemical industry as well as the Company's relevant markets, and discusses the resulting consequences for the Company's innovation and research programs with the Executive Board.
- (3) The Innovation and Research Committee acts in a purely advisory capacity. Its activity also serves to prepare for the discussions of the Finance and Investment Committee and the Supervisory Board, where such discussions focus on innovation or research.

## **§ 19**

### **Nomination Committee**

- (1) The Nomination Committee comprises three representatives of the shareholders elected by the Supervisory Board. It elects a chairperson from among its members.
- (2) The task of the Nomination Committee is to prepare a proposal for submission to the Supervisory Board on candidates to be nominated to the Shareholders' Meeting for election to the Supervisory Board. The provisions of § 2 must be observed.

## **§ 20**

### **Duties of Supervisory Board members**

- (1) To the extent of their ability, members of the Supervisory Board are expected to participate in all meetings of the Supervisory Board and the committees they belong to. If members of the Supervisory Board took part in half or fewer of the meetings of the Supervisory Board or the committees they belong to in a financial year, this shall be noted in the Report of the Supervisory Board. Participation in a meeting via conference call or video conferencing counts as attendance, but should not be the rule.
- (2) All members of the Supervisory Board must ensure that they have sufficient time for performing their duties as Board members.
- (3) The members of the Supervisory Board shall independently participate in the necessary training and professional development measures required for their tasks. The Company shall support these efforts appropriately.
- (4) The members of the Supervisory Board are obligated to provide the Chairperson of the Supervisory Board with the information that is required annually for preparing the Declaration of Compliance pursuant to § 161 AktG or for a mid-year update of the Declaration of Compliance pursuant to § 161 AktG.

## **§ 21**

### **Conflicts of interest**

- (1) Every member of the Supervisory Board is obligated to work in the interests of the enterprise. They may not pursue personal interests in their decisions, nor may they utilize business opportunities available to the enterprise for themselves.
- (2) Every member of Supervisory Board shall disclose the circumstances of any conflict of interest to the Supervisory Board. For this purpose, the member shall inform the Chairperson of the Supervisory Board, who shall appropriately notify the full Supervisory Board. In the event of a conflict of interest affecting the Chairperson of the Supervisory Board, he or she shall disclose the conflict to the Deputy Chairperson, who shall then appropriately notify the full Supervisory Board. Any member of the Supervisory Board who discloses a conflict of interest shall be excluded from resolutions at the meetings of the Supervisory Board dealing with matters relating to the conflict of interest. The Supervisory Board shall include any conflicts of interest and

their handling in its report to the Shareholders' Meeting. Material, non-temporary conflicts of interest in the person of a member of the Supervisory Board shall lead to the termination of his or her term.

- (3) Consulting agreements and other service and work contracts of a member of the Supervisory Board with the Company shall require the approval of the Supervisory Board.

## **§ 22**

### **Efficiency review**

The Supervisory Board shall assess, at regular intervals, how effective the Supervisory Board as a whole and its committees fulfill their tasks. The Supervisory Board shall report in the Declaration on Corporate Governance if and how the self-assessment was conducted.

## **§ 23**

### **Reporting**

- (1) The Supervisory Board and the Executive Board shall report on the corporate governance of the Company in an annual report. This report shall be guided by the provisions of the German Corporate Governance Code.
- (2) The Supervisory Board shall issue a Declaration of Compliance pursuant to § 161 AktG at least once a year and shall pass the corresponding resolution.