

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 in the areas of value creation; sustainability; innovation; employees; health, safety, environment, energy, and quality (HSEQ); and compliance. The standards contained in these policies are mandatory for all employees worldwide.

+ Additional information is available at: www.covestro.com/en/sustainability/service-downloads/policies-commitments

The Board of Management and Supervisory Board provide information pertaining to corporate governance in the sections that follow, including a 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). Pursuant to Section 317, Paragraph 2, Sentence 6 HGB, the disclosures in the Declaration on Corporate Governance are not included in the financial statement audit.

Declaration on Corporate Governance

Declaration of Conformity 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 (AktG)

The Board of Management and Supervisory Board issued the Declaration of Conformity with the GCGC pursuant to Section 161 AktG in December 2022:

Declaration of Conformity by the Board of Management and Supervisory Board
of Covestro AG on the German Corporate Governance Code Pursuant to Section 161 AktG

The recommendations of the Commission of the German Corporate Governance Code, as amended on December 16, 2019, published by the Federal Ministry of Justice and Consumer Protection on March 20, 2020 in the official part of the Federal Gazette have been complied with since the last Declaration of Conformity was issued in December 2021. The recommendations of the Commission of the German Corporate Governance Code, as amended on April 28, 2022, published by the Federal Ministry of Justice and Consumer Protection on June 27, 2022 in the official part of the Federal Gazette are being complied with. Covestro AG will continue to comply with these recommendations in the future.

Leverkusen, December 2022

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 conformity with the GCGC of December 2022 and those of the past five years are published on Covestro's website.

+ Additional information on the declaration of conformity is available at: 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 21, 2022, 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 also 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 2022 is also part of this Annual Report.

+ Additional information is available at: 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 Conformity. 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 of the Board of Management are available at: <https://www.covestro.com/rulesofprocedure2022>

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

The Supervisory Board appoints the Board of Management of Covestro AG and its Chair. The Board of Management currently has no committees. In the fiscal year 2022, 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 • Sustainability & Public Affairs • Group Innovation 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Fuchs Petrolub SE³ (since May 2022)
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"> • Independent non-executive director of Eurocell plc (United Kingdom)³ (until July 2022)
Dr. Klaus Schäfer	Chief Technology Officer	<ul style="list-style-type: none"> • Engineering • Process Technology • Group Health, Safety and Environment • Group Procurement 	<ul style="list-style-type: none"> • Member of the Supervisory Board of TÜV Rheinland AG⁴
Dr. Thomas Toepfer	Chief Financial Officer Labor Director	<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 CLAAS KGaA mbH⁴ (since January 2022) • Member of the General Partners' Committee of CLAAS KGaA mbH⁴ (CLAAS-group)

¹ As of December 31, 2022.

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

³ Listed.

⁴ Non-listed.

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. 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.

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 2022. The Board of Management additionally meets the education and professional background requirements. The Board of Management's members ranged in age from 50 to 60 in fiscal 2022. 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 petroleum and chemical industries. 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.

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 in future. 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, these may not correspond to fractions.

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 Board of Management and Supervisory Board of Covestro AG. As of December 31, 2022, the Supervisory Board of Covestro AG comprised six women and six men. The minimum legal requirement has thus been met.

At the end of the first target attainment period on June 30, 2017, the Supervisory Board had decided on a target quota of at least 40% for women on the Board of Management of Covestro AG and an implementation period through June 30, 2022. As of June 30, 2022, the Board of Management had four members, including one woman. Two new members were appointed to Board of Management functions during the implementation period through June 30, 2022. In the selection for and appointment to these functions, the main consideration was the best possible professional and technical qualification, taking the appropriate skills profile into account; in cases of equal qualification, the Supervisory Board acts on the understanding that preference should be to the underrepresented gender. Against this backdrop, Dr. Thomas Toepfer was first appointed as Chief Financial Officer in 2018 and Sucheta Govil as Chief Commercial Officer in 2019. During the implementation period through June 30, 2022, the Supervisory Board saw no reason to doubt the professional and technical qualifications of the respective Board of Management members or to appoint new candidates to these Board of Management positions, including when employment contracts with members of the Board of Management were extended. Nevertheless, on the basis of having one female member of the Board of Management, Covestro AG met the legal minimum quota in accordance with Section 76 (3a) AktG as of June 30, 2022.

At the end of the second target attainment period on June 30, 2022, the Supervisory Board resolved, in accordance with the legal minimum quota, a target quota of one woman on the Board of Management of Covestro AG, which has four members, so that women account for 25% of its members, with an implementation period through December 31, 2023. The resolution on the new target and implementation period were passed, taking account of FüPoG II and the Supervisory Board's duty to guarantee that the statutory minimum gender quota is met or to specify targets for the proportion of women on the Board of Management in compliance with legal requirements. As of December 31, 2022, one woman and three men served on the Board of Management. Women therefore made up 25% of the Board of Management.

In fiscal 2017, the Board of Management had set new targets for the first two management levels below the Board of Management. For the period through June 30, 2022, the goal of Covestro AG and the Covestro Group was to achieve a minimum of 30% women at both levels.

Target setting for proportion of women in the first two management levels below the Board of Management as of June 30, 2022

	Covestro AG		Covestro Group	
	As of June 30, 2022	Target by June 30, 2022	As of June 30, 2022	Target by June 30, 2022
	%	%	%	%
Proportion of women in management level 1 ¹	0	30	24	30
Proportion of women in management level 2 ²	26	30	24	30

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

² Direct reports to management level 1 with management responsibilities.

Since the target was set in the year 2017, the proportion of women in the Covestro Group increased considerably overall on both management levels (management level 1: from 13% in fiscal 2017 to 24% in fiscal 2022 and management level 2: from 20% in fiscal 2017 to 24% in fiscal 2022). At Covestro AG, the proportion of women on management level 2 increased from 26% in fiscal 2017 to 30% in fiscal 2022. However, some conditions changed, especially in the second half of the implementation period, and this had an effect on the management structure. This included a challenging economic environment caused, for example, by the coronavirus pandemic, various reorganizations, and restructuring. This also led to adjustments to the hiring policy. Due to reorganizations, vacancies on the first management level were not filled at Covestro AG. Overall, this meant that Covestro AG's and the Covestro Group's targets were not met by June 30, 2022.

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.

Target setting for proportion of women in the first two management levels below the Board of Management as of June 30, 2027

	Covestro AG		Covestro Group	
	As of Dec. 31, 2022	Target by June 30, 2027 ³	As of Dec. 31, 2022	Target by June 30, 2027 ³
	%	%	%	%
Proportion of women in management level 1 ¹	0.0	25.0	24.1	31.0
Proportion of women in management level 2 ²	23.5	31.6	23.6	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 following employee numbers: Covestro AG, management level 1: 1 woman out of a total of 4 employees, management level 2: 6 women out of a total of 19 employees; Covestro Group, management level 1: 9 women out of a total of 29 employees, management level 2: 54 women out of a total of 179 employees.

Covestro considers the development and promotion of women a global task – independent of individual Group companies or management levels – and strives therefore to increase the percentage of women overall.

→ See "Promoting Diversity, Equity, and Inclusion."

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.

+ Rules of Procedure for the Supervisory Board are available at: <https://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.

The effectiveness and efficiency review of the Supervisory Board was for the first time conducted with external support in the reporting year 2022. As a supplement to the regular review performed as a self-assessment based on a written questionnaire answered by Supervisory Board members, this year's review comprised in particular a written survey of the individual Board of Management members conducted by external parties as well as individual interviews with all members of the Board of Management and Supervisory Board. The main topics covered were the members' understanding of their roles; the objectives and values of the Supervisory Board; the organization of, and provision of information to, the Supervisory Board; cooperation with the Board of Management; and the Supervisory Board's debate culture. The findings obtained from this process were discussed in an externally facilitated two-day workshop of the Supervisory Board in October 2022. The workshop also included an in-depth discussion of cooperation between shareholder and employee representatives, the agenda for the year 2023, and additionally the Supervisory Board's skills profile and qualification matrix. The resulting actions include, for example, the introduction of a feedback round at the end of Supervisory Board meetings during which members comment on the content and process of the meeting and make suggestions for future meetings. This action has already been implemented. On the whole, the Supervisory Board's activity was evaluated and found to be effective and efficient.

+ See Capital Market, section "Meetings of the Full Supervisory Board and Member Attendance."

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.

+ Additional information is available at: www.covestro.com/rulesofprocedure2022

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

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. On April 21, 2022, the Annual General Meeting elected Dr. Sven Schneider as successor to Prof. Rolf Nonnenmacher, who stepped down from the Supervisory Board. 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. The meeting of delegates accordingly elected Dr. Christoph Gürtler and Frank Löllgen as first-time members and reelected Petra Kronen, Irena Küstner, Petra Reinbold-Knape, and Marc Stothfang to the Supervisory Board; their terms of office also began on April 21, 2022. After assuming office, the new members elected to the Supervisory Board of Covestro AG took part in the onboarding process, during which they were given key information on the company as well as further information on the business and structure of the company, depending on individual needs.

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.

Supervisory Board members¹

Name/function	Membership on the Supervisory Board	Position	Memberships ²
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"> • 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
Petra Kronen (Vice Chair)	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Chair of the General Works Council of Covestro • Vice Chair of Covestro-European Forum • Member of the Works Council of Covestro at the Uerdingen site • Employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Vice Chair 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 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. Christine Bortenlänger	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Executive Member of the Board of Deutsches Aktieninstitut e.V. 	
Dr. Christoph Gürtler	Member of the Supervisory Board since April 2022	<ul style="list-style-type: none"> • Chair of the Managerial Employees' Committees of Covestro Deutschland AG and of the Covestro Group (since April 2022) • Managerial Employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG^{4,5}
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 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG^{4,5} • Independent Board Director of Sanofi SA³, France • Independent Board Director of Aker Horizons ASA³, Norway • Independent Board Director of Danone SA³, France (since December 2022)
Irena Küstner	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • 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 • Employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG^{4,5}
Dr. Ulrich Liman	Member of the Supervisory Board from January 2018 until April 2022	<ul style="list-style-type: none"> • Chair of the Managerial Employees' Committee of Covestro Deutschland AG (until April 2022) • Managerial employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG^{4,5} (until April 2022)
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 (IG BCE), 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
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board from August 2015 until April 2022	<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} (until April 2022) • Member of the Supervisory Board of Continental AG³ • Member of the Supervisory Board of ProSiebenSat.1 Media SE³
Petra Reinbold-Knape	Member of the Supervisory Board since January 2020	<ul style="list-style-type: none"> • Secretary at IG BCE • 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 Bayer AG³ (until April 2022)

(Continued on next page)

			<ul style="list-style-type: none"> • 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	• Chief Financial Officer at Infineon Technologies AG	
			<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG^{4,5} • Member of the Supervisory Board of CECONOMY AG³ (until February 2022) • Member of the Supervisory Board of Leoni AG³ (until May 2022) • Director of SPIE SA³, France • Member of the Supervisory Board of SPIE Deutschland und Zentraleuropa GmbH⁴ (SPIE Group)
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 	
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 	
			<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
Patrick Thomas	Member of the Supervisory Board since July 2020	• Member of various supervisory boards	
	Member of the Supervisory Board from September 2016 until April 2022	<ul style="list-style-type: none"> • District Manager of the German Mining, Chemical and Energy Industrial Union (IG BCE) – district Dortmund-Hagen 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG^{4,5} (until April 2022)
Frank Werth			

¹ As of December 31, 2022, for members stepping down during 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.

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.

Members: Dr. Richard Pott (Chair), Petra Kronen, Petra Reinbold-Knape, 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 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 nonfinancial Group statement, 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 informs 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 Conformity 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) (since April 2022), Prof. Dr. Rolf Nonnenmacher (Chair) (until April 2022), Dr. Christine Bortenlänger, Petra Kronen, Irena Küstner, Petra Reinbold-Knape, 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), Petra Kronen, Dr. Christoph Gürtler (since April 2022), Dr. Ulrich Liman (until April 2022), 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, 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 (Group's) nonfinancial statement. Furthermore, it advises the Human Resources Committee on setting ESG targets for Board of Management compensation.

Members: Lise Kingo (Chair), Dr. Christoph Gürtler (since April 2022), Dr. Ulrich Liman (until April 2022), Marc Stothfang, 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 the company's website and updated annually.

→ See Capital Market, section "Report of the Supervisory Board."

+ Additional information is available at: <https://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.

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. In the opinion of the Supervisory Board, the shareholder representatives Dr. Richard Pott, Dr. Christine Bortenlänger, Lise Kingo, Dr. Sven Schneider, Regine Stachelhaus, and Patrick Thomas are independent pursuant to the GCGC. In principle, the requirements relating to function-specific knowledge are met.

+ Additional information about Covestro AG's current Supervisory Board members is available at: www.covestro.com/en/company/management/supervisory-board.

Qualification matrix¹

		Supervisory Board members											
Category	Field of expertise	C. Bortenlänger ²	C. Gürtler ³	L. Kingo ²	P. Kronen ³	I. Küstner ³	F. Löligen 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												
	Production and technology												
Function-specific knowledge	Strategy, M&A, capital market												
	Marketing/sales/supply chain												
	R&D, innovation												
	Sustainability (environment)/circular economy/new technologies												
	Digitalization												
	Human resources/change management/sustainability (social)												
	Corporate governance/compliance												
	Accounting												
	Financial statement audit												
	Leadership in an international enterprise												
Management- and leadership experience	Corporate culture and employee engagement (Covestro focus)												
	Membership in supervisory boards and governing bodies												
Further information													
Terms of office/appointments	Initial appointment	2015	2022	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	2025	2027	2027	2027	2025	2027	2026	2025	2027	2025
Diversity	Age (reporting year 2022 minus year of birth)	56	55	61	58	56	61	69	63	56	67	56	65
	Gender (male, female, diverse)	F	M	F	F	F	M	M	F	M	F	M	M
	Nationality	D	D	DK	D	D	D	D	D	D	D	D	UK
	Independence ⁴	Yes	n. a.	Yes	n. a.	n. a.	n. a.	Yes	n. a.	Yes	Yes	n. a.	Yes
Professional activity	Professional status/ 'work stage' (executive vs. post-executive)	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

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.

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.

+ Additional information on securities transactions by members of the Board of Management or Supervisory Board is available at: 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.

→ See "Main Features of the Internal Control System," "Internal Control System to Ensure Compliance," and "Risk Management System."

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 of the Covestro Group, 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 and interim reports for 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, Covestro treats all shareholders and other key stakeholders 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. Shareholders can issue and revoke proxies in respect of the company electronically using the company's online 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 opening of the Annual General Meeting by the meeting chair and follow the report of the Board of Management live online.

The Annual General Meeting on April 21, 2022, was held virtually due to the ongoing coronavirus pandemic. In that year, all of the company's shareholders and interested members of the public could watch the entire Annual General Meeting live online. All documents and information on the Annual General Meeting such as the invitation, including the agenda, and the annual report are available on Covestro's website as well.

+ The live feed of the opening of the Annual General Meeting and the report of the Supervisory Board are available at: <https://www.covestro.com/en/investors/financial-calendar/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

We have received no notification nor are we otherwise aware of direct or indirect investments in the capital of Covestro AG, equal to or exceeding 10% of the voting rights.

+ Additional information on Covestro's ownership structure is available at: <https://www.covestro.com/en/investors/stock-details/shareholder-structure>

Board of Management

Appointment and Dismissal of Members of the Board of Management, Changes to the Articles of Incorporation

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.

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 €193,200,000 as of December 31, 2022, and is composed of 193,200,000 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 of the company by up to € 57,960,000 in the period through April 15, 2026, by issuing new, no-par value bearer shares against cash contributions and/or contributions in kind (Authorized Capital 2021).

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, or a combination of these instruments on up to 18,300,000 no-par value bearer shares of Covestro AG. Based on this authorization, convertible/warrant bonds can be issued up to a total nominal value of €2,000,000,000 by the company or a Group company 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 no-par value bearer shares to grant shares to the holders or creditors of such convertible/warrant bonds (Conditional Capital 2020). New shares from Authorized Capital 2021 and the aforementioned bonds can be issued against cash contributions or contributions in kind. They must generally be offered to the shareholders for subscription. The Board of Management is authorized, with the approval of the Supervisory Board, to disapply shareholders' subscription rights when instruments are issued against contributions in kind. When issuing instruments against cash contributions, subscription rights can be disapplied with the approval of the Supervisory Board in the following cases:

- Subscription rights must be disapplied where the subscription ratio gives rise to fractional amounts.
- Subscription rights are disapplied to provide compensation for dilution in connection with convertible/warrant bonds already issued.
- The issue price of the new shares or bonds will not be significantly lower than their share market price or the theoretical fair value of the bonds calculated using recognized financial valuation methods (disapplication of subscription rights limited to 10% of the capital stock under or in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act).

Additional restrictions, which are described in greater detail in the respective authorization, may apply to the new shares issued or to be issued against cash contributions or contributions in kind while disapplying the subscription rights of shareholders. 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 amount of capital stock at the time of the AGM on April 16, 2021, insofar as capital increases are implemented from Authorized Capital 2021 against cash contributions or contributions in kind while disapplying subscription rights, or for the purpose of servicing convertible/warrant bonds issued under the authorization resolved on July 30, 2020, while disapplying subscription rights.

Acquisition and Use of Treasury Shares

By a resolution adopted by the Annual General Meeting on April 12, 2019, the Board of Management is authorized to acquire and use treasury shares, also using derivatives. The individual details of the resolution are as follows:

1. Authorization Granted to the Board of Management to Acquire and Use Treasury Shares

- 1.1 The Board of Management is authorized until April 11, 2024, to acquire treasury shares with a proportionate interest in the capital stock totaling up to 10% of the company's capital stock existing at the date of the resolution, or if this amount is lower, at the time the authorization is exercised, subject to the proviso that the shares acquired as a result of this authorization, together with other shares of the company that the company has already acquired and still holds, or which are attributable to it under Sections 71a et seqq. of the German Stock Corporation Act, at no time exceed 10% of the capital stock of the company. The provisions in Section 71, Paragraph 2, Sentences 2 and 3 of the German Stock Corporation Act must be complied with.

Exercising the authorization to acquire treasury shares, the Board of Management resolved on February 28, 2022, that the company would acquire treasury shares in a total amount of €500 million (excluding transaction costs).

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 (Section 53a of the German Stock Corporation Act). If the acquisition takes place via the stock exchange, the purchase price paid by the company (excluding transaction costs) may neither exceed, nor be lower than, the company's share price as determined by the opening auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day, by more than 10%. If the acquisition takes place by means of a public purchase offer, the offer price paid by the company (excluding transaction costs) may neither

exceed, nor be lower than, the company's share price as determined by the closing auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the publication of the purchase offer, by more than 10%. If the total number of the shares tendered in response to a public purchase offer exceeds the offer volume, purchases may be made in proportion to the number of shares tendered (tender ratios); in addition, preferential acceptance of small numbers of shares (up to 50 shares per shareholder), as well as rounding in accordance with commercial principles to avoid notional share fractions, may be provided for. Any further shareholder tender rights are disappplied to this extent.

- 1.2 The authorization may be exercised in full, or in a number of partial amounts split across several acquisition dates, until the maximum purchase volume has been reached. The acquisition may also be carried out by Group companies that are dependent on the company within the meaning of Section 17 of the German Stock Corporation Act, or by third parties on behalf of the company or such Group companies. The authorization may, subject to compliance with the statutory requirements, be exercised for any purpose permissible in law, especially in pursuit of one or more of the purposes listed in 1.3, 1.4, 1.5, and 1.6. Trading in treasury shares is not permitted.

If the treasury shares acquired are used for one or more of the purposes described under 1.3 or 1.4, the shareholders' subscription rights are disappplied. The Board of Management is authorized to disapply subscription rights if the treasury shares acquired are used for the purpose specified in 1.6. Shareholders likewise do not have any subscription rights if the treasury shares acquired are sold via the stock exchange. In the event that the treasury shares acquired are sold by means of a public offer to shareholders, and this public offer complies with the principle of equal treatment, the Board of Management is authorized to disapply the shareholders' subscription rights for fractions.

- 1.3 The Board of Management is authorized to also sell the treasury shares acquired on the basis of the above or an earlier authorization in a manner other than via the stock exchange or by way of an offer to all shareholders, provided that the sale takes place against cash payment and at a price which, at the date of the sale, is not significantly lower than the market price for the same class of shares in the company. This authorization governing the use of shares is restricted to shares whose proportionate interest in the capital stock may not in total exceed 10% of the capital stock either at the date this authorization becomes effective or, if this amount is lower, at the date the present authorization is exercised. The upper limit of 10% of the capital stock is reduced by the proportionate interest in the capital stock that is attributable to those shares which are issued or sold during the term of this authorization while disapplying subscription rights under or in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act. The upper limit of 10% of the capital stock is further reduced by the proportionate interest in the capital stock that is attributable to those shares which are to be issued to service bonds with warrants or conversion rights or obligations, provided that these bonds are issued during the term of this authorization while disapplying subscription rights in application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, with the necessary modifications.
- 1.4 The Board of Management is authorized to transfer the treasury shares acquired under the above or an earlier authorization to third parties, provided this is done for the purpose of acquiring companies, parts of companies, equity interests in companies, or other assets, or to effect business combinations.
- 1.5 The Board of Management is authorized to retire the treasury shares acquired under the above or an earlier authorization without a further resolution by the Annual General Meeting. The shares may also be retired without reducing the capital by adjusting the proportionate interest of the remaining no-par value shares in the capital stock of the company. In this case, the Board of Management is authorized to amend the number of no-par value shares in the Articles of Incorporation.
- 1.6 The Board of Management is authorized to use the treasury shares acquired under the above or an earlier authorization to pay a scrip dividend.
- 1.7 The Board of Management may only use the authorizations in 1.3, 1.4, and 1.6 with the approval of the Supervisory Board. Moreover, the Supervisory Board may determine that the measures taken by the

Board of Management on the basis of this resolution by the Annual General Meeting may only be implemented with its approval.

- 1.8 Overall, the above authorizations governing the use of shares may be utilized on one or several occasions, individually or together, in relation to partial volumes of the treasury shares, or all treasury shares held in total.

Under the share buyback program, the company acquired 3,479,956 treasury shares in two tranches at a total cost of €150 million (excluding transaction costs) in the period from March 21, 2022, up to and including June 23, 2022; this corresponds to a proportional share of 1.8% of the company's registered capital stock in an amount of €193,200,000.

2. Authorization for Acquisition Using Derivatives

- 2.1 Treasury shares being acquired as part of the authorization under 1.1 may also be acquired using put or call options. In this case, the option transactions must be entered into with a credit institution, or a company which operates in accordance with Section 53, Paragraph 1, Sentence 1 or Section 53b, Paragraph 1, Sentence 1 or Paragraph 7 of the German Banking Act, that is independent of the company (financial institution), provided that this financial institution, when the option is exercised, only delivers shares which were previously acquired via the stock exchange at a market-driven price in compliance with the principle of equal treatment.
- 2.2 The acquisition of shares using put or call options is limited to a maximum of 5% of the capital stock in existence either at the date of the resolution by the Annual General Meeting or, if this amount is lower, at the date the authorization is exercised.
- 2.3 The option premium paid by the company in the case of call options may not be materially higher and the option premium received in the case of put options may not be materially lower than the theoretical fair value of the options concerned calculated using accepted financial valuation methods. The exercise price agreed in the option transaction (in each case not including transaction costs, but taking into account the option premium received or paid) may not be more than 10% higher or lower than the price of the company's shares as determined by the opening auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day on which the option transaction was entered into.
- 2.4 The term of the individual derivatives may not, in each case, exceed 18 months; it must end at the latest on April 11, 2024, and must be selected so that the shares are not acquired using derivatives after April 11, 2024.
- 2.5 The provisions under 1. also apply to the use of company shares acquired on the basis of the authorization under 2. using derivatives.

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.

Compliance

Compliance Management System

Our corporate conduct is characterized by a sense of responsibility as well as ethical principles. Compliance with legal and regulatory requirements is integral to our operations. It is only in this manner that we can sustainably increase the company's enterprise value and safeguard our reputation.

Compliance Culture and Targets

In its Corporate Compliance Policy, Covestro has specified a Group-wide code of conduct that mandates fundamental principles and rules for all employees. This code of conduct details our commitment to fair competition, integrity in business dealings, the principles of sustainability and product stewardship, data protection, upholding of foreign trade and insider dealing laws, the separation of business and private interests, proper record-keeping and transparent financial reporting, as well as to providing fair, respectful, and nondiscriminatory working conditions. These requirements apply within the company as well as to all interactions with external partners and the general public. Our code of conduct provides a framework for all decisions by the company and our employees. The Corporate Compliance Policy is available on our intranet and on our website, and is part of an information packet distributed to new employees when they are hired.

+ Additional information is available at: www.covestro.com/en/company/profile/procurement/sustainability-in-procurement/supplier-code-of-conduct

Covestro is aware that employees will likely embrace and exhibit integrity if managers are excellent role models. The Board of Management states very clearly in its Corporate Compliance Policy for all staff that, above and beyond any legal requirements, Covestro elects not to conduct any business activities that would violate our rules and that management staff is prohibited from instructing employees otherwise. In this way, management continuously fosters our compliance culture by, for example, regularly drawing employees' attention to compliance topics and their significance to the company. At Covestro town hall meetings, for example, Board of Management members regularly present recent compliance cases to employees and underscore the importance of complying with statutory requirements and internal regulations.

→ See "Corporate Commitments."

We want to utilize our compliance management system in order to:

- Foster and reinforce conduct per compliance requirements,
- Minimize or even eliminate compliance violations,
- Identify risks for potential violations,
- Implement preventive measures, and
- Uncover, halt, and proactively eliminate a repeat occurrence of any compliance violations committed by individuals acting without authorization and in breach of clear rules.

We have taken steps to meet our targets, including implementing an internal control system to ensure compliance rules are followed. The insights gained from our annual evaluation of effectiveness are leveraged in our efforts to continually improve our compliance management system.

→ See "Internal Control System to Ensure Compliance."

Compliance Organization

The Chief Compliance Officer is in charge of all compliance activities at Covestro, and in this function reports directly to the Board of Management. The corporate Law, Intellectual Property & Compliance function is the single point of contact that coordinates Group-wide compliance activities. Chaired by the Chief Financial Officer (CFO) of Covestro, the Compliance Committee is the Group's top-level decision-making body on these issues. The Committee's responsibilities include the following: exercising a Group-wide compliance governance function, initiating and approving compliance-related regulations, and approving the annual training plan. In the reporting period, the Compliance Committee met a total of four times. The suitability and effectiveness of compliance activities are regularly reviewed by the Corporate Audit function in independent, objective audits.

→ See "Process-Independent Monitoring."

Data privacy is under the responsibility of the corporate Law, Intellectual Property & Compliance function and is coordinated Group-wide. By defining controls and processes, the function works to ensure compliance with legal requirements (in particular the EU General Data Protection Regulation, GDPR) and legal judgments to protect personal data of employees, as well as of business partners, media representatives, etc. Local Data Privacy Officers have been appointed for each country in which Covestro has employees. They serve as local points of contact for employees on all questions regarding data privacy. The Board of Management is informed regularly about activities in the company relating to data privacy law.

A local Compliance Officer has also been appointed for each country in which Covestro has employees. This person serves as a local point of contact for employees on all questions regarding legally and ethically correct conduct in business situations. The country organizations also have local compliance committees.

Communications and Compliance

Covestro systematically conducts training courses on compliance. Once focus areas have been specified, target groups are defined for each content category and the employees (including managerial staff) are invited.

Covestro expressly encourages its employees to openly address any doubts about proper conduct in business situations and to solicit advice. We inform all employees whom they can contact if they have any doubts or questions. Covestro has also set up a whistleblowing tool. Employees and third parties can report potential compliance violations through a hotline accessible worldwide or use an online tool that also permits anonymous reports. In addition, employees can also report any compliance incidents to their supervisors or to the Compliance organization.

+ Additional information is available at: www.covestro.com/en/company/management/compliance

An internal policy sets out the principles for handling compliance incidents at Covestro. All suspected compliance incidents are recorded in a central database. Confirmed violations are evaluated, and organizational, disciplinary, or legal measures are taken if necessary.

Compliance incidents are regularly reported to the Supervisory Board, the Board of Management, and the business entities' management teams. Moreover, a current overview of incidents, including additional information on various aspects and developments related to this topic, is published in a monthly Compliance Telegram on the intranet. This ensures a high degree of transparency for all employees.

On a quarterly basis, all companies document risks arising from pending or current legal or administrative proceedings. Relevant cases are reported on a regular basis to the Board of Management and to the Audit Committee of the Supervisory Board. The material legal risks are disclosed in the Notes to the Consolidated Financial Statements.

→ See note 26 "Legal Risks" in the Notes to the Consolidated Financial Statements.

[Supplementary information >](#)

Tax Compliance

Principles and Targets of Tax Compliance

Covestro takes seriously its responsibility to pay the statutory tax liability in accordance with the rules set by each government as well as to meet all registration, documentation, disclosure, and licensing requirements in all the applicable countries and/or tax jurisdictions. Ensuring that tax payments are made in the appropriate amount is a core element of Covestro's responsibility to society, because this is a major source of revenue for governments that is used to carry out economic and social policies.

Our tax principles are as follows:

- Zero tolerance for violations, especially tax fraud/evasion;
- Tax payments in line with the value created in the relevant countries/territories;
- Cooperation with tax authorities.

These principles are also published online.

+ [Additional information is available at: www.covestro.com/en/sustainability/service-downloads/policies-commitments](http://www.covestro.com/en/sustainability/service-downloads/policies-commitments)

Our principles are at the heart of a tax policy applicable to the entire Group, which was reviewed and approved by the corporate Taxes function and the Chief Financial Officer (CFO). The tax policy also includes our tax strategy in alignment with our Group strategy and our C³ corporate values. The tax strategy is discussed and amended as necessary in regular exchanges with the CFO.

→ [See "Strategy."](#)

In addition, we are interested in keeping abreast of ongoing developments in tax law and therefore participate in political discussions in trade association committees. All of our activities rest on compliance with our ethical principles. The aim of our participation in trade associations is fair, transparent, and administratively streamlined evolution of tax law.

Tax Compliance Organization

Responsibility for implementing and continually improving the appropriate tax processes lies with the corporate Taxes function, which reports to the CFO. Local tax experts in Covestro's subsidiaries implement tax processes or support this effort. To the extent that third-party professionals are tasked with tax-related responsibilities in certain countries, they agree to adhere to our principles and compliance rules.

Covestro expressly encourages employees to openly discuss any concerns about proper conduct by the company regarding taxes with their supervisors or local tax departments, and to obtain assistance or advice. Our whistleblower tool is also available to employees and third parties.

→ [See "Communications and Compliance."](#)

A standardized process is used to report tax risks worldwide to the corporate Taxes function once a year. Tax risks are monitored on an ongoing basis in cooperation with the subsidiaries and, if necessary, the risk reports are amended. Financial reporting comprises tax risks, which are integrated into the internal control system for the (Group) accounting and financial reporting process and the risk early warning system.

→ [See "Main Features of the Internal Control System" and "Risk Management System."](#)

[< Supplementary information](#)