Villeroy & Boch
1748

Villeroy & Boch Aktiengesellschaft
Mettlach

Articles of Association

(General Meeting of Shareholders on 1 April 2016,
entered in the commercial register on 13 April 2016)

I. General provisions

Article 1 Company name and head office

The name of the company is Villeroy & Boch Aktiengesellschaft.

Its head office is in Mettlach (Saar).

Article 2 Purpose of the company

1. The purpose of the company is the manufacture and sale of ceramic products of all kinds and products made of crystal and glass.

2. The company is also entitled to manufacture other products or have them manufactured as well as to process, buy and sell them. It may perform services of any kind, acquire and allocate licenses, acquire other companies and invest in other companies.

Article 3 Share capital and shares

1. The company's share capital totals €71,909,376.00 (in words: seventy-one million nine hundred and nine thousand three hundred and seventy-six euros)

   It is divided into:

   - 14,044,800 (in words: fourteen million forty-four thousand eight hundred) ordinary shares and

   - 14,044,800 (in words: fourteen million forty-four thousand eight hundred) non-voting preference shares.

2. The ordinary shares and preference shares are bearer shares.

3. The holders of non-voting preference shares receive a dividend from the annual unappropriated surplus that is € 0.05 per share higher than the dividend paid to holders of ordinary shares, or a minimum preferred dividend of € 0.13 per preference share. If the unappropriated surplus to be distributed to shareholders in a given financial year is insufficient to cover the payment of the preferred dividend of € 0.13, any amount still outstanding shall be paid from the unappropriated surplus to be distributed to shareholders of subsequent financial years in such a way that the oldest amounts outstanding are settled before the most recent ones, and the preferred amounts to be paid from the

surplus of a given financial year for this financial year are not paid until after all amounts outstanding have been settled. This right to subsequent payment forms part of the profit entitlement for the respective financial year from which the outstanding dividend on preference shares is granted.

4. The right to issue further preference shares that are equivalent to or take precedence over the existing non-voting preference shares in the distribution of the surplus or corporate assets is reserved.

5. If a capital increase is resolved in such a way that the contributions are made in the course of the financial year, a regulation that differs from section 60(2), last paragraph of the German Stock Corporation Act (AktG) can be stipulated in the resolution on the capital increase.

6. The form and content of the share certificates, dividend warrants and renewal certificates shall be determined by the Management Board with the approval of the Supervisory Board.

7. The shareholders have no right to securitisation of the shares.

Article 4 Financial year, announcements and information

1. The financial year is the calendar year. Announcements by the company are made in the Bundesanzeiger (German Federal Gazette).

2. The company can also communicate information to the holders of listed securities by means of remote data transmission within the framework of the statutory provisions.

3. Insofar as is legally permissible, the sending of notifications in accordance with section 125(2) sentence 2 of the German Stock Corporation Act and section 128(1) sentence 1 of the German Stock Corporation Act is limited to electronic means of communication. The Management Board is entitled also to send notifications in paper form without there being a right to this. Section 30 b(3) of the German Securities Trading Act (WpHG) remains unaffected by this.

Article 5 Duration of the company

The company is set up for an indefinite period.

II. Constitution and management of the company

Article 6 Management Board

1. The Management Board comprises at least two members; the precise number is set by the Supervisory Board in line with the company's requirements. A member of the Management Board can be appointed as Chairman of the Management Board by the Supervisory Board.

2. The Management Board passes its resolutions with a simple majority of the votes cast by the members present at properly convened meetings. If a Chairman is appointed, in the event of a tied vote, the Chairman has the casting vote if a simple majority is sufficient and the Management Board comprises at least three members.

3. The Management Board is deemed to be quorate if 2/3 of its members are present after all members have been invited. Resolutions can also be passed in writing, by telephone or by telegram if no Management Board members object.

4. The company is legally represented by two members of the Management Board or one member of the Management Board in conjunction with an authorised representative. Each member of the Management Board is exempt from the ban on multiple representation as per Section 181 2nd alternative of the German Civil Code (BGB).

Section 7 Supervisory Board

1. Members

The Supervisory Board comprises a total of 12 members, six of whom are elected at the General Meeting of Shareholders and six of whom who are elected in line with the German Codetermination Act of 1976. Unless the General Meeting of Shareholders specifies a shorter term of office on election, members are elected for a term that runs until the end of the General Meeting of Shareholders that votes on approval of actions for the fourth financial year after commencement of the term of office. The financial year in which the term of office commences is not counted here.

2. Resignation

The members of the Supervisory Board can resign by means of a written declaration addressed to the Chairman of the Supervisory Board or to the Management Board, giving two months' notice.

3. Chairman, Vice Chairman

A Supervisory Board meeting to which no special invitation is required is held after a General Meeting of Shareholders at which all shareholder representatives have been newly elected. At this meeting, under the chairmanship of the oldest Supervisory Board member on the shareholder side, the Supervisory Board elects a Chairman and Vice Chairman from among its members for the duration of its term of office. If the Chairman or Deputy Chairman steps down during his/her term of office, the Supervisory Board must hold a by-election immediately.

The Supervisory Board can elect a further Vice Chairman. Insofar as is legally permissible, if the first Vice Chairman is unavailable, the second Vice Chairman performs his/her duties.

The Chairman of the Supervisory Board is authorised to execute the resolutions of the Supervisory Board and issue the requisite declarations of intent. If he/she is a member of a committee of the Supervisory Board, he/she has the casting vote in this committee.

4. Convening

The Supervisory Board is convened by its Chairman, or by the Vice Chairman if the Chairman is unavailable. The agenda is to be passed on to the Supervisory Board members a week before the meeting.

5. Substitute members

In accordance with section 101(3) of the German Stock Corporation Act, the General Meeting of Shareholders can appoint substitute members for the members of the Supervisory Board who are to be elected by the General Meeting of Shareholders in such a way that two substitute members are appointed who, in a sequence to be stipulated by the General Meeting of Shareholders, each replace the members of the Supervisory Board who leave before the end of their term of office. The Supervisory Board mandate of the appointed substitute member expires at the end of the General Meeting of Shareholders at which another member of the Supervisory Board is elected for the prematurely departing member, albeit no later than the end of the term of office of the prematurely departing member of the Supervisory Board.

6. Supervisory Board resolutions

The Supervisory Board is quorate if at least 2/3 of its members cast their vote. Resolutions are passed with a simple majority unless otherwise prescribed in law. This also applies to elections.

Resolutions of the Supervisory Board are generally passed at meetings. The agenda items must be communicated when notice of the meeting is issued. Resolutions on agenda items of which insufficient prior notice has been given can be passed only if no member raises an objection. In such an instance, absent members must be given the opportunity to object to the resolution within a period to be determined by the Chairman. The resolution comes into effect only if no absent member objects within the set period.

Absent members of the Supervisory Board can vote on Supervisory Board resolutions by arranging for other members of the Supervisory Board to submit written votes on their behalf. In addition, absent members of the Supervisory Board can cast their vote in text format, verbally, by telephone or by any other common means of telecommunication, in particular by video link (mixed resolution) during the meeting or afterwards within an appropriate period to be set by the Chairman of the Supervisory Board. Members of the Supervisory Board have no right of objection to a mixed resolution.

Outside of meetings, resolutions are permissible by means of votes issued in writing, by telephone, by fax, by e-mail or by other common means of communication, in particular via video conference, if the Chairman of the Supervisory Board arranges this and no members of the Supervisory Board object.

7. Duration of the term of office of members of the Supervisory Board in special cases

If a member of the Supervisory Board is elected to replace a departed member of the Supervisory Board, the election applies for the rest of the term of office of the departed member, unless the General Meeting of Shareholders resolves another term of office at the time of election.

8. Rights and obligations of the Supervisory Board

The rights and obligations of the Supervisory Board are based in law.

Within the scope of section 179(1) sentence 2 of the German Stock Corporation Act, the Supervisory Board is authorised to

pass changes to the Articles of Association that relate solely to the wording.

9. Expenses and remuneration

Members of the Supervisory Board receive a meeting fee of €1,500 (in words: one thousand five hundred euros) for each meeting of the full Supervisory Board. They also receive fixed annual basic remuneration of €24,000.00 (in words: twenty-four thousand euros). In addition to the basic remuneration, the Chairman of the Supervisory Board receives €53,000.00 p.a. (in words: fifty-three thousand euros), the Vice Chairman or Vice Chairmen of the Supervisory Board each receive €16,500.00 p.a. (in words: sixteen thousand five hundred euros); the Chairman of the Audit Committee receives €10,000.00 p.a. (in words: ten thousand euros), the Chairman of the Investment Committee and the Human Resources Committee each receive €4,000.00 p.a. (in words: four thousand euros), and the members of the Audit Committee, the Investment Committee and the Human Resources Committee each receive €2,500.00 p.a. (in words: two thousand five hundred euros).

On top of the above-mentioned fixed remuneration, the members of the Supervisory Board receive an additional sum of €195.00 (in words: one hundred and ninety-five euros) for every cent per share of shareholder dividend over and above the sum of 10.5 cents (calculated as the mean average of the dividend paid for one preference share and one ordinary share).

They have a right to reimbursement of the expenses incurred as a result of their work and are included in the appropriate insurance cover provided at the cost of the company (including D&O and accident insurance). The remuneration and expenses are paid together with any statutory value-added tax incurred.

If a member of the Supervisory Board is appointed only during part of the financial year, he/she is only entitled to remuneration on a pro rata temporis basis.

Article 8 General Meeting of Shareholders

1. Holding of the General Meeting of Shareholders

a) The General Meeting of Shareholders is convened by the Management Board or Supervisory Board if the law or the best interests of the company so require.

b) Convening, participation conditions

The General Meeting of Shareholders is held at the head office of the company, at the premises of a dealership or at the head office of a subsidiary, in a municipality in the district of the commercial register responsible for the company, or at the premises of a German securities exchange.

Unless any other notice period is prescribed by law, the General Meeting of Shareholders is convened at least thirty-six days before the date of the General Meeting of Shareholders. The date of the General Meeting of Shareholders and the date of convening are not counted here.

Those shareholders who have registered for the General Meeting of Shareholders and given the company proof of their shareholding are entitled to participate in the General Meeting of Shareholders and exercise their voting right. Proof of shareholding must be provided by means of a certificate prepared in text format by a custodian bank and written in German, French or English, and must relate to the start of the twenty-first day before the General Meeting of Shareholders. Registration and proof of shareholding must be received by the company at least six days before the General Meeting of Shareholders at the address stated for this purpose in the notice of convening. The date of the General Meeting of Shareholders and the date of receipt are not counted here.

2. Procedures at the General Meeting of Shareholders

a) The General Meeting of Shareholders is chaired by the Chairman of the Supervisory Board or a member of the Supervisory Board designated by the Chairman, or – if no such designation has been carried out – by the oldest member of the Supervisory Board.

b) The resolutions of the Annual General Meeting require a simple majority of the votes cast, unless otherwise mandatorily prescribed by law. In cases in which the law requires a majority of the share capital represented when the vote is held, a simple majority of the share capital represented shall suffice, unless a greater majority is mandatorily prescribed by law.

In the event of a tied vote, apart from in elections, a motion shall be regarded as defeated.

If a simple majority is not achieved in the first round of voting in elections to the Supervisory Board, a run-off shall

be held between the two persons who received the largest number of votes. In the event of a tie in the second round of voting, lots shall be drawn to determine the winner.

c) Voting right

Each ordinary share grants one vote. If the preference shares grant a voting right for legal reasons, each preference share grants one vote.

The voting right can be exercised by an authorised representative. Powers of attorney that are not granted to a bank, a shareholder association or another person or institution stated as an equivalent in section 135 of the German Stock Corporation Act must be granted in text format (section 126b of the German Civil Code). Proof of power of attorney can be sent to the company via a means of electronic communication to be specified by the Management Board.

d) The Chairman shall chair the discussions and determine the order in which items are discussed as well as the form of voting. He/she is authorised to limit the time allowed to shareholders for asking questions and speaking at the start of or during the meeting.

e) The Management Board is authorised to allow the audio and video transmission of all or part of the General Meeting of Shareholders. A corresponding announcement is made in the notice of convening.

III. Appropriation of profits and miscellaneous information

Article 9 Resolutions at the General Meeting of Shareholders

1. Each year, in the first eight months of the financial year, after accepting the report to be prepared by the Supervisory Board in accordance with section 171(2) of the German Stock Corporation Act, the General Meeting of Shareholders votes on approval of the actions of the Management Board and Supervisory Board, the appropriation of retained earnings, the election of the auditor and, in the cases provided for by law, the approval of the annual financial statements and the adoption of the consolidated financial statements.

2. Regarding appropriation of the net profit, the General Meeting of Shareholders can also vote on a distribution in kind in addition to or instead of a cash distribution. A distribution in kind is permitted

only insofar as the material assets to be distributed are fungible assets that are traded on a market as defined by section 3(2) of the German Stock Corporation Act.

Article 10 Formation costs

Formation costs are assumed by the company.

Article 11 Arrangements according to section 27 of the German Stock Corporation Act

1. The shareholders of the enterprise that operates in the legal form of a limited commercial partnership (Kommanditgesellschaft) and trades under the name of Villeroy & Boch Keramische Werke KG based in Mettlach (Saar) have transferred the assets of this partnership (Personengesellschaft) to the joint stock corporation (Aktiengesellschaft) of the same name in accordance with the provisions of section 40 ff. of the German Transformation Act of 6 November 1969 as founders.

2. The above-mentioned enterprise operates for the account of the joint stock corporation with effect from 1 January 1987. From this date on, risk, benefits and burdens are transferred to the joint stock corporation, albeit not a right to any surplus to be distributed for the 1986 financial year, which remains with the previous shareholders of the commercial partnership.