Compensation system for Board of Management members

Covestro AG's Supervisory Board adjusted the compensation system for Board of Management members approved by the Annual General Meeting on April 17, 2025, effective January 1, 2026.

The long-term variable compensation is supplemented with an additional payout condition designed to ensure the company's sustainable financial stability. Additionally, the regulations regarding Share Ownership Guidelines and Change of Control have been removed, as these are no longer appropriate following the successful acquisition by XRG P.J.S.C. In all other respects, the compensation system for Board of Management members remains unchanged.

The compensation system for the Board of Management members, which has been adjusted as described, was approved by the Annual General Meeting on May 19, 2026, with a majority of 99.62 %.

Basic principles of the compensation system for the Board of Management

The system for compensating Board of Management members is aligned with the company's strategy and is structured to help Covestro achieve sustained business success and meet its strategic goals. We aim to position Covestro as an attractive employer in the competition for highly qualified executives, guarantee a high degree of transparency and, at the same time, ensure statutory and regulatory compliance.

The Board of Management's compensation mainly comprises multi-year, performance-based variable elements in addition to non-performance-related components. This overall compensation package therefore focuses on the company's sustainable and long-term business performance.

In accordance with the Board of Management's collective responsibility under our “We are 1” philosophy, the same performance indicators are applied to determine the variable compensation of all Board of Management members. Linking compensation to financial success ensures that variable compensation will rise/fall considerably if actual results come in well over/under target. Board of Management compensation is in line with the basic principles of the compensation structure and, as a principle, is structured uniformly for the Board of Management as well as for other executives, including managerial employees, in the Covestro Group.

The Supervisory Board's objective is to offer the Board of Management competitive, market-level compensation that factors in Covestro's size and complexity as well as its financial position, including in respect of competitors. The compensation system is clearly and understandably structured and documented.

Process for determining, implementing, and reviewing Board of Management compensation

Board of Management compensation is determined by the Supervisory Board in accordance with Section 87 (1) of the German Stock Corporation Act. The Human Resources Committee assists the Supervisory Board in this process by making recommendations regarding the Board of Management's compensation system that are in turn discussed and voted on by the Supervisory Board as a whole. The Supervisory Board is permitted to obtain advice from third-party compensation consultants, if necessary, and ensures their independence if they are hired.

Additionally, the Human Resources Committee conducts the groundwork for regular reviews by the Supervisory Board of the compensation system and compensation amounts for Board of Management members. If required, it recommends that the Supervisory Board make changes to the compensation system. The applicable provisions of the German Stock Corporation Act and the German Corporate Governance Code, as amended on April 28, 2022, as well as the Rules of Procedure of the Supervisory Board on handling possible conflicts of interest in Supervisory Board activities are also followed in the process of determining, implementing, and reviewing the compensation system.

The compensation system is presented to the Annual General Meeting for approval in the event material changes are made, or otherwise no less frequently than every four years. If the Annual General Meeting does not approve the compensation system put to a vote, the compensation system must be reviewed and again presented for a resolution no later than at the following regularly scheduled Annual General Meeting. Until such a resolution on a reviewed system has been taken, the presented remuneration system shall apply.

In exceptional cases, such as a major economic crisis, the Supervisory Board can, on the recommendation of the Human Resources Committee, temporarily deviate from the components of the Board of Management's compensation system

(procedure and rules regarding the compensation structure and amounts as well as the individual compensation components), if this is in the interest of preserving the company's long-term financial health.

The present compensation system for Board of Management members is applied when current Board of Management employment contracts are renewed and when new contracts are signed.

Determining total target compensation

The Supervisory Board determines the total target compensation for the upcoming fiscal year for each Board of Management member in accordance with the compensation system. This compensation is appropriate in view of the Board of Management member's duties and takes into account Covestro's financial situation, performance, and future prospects.

The amount of compensation awarded to Board of Management members is reviewed annually for appropriateness by the Supervisory Board. The Human Resources Committee prepares a horizontal and vertical comparison for this purpose and, in the event changes are required, drafts a proposed resolution for the Supervisory Board. As a rule, the amount of the adjustment is limited to the change in the consumer price index for Germany.

The total target compensation amount can vary from Board member to Board member. For instance, a Board of Management member with a distinguished role may receive a higher compensation, although the compensation structure is uniformly applied.

Horizontal/external market comparison

The benchmark used to determine whether the total target compensation is aligned with market practice is the compensation of Board of Management members of all companies listed on the German DAX and MDAX stock indexes (not including banks and insurance companies due to limited comparability). Covestro is compared with these companies to determine, in particular, whether Covestro’s relative position within this group in terms of revenue, number of employees, and market capitalization is in line with the relative positioning of Board of Management compensation.

Vertical/internal market comparison

In determining Board of Management compensation, the Supervisory Board also takes into consideration the compensation structure within the company. This process involves comparing the Board of Management's compensation with that of the Executive Leadership Team and of Covestro's entire German workforce (employees subject to and not subject to collective bargaining agreements, including the Executive Leadership Team) over time. The Executive Leadership Team is defined as executives in the two highest compensation grades below the Board of Management.

Compensation structure and components

The Covestro Group’s compensation structure – not including fringe benefits and pension benefits – based on average total annual compensation for a Board of Management member at 100% target attainment is currently as follows:

• Fixed annual compensation:		approx. 30%
• Short-term variable compensation (STI):	100% of fixed compensation	approx. 30%
• Long-term variable compensation (LTI):	130% of fixed compensation	approx. 40%

The ratio of LTI to STI is therefore 57:43.

The compensation system allows the Supervisory Board to change the relative weighting of the components while conducting the annual review of Board of Management compensation. The stipulated bandwidth is between 25% and 31% for short-term and between 39% and 45% for long-term variable compensation, each in relation to the total of fixed compensation and variable components (at 100% target attainment). This ensures that the long-term portion always exceeds the short-term in line with the requirements of the German Stock Corporation Act and the recommendations of the GCGC. The variable component of Board of Management compensation is therefore largely focused on the long term. In this way, the total compensation can be composed and weighted to consider market standards and appropriateness and more heavily focused on long-term company performance.

The additional components of total target compensation include fringe benefits, which make up around 5% of fixed compensation in each case. The defined annual contribution to retirement pensions amounts to approximately 35% of fixed compensation.

The Supervisory Board also has the option of partly or entirely withholding variable compensation under certain circumstances or request the return of variable compensation already paid out (malus and clawback rules). The Board of Management's compensation is supplemented with appropriate and market-standard entitlements connected with the beginning and end of Board of Management service or a change in work location.

Overview of the Compensation system for Board of Management members

Compensation component	Basis for calculation/parameters	Strategic targets
Fixed annual compensation	• Fixed, contractually agreed compensation paid out in 12 monthly installments • Adjustment generally limited to change in consumer price index for Germany	The amount of fixed annual compensation is determined based on the function and responsibilities exercised and market conditions.
Fringe benefits	• Use of the company driving service • Security services • If applicable, signing bonuses (payment of missed variable compensation from the previous employer, reimbursement of moving costs)	These services are intended to ensure that Board of Management members are ready and able to work.
Short-term variable compensation: “Covestro PSP”	• Target value: currently 100% of fixed compensation • Mid-term component weighted at 50% with the following performance indicators (weighted at 1/4 each): ○ Growth (EBITDA) ○ Liquidity (FOCF) ○ Profitability (ROCE above WACC) ○ Sustainability (reduction of GHG emissions Scope 1 and Scope 2) • Annual component weighted at 50% based on the EBITDA target for the fiscal year • Payout: after one year, between 0% and 225% of the target value • Possibility of adjustment in case of unforeseen events	The same financial performance criteria that are used in managing the Group are applied to short-term variable compensation, which guarantees a direct link between the company's annual performance and this compensation component. The sustainability component supports our vision to become fully circular.
Long-term variable compensation: “Prisma”	• Target value: currently 130% of fixed compensation • Performance indicators (additive linking, current weighting in parentheses): ○ “Covestro Value Added” (70%) ○ CO_2-Factor (10%) Reduction of absolute greenhouse gas emissions (Scope 1 & Scope 2) ○ Participation factor (10%) Aggregated participation rate of all employees worldwide in the employee survey ○ RIR factor (10%): Recordable incident rate • Additional overarching payout condition designed to ensure the company's sustainable financial stability • Payout: after four years, between 0% and 250% of the target value • Possibility of adjustment in case of unforeseen events	The long-term variable compensation is geared toward the sustained, future-oriented, and continuous growth of the company's value and guarantees the implementation of Covestro's vision in operations.
Absolute cap on compensation	• The maximum total compensation (including fixed compensation, fringe benefits, variable compensation components, pension benefits) amounts to €9.0 million for the Board of Management Chair and €5.5 million for the regular Board of Management members.	Limits according to German Corporate Governance Code rules, avoidance of inappropriately large payouts
Malus and clawback clause	• The Supervisory Board is entitled to withhold variable compensation (malus) or request the return of variable compensation already paid out (clawback), either in whole or in part, in the event of serious misconduct or material misstatements in financial reporting.	Upholding our principles according to which integrity determines Covestro's actions and the company acts in compliance with the law and ethical principles without exception.
Post-employment benefits	• Defined contribution plan • Covestro contribution of up to 36% of fixed compensation over the social security contribution ceiling • Contribution by Board of Management member: max. 10% over the contribution ceiling • Instead granting of a fixed annual payment as pension substitute (Versorgungsentgelt) possible for future Board of Management members	Providing contributions for an adequate retirement pension
Contract termination	• The amount of the payments – including fringe benefits – may not exceed two years’ compensation according to the GCGC recommendation and may not compensate more than the remaining term of the employment contract • Exception: Termination for good cause • Post-contractual noncompete agreement for no more than two years	Avoidance of inappropriately large payments

Absolute caps and maximum total compensation

In order to reach a balanced risk-opportunity profile, the short-term and long-term variable compensation is structured so that the payout can fall to zero. Absolute caps are defined for both compensation components. These amount to 225% for short-term variable compensation and 250% for long-term variable compensation, each as a percentage of the individual target value.

Pursuant to Section 87a (1) sentence 2 No. 1 of the German Stock Corporation Act, the Supervisory Board has stipulated maximum total compensation for the Board of Management members. The absolute amount in euro for the maximum possible payout includes fixed compensation, fringe benefits (e.g., mobility allowance, payments toward the cost of security equipment, etc.), capped variable compensation components, and pension expenses. As a result, the maximum total compensation for a full fiscal year for the Chair of the Board of Management amounts to €9.0 million, while this amount for the regular Board of Management members is €5.5 million. In the event this maximum limit is exceeded, the payout of the long-term variable compensation is reduced accordingly (as the most recent component received).

Compensation design in detail

Non-performance-related components

The non-performance-related compensation comprises the fixed annual compensation, which reflects the responsibilities and performance of the Board of Management members, along with fringe benefits.

Fixed annual compensation

The level of the non-performance-related, fixed annual compensation for members of the Board of Management takes into account the functions and responsibilities assigned to them as well as market conditions. It is paid out in 12 monthly installments.

Fringe benefits

Fringe benefits mainly comprise a mobility allowance (for members of the Board of Management appointed before 2023), use of the company driving service, and the availability of security services. Under certain circumstances, such as a member who lives abroad or holds non-German citizenship, reasonable costs for preparation of tax returns by an external accountant can also be reimbursed. Fringe benefits are reported at cost or the amount of the pecuniary advantage gained.

Performance-related components

The performance-related compensation comprises a short-term variable component, which depends on the development of our key management indicators, and long-term variable compensation program “Prisma”, to which a sustainability component was added as of 2021. Since 2025, “Prisma” is no longer linked to the performance of the Covestro share price, but rather to the value creation of the Covestro Group.

Short-term variable compensation

For the short-term variable compensation (STI), we continue to apply the Group-wide short-term Covestro Profit Sharing Plan (Covestro PSP). The Covestro PSP is applicable to all of Covestro's employees worldwide (with a few exceptions due to stipulations in collective bargaining agreements). Currently, the members of the Board of Management participate as well in the Covestro PSP and receive their short-term variable compensation under the rules of this plan. Their target value of the short-term variable compensation is currently 100% of the fixed annual compensation.

The Covestro PSP has proven itself, is well known and understood throughout the company and is considered transparent and fair. To better respond to the extraordinarily volatile market environment of recent years, the bonus system has been expanded to include an annual component. This component is weighted at 50%, as is the previous mid-term target setting.

The financial indicators for the mid-term component will be retained in the areas of growth, liquidity and profitability, which are used as part of Covestro's management system to plan, manage, control, and report on business performance, are used as financial performance criteria. They are all regarded as equally important and therefore included in the calculation for payout of the mid-term component with the same weighting of 25% each. In line with our sustainability principle "People, Planet, Profit", since 2022 the Covestro PSP also includes a sustainability component that is equal in relevance to the three financial criteria and is therefore also included in the calculation of the payout with a weighting of 25% in the mid-term component.

Prior to the start of the fiscal year, the Supervisory Board determines the performance indicators to be used for these criteria and the specific applicable targets. Most recently, the global values for the threshold, 100% payout and the maximum

amount for each performance indicator have been defined in December 2024, which are applied for a multi-year period from 2025 to 2027. Between these values, linear interpolation is used to determine the payout. For each individual performance indicator, the payout can be between 0% (failure to meet minimum requirements) and 300%. The payout from the mid-term component is the arithmetic mean of the individual payouts for all four indicators, yet it is limited to 250%.

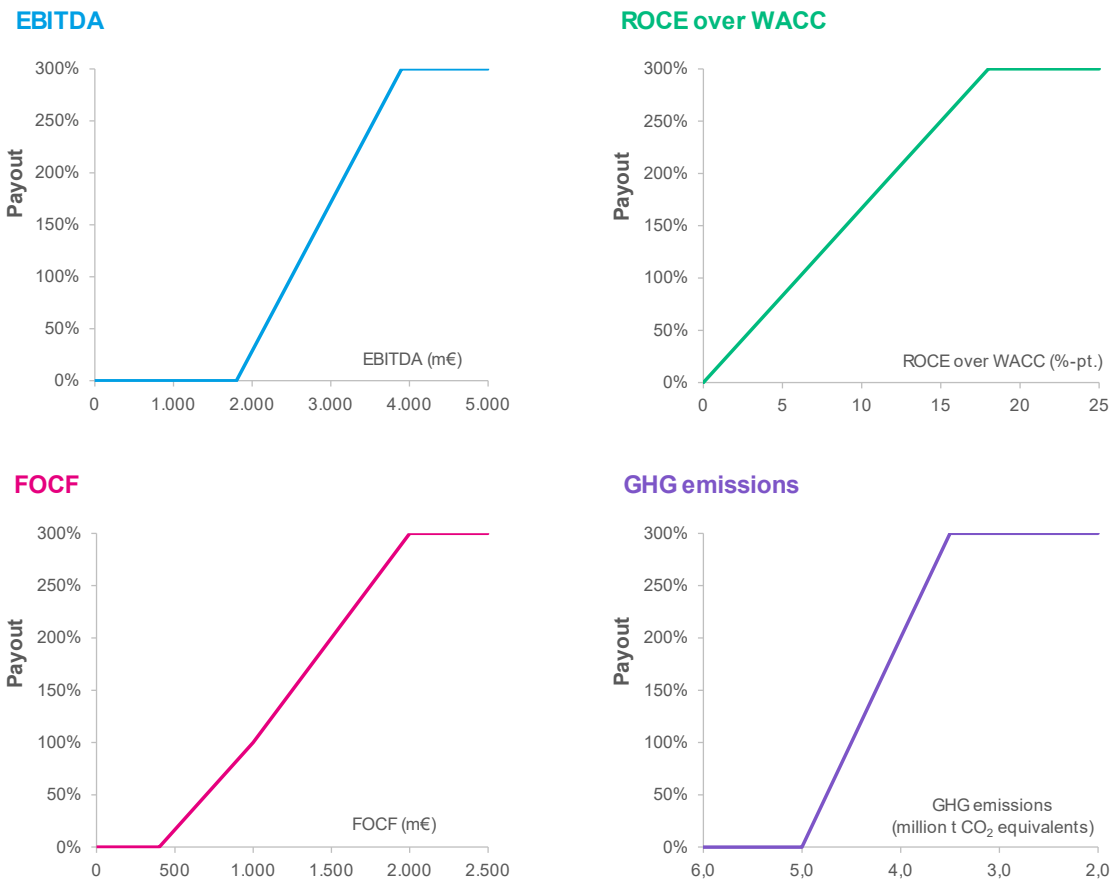
In addition to free operating cash flow (FOCF) and return on capital employed above weighted average cost of capital (ROCE above WACC), EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is used as growth indicator since fiscal 2022, as this indicator captures value creation, including consideration of pricing and cost levers. Our strategy is aimed at increasing EBITDA over the business cycle in the medium to long term. Using the medium EBITDA target of €2,500 million for the years 2025 to 2027 as a basis, the target figures for FOCF and ROCE above WACC were derived. The short-term variable compensation is directly linked to the company's financial performance via these three indicators. If the ROCE is below WACC, i.e., the indicator ROCE over WACC is negative for the fiscal year, the payout from the mid-term component is completely forfeited, regardless of the achieved values for the other indicators.

The Supervisory Board views the GHG emissions to be a relevant performance indicator to ensure the alignment of the Covestro Group's operations with the vision of fully focusing on the circular economy and driving sustainable growth. Therefore, a maximum value for GHG emissions (CO_2 equivalents) classified in Scope 1 and Scope 2 has been set for the period from 2025 to 2027. These are the emissions that are more within Covestro's direct sphere of influence. We are setting ourselves the goal of limiting them to 4.5 million metric tons per year. At this value, the payout reaches 100%.

Indicators for the mid-term component of the Covestro Profit Sharing Plan 2025–2027

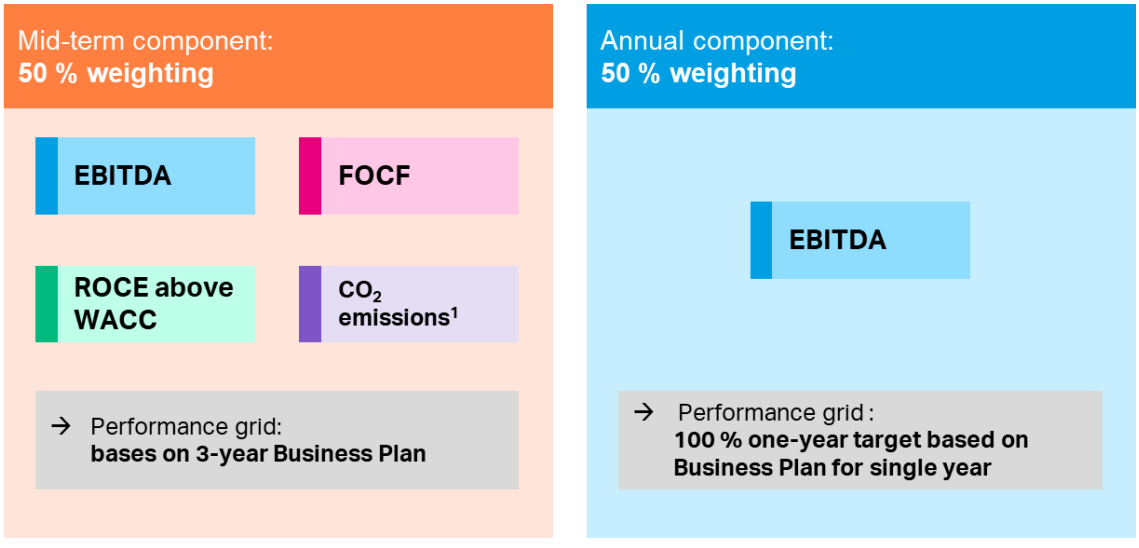
	Growth: EBITDA	Liquidity: FOCF	Profitability: ROCE above WACC	Sustainability: GHG emissions Scope 1 & 2
Threshold (0%)	€1,800 million	Cash inflow of €400 million	0% points	5.0 million tons
100% payout	€2,500 million	Cash inflow of €1,000 million	6% points	4.5 million tons
Ceiling (300%)	€3,900 million	Cash inflow of €2,000 million	18% points	4.0 million tons

Relation between payout and growth, liquidity, profitability and sustainability



The newly introduced one-year component, which also contributes 50% to the total payout, is solely aligned with the EBITDA target for the respective fiscal year. The Supervisory Board has thereby created the opportunity to better respond to short-term changes in market conditions. The values for the threshold, 100% payout, and its cap are set annually, based on the business plan for the following year (at the time of the last fiscal year forecast), i.e., adjusted to current market conditions and business prospects.

Covestro PSP 2025 – 2027



[1] Direct and indirect greenhouse gas emissions (Scope 1 and Scope 2) of environmentally relevant sites, measured in CO_2 equivalents.

The payout from the one-year component is capped at 200% of the target value. In combination with the 250% cap for the mid-term component, this results in a maximum value for the total payout from the Covestro PSP of 225%, meaning the maximum payout corresponds to 2.25 times the annual fixed compensation of the members of the Board of Management.

In case of structural changes in the Covestro Group which have a considerable impact on the overall achievement of the Covestro PSP program, the Supervisory Board reserves the right to adjust the PSP conditions appropriately at its reasonable discretion, insofar as these events have not already been taken into account when setting the target values for the KPIs. Such a structural change, which may result from major acquisitions or divestments, for example, is seen in the event of a change of the overall achievement of the PSP program of at least 5 percentage points compared to the situation without taking the event into account. In order to ensure a consistent application of the PSP program for Board Members and the employees also in this respect, any adjustment in the above-mentioned sense will be agreed between the Supervisory Board and the Board of Management.

The Supervisory Board is entitled to reduce the STI payout to below the calculated amount or resolve to eliminate it entirely to the extent that target attainment falls far short of expectations or a major incident occurs e.g. if an incident occurs at one of Covestro's plants resulting in death or a large-scale discharge of chemicals that affects the surrounding areas.

Long-term variable compensation

Since 2025, the compensation plan "Prisma" for long-term variable compensation (LTI) has been based on "Covestro Value Added" as a financial key performance indicator and a sustainability component.

It is geared toward the sustained, future-oriented, and continuous growth of the company's value and guarantees – especially since the sustainability component was introduced – implementation of Covestro's vision in operations. In this form, "Prisma" is also applied to Covestro executives. The LTI target value for the members of the Board of Management currently amounts to 130% of fixed annual compensation.

"Covestro Value Added" (CVA) is a financial performance indicator based on "Economic Value Added" (EVA). It measures whether the company achieves a return that exceeds the cost of capital. It is calculated by deducting taxes from EBIT to determine the net operating profit after taxes. The cost of capital is then subtracted, which is calculated by multiplying the average capital employed (calculated as the difference between current and non-current operating assets and non-interest-bearing liabilities) by the weighted average cost of capital (WACC).

A new "Prisma" tranche with a four-year performance period is issued for each fiscal year. At the beginning of this performance period, the Supervisory Board stipulates the performance criteria for "Covestro Value Added" and sustainability as well as the relative weighting of these two criteria.

For the period initiated at the beginning of 2026 (2026 – 2029), the payout is determined by calculating four factors:

The **CVA factor**, which is based on the "Covestro Value Added", relates our earnings to the capital employed. This ensures that long-term compensation is linked to the group's value creation and thus serves the interests of the shareholders.

Covestro aims for climate neutrality by 2035 for own emissions (Scope 1) as well as external energy sources (Scope 2). Accordingly, reducing these emissions is key to the company's vision of focusing entirely on the circular economy and on sustainable growth. Therefore, the **CO_2 factor** is based on a reduction target for GHG emissions in Scope 1 and Scope 2 relative to the base year 2020. The Supervisory Board considers the defined reduction targets as significant in relation to the company's actual emissions in these emission levels.

The average **participation factor** of all employees worldwide from the survey rounds of the employee survey that take place during the last calendar year of the performance period is used as the key performance indicator for the participation factor. The inclusion of this "Social" aspect into the sustainability component is intended to create an incentive for executives eligible for the long-term compensation program to make the employee survey a regular part of their leadership activities and to demonstrate to employees how important their feedback and criticism are to us.

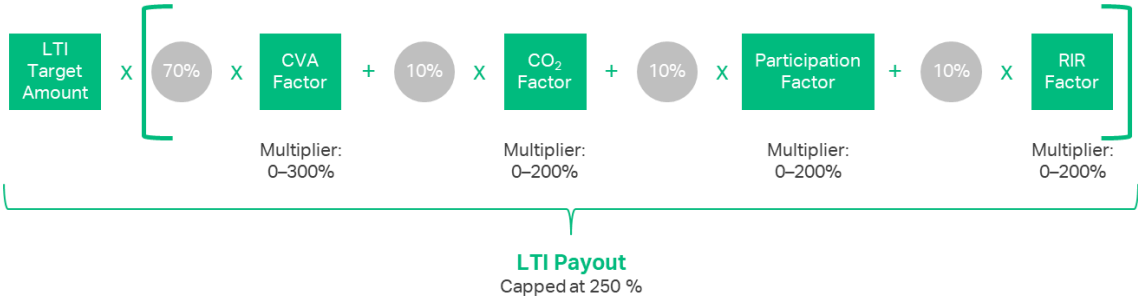
To further promote our strong safety culture, the **RIR factor**, as an additional key performance indicator from the "Social" area, uses the global recordable incident rate (RIR), as a measurement basis. The target is a recordable incident rate of 0.27

in the last year of the performance period, based on the working hours of all employees and contractor employees of the Covestro Group worldwide.

The Supervisory Board sets ambitious minimum, target and maximum values annually for each component.

In order to calculate the total payout for the cycle beginning in fiscal 2026, the LTI target amount is multiplied by the sum of the CVA-factor weighted at 70% and the three sustainability factors each weighted at 10%. The total payout is capped at a maximum of 250% of the target amount. Thus, the maximum payout is 325% of the fixed annual compensation.

Components of the long-term incentive compensation



As an additional payout condition for the tranches launched from 2026 onwards, net financial debt (adjusted for dividend payments) by the end of a tranche does not rise above the level at the beginning of the respective tranche. This payout condition is adjusted for extraordinary effects from projects and transactions decided by the Supervisory Board or Investment Committee. These include in particular strategic investment projects, acquisitions, divestitures, joint venture formations, and other extraordinary business events that cannot be attributed to operational business development.

This adjustment strengthens the link between Board of Management compensation and long-term financial stability and supports sustainable corporate development.

Analogous to the option already in place for short-term variable compensation to adjust it in response to unforeseeable and unplannable developments, such an option also exists for long-term variable compensation. This is intended, for example, to prevent "windfall profits" in the form of excessive payments in the event of a decline in production. It also allows a correction to be made for acquisitions with a significant contribution to GHG emissions, thus preventing the assessment of strategically important investment decisions from being impaired by their possible impact on long-term compensation. In case of significant structural changes in the Covestro Group, regulatory changes or unforeseeable economic developments (“events”) which, considered in each case individually, have a considerable impact on the overall achievement of the LTI program, the Supervisory Board therefore reserves the right to adjust the LTI payout percentage appropriately at its reasonable discretion, insofar as these events have not already been taken into account when setting the target value for the emission reduction KPI. Such individual changes or developments are deemed to be considerable in the event of a change of the overall payout of the LTI program of at least 5 percentage points compared to the situation without taking the event into account.

The Supervisory Board can adjust the weighting of the factors and supplement the sustainability component with additional ESG (environmental, social, governance) criteria or replace the existing criteria with others within the framework of the existing compensation system.

Post-employment benefits

The company pension plan in place to date (defined contribution pension commitment through Rheinische Pensionskasse) will generally continue for the incumbent Chief Executive Officer.

In the course of updating the compensation system, the Supervisory Board resolved already in 2020 to redesign Covestro's pension plan for future members. They will be granted a direct commitment to a defined-contribution company pension plan comprising retirement, disability, and survivors’ benefits. For the duration of their Board of Management service,

Covestro and the Board of Management members will each contribute 3% of their fixed annual compensation up to the social security contribution ceiling to a statutory pension plan. For the portion of compensation exceeding the contribution ceiling, Covestro will provide a basic contribution of 6% and a match of up to 30%, three times the Board of Management member's own contribution of no more than 10%.

This commitment is structured as a defined contribution plan. The contributions are paid into a retirement account and are guaranteed upon occurrence of the event that triggers the benefits. If a greater return is achieved prior to that time, these are credited to the retirement account at the time the beneficiary becomes eligible for benefits.

The benefits will be paid out as a lump sum or in five or ten annual payments no earlier than when the member reaches the age of 62 and leaves Covestro. In the event of disability or death, the missed contributions up to the age of 57 will be credited to the pension account.

The Supervisory Board continues to monitor market developments and can decide within the framework of the existing compensation system to grant future Board of Management members a fixed annual payment as pension substitute instead of the pension model described here.

Special payments/bonuses

The Supervisory Board of Covestro AG is not authorized to grant any special payments for outstanding service at its discretion (“Mannesmann clause”).

Malus and clawback clause

On the basis of contractually agreed malus and clawback rules, the Supervisory Board can withhold short-term and/or long-term variable compensation or request the return of variable compensation already paid out, either in whole or in part, at its discretion in the event of serious breaches of duty or compliance violations. Moreover, this compensation can be clawed back if it was calculated and paid out erroneously based on incorrect data.

Any claims for repayment by the company and any right of the company to declare the forfeiture of LTI tranches not yet paid out exist even if the Board of Management member's term of service has ended at the time the claim for repayment is asserted or the declaration of forfeiture is made. The limitation period for these claims or the exercise of this right is three years. It shall begin at the end of the year in which the respective claim or right arose and the company became aware of the facts giving rise to the claim or right or should have become aware without gross negligence. Irrespective of their origin and the company's knowledge or grossly negligent lack of knowledge, such claims or such right shall lapse ten years from the relevant conduct of the Board of Management member. Other claims in the event of personal misconduct by a Board of Management member, particularly claims for damages under Section 93 of the German Stock Corporation Act, remain unaffected by the preceding.

Contract terms and benefits associated with ending Board of Management service

The Supervisory Board adheres to a maximum of five years for the term of employment contracts with Board of Management members. When they are first appointed, this should generally not be for more than three years.

If the term of Board of Management service is terminated early without good cause, the company fulfills its commitments up to the time the member leaves the company. In this case, payments to the Board of Management member, including fringe benefits, may not exceed two times annual compensation and may not compensate more than the remaining term of the employment contract (severance cap). Outstanding variable compensation components are paid out at the originally agreed times and conditions, i.e., they are not paid out in advance.

Post-contractual noncompete agreements

Post-contractual noncompete agreements exist with the members of the Board of Management, providing for compensatory payments to be made by the company for the duration of these agreements (maximum of two years). The compensatory payment amounts to 100% of the average fixed compensation in the 12 months preceding termination of service and is offset against any severance payment.

The company is entitled to waive the post-contractual noncompete agreement upon contract expiration. In this case, no compensatory payment would be made.

Commitments associated with starting Board of Management service or changing work location

When members of the Board of Management are initially appointed, compensatory payments may be granted for variable compensation awarded by former employers but forfeited as a result of taking a position with Covestro. The amount of such payments is limited to the payouts due from the previous employer and include a clawback clause in the event of early contract termination.

If the appointment of a member to the Board of Management or change in work location on the initiative of the company requires a change of residence, moving costs are reimbursed up to an appropriate maximum amount determined in each contract individually.

Supervisory Board compensation

If Board of Management members hold Supervisory Board positions within the Group, the compensation for this activity is offset against fixed compensation.

They are only permitted to take external positions on other companies' Supervisory Boards with the prior consent of Covestro's Supervisory Board. In this case, the Supervisory Board decides at its discretion in each individual case whether and to what extent the compensation will be offset. A particular consideration is the extent to which the position is in the interest of the company or that of the Board of Management member.

Other information

The company holds insurance policies structured as group plans with coverage for accidents (including disability and death coverage) and for travel luggage as well as directors and officers (D&O) insurance for members of the governing bodies of the Covestro Group. In accordance with the current requirements of the German Stock Corporation Act, members of the Board of Management are subject to paying a deductible of 10% per claim. Within a fiscal year, this amount may not exceed 1.5 times the fixed annual compensation.

The company does not grant Board of Management members any loans or advances.