

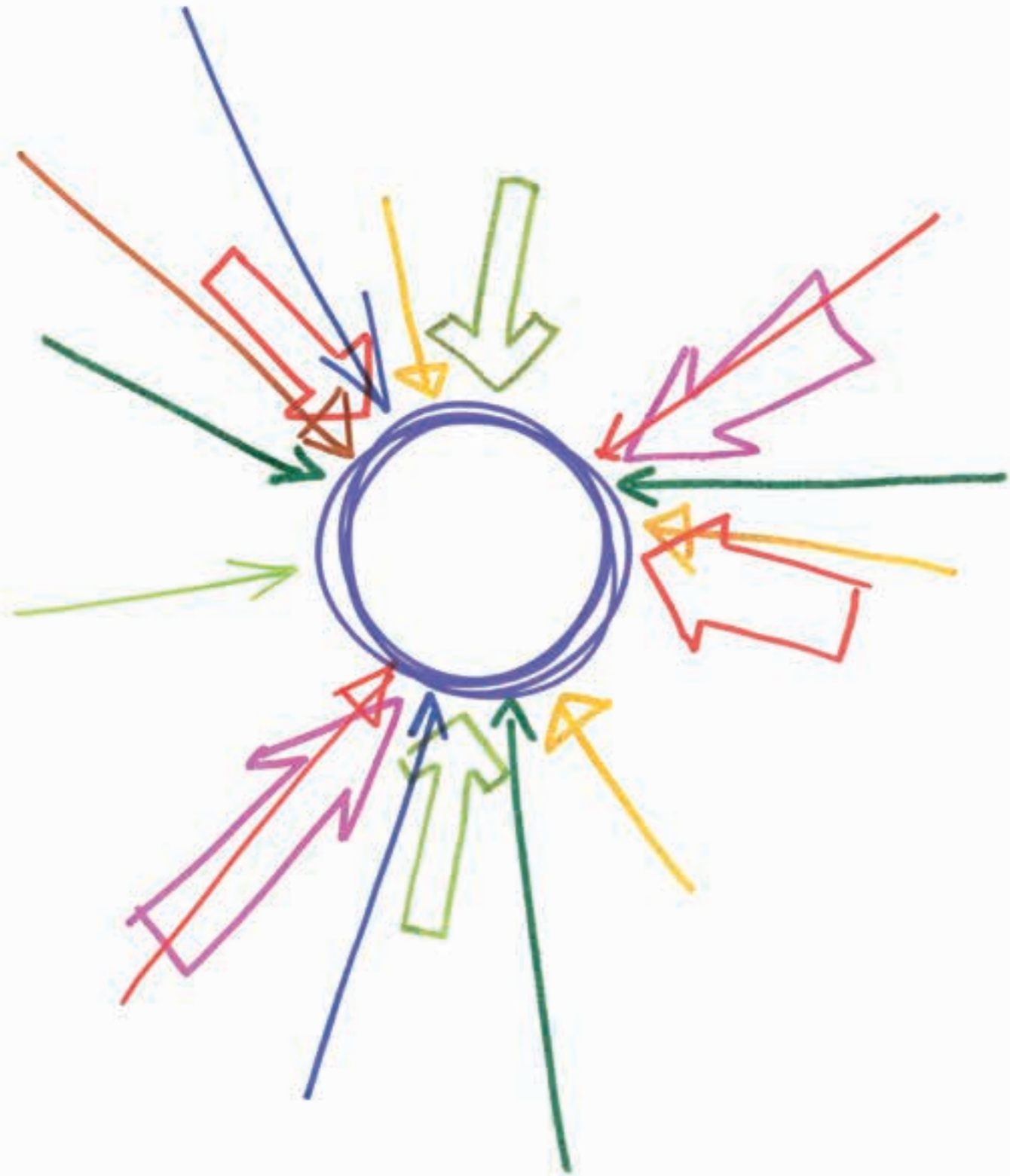


CURIOUS
COURAGEOUS
COLORFUL

Our guide for pushing boundaries.



covestro





**Our guide for
pushing boundaries.**

Why does Covestro exist?

The answer is simple and straight forward. We exist to make the world a brighter place – a place that is marked by smarter and more sustainable solutions.

How do we do this?

At Covestro, we have three essential values that characterize us: we are curious, courageous and colorful.

It is this unique mindset that enables us to push the boundaries of what is possible. It is about striving for the better, going the extra mile and challenging the technological and operational limits, day by day.

What are we doing?

As a world-leading polymer and material science company, we inspire innovation and drive growth through profitable products and technologies that benefit society and reduce the impact on the environment.

Who does all this?

It's our people! And the way we are working together as one global team along a set of six elementary principles – value creation, sustainability, innovation, focus on people, safety and fair play. This is our formula for success.

Our Policies

Our six essential principles that guide how we think and act.

People

Value Creation

Our Values

We are curious, we are courageous and we are colorful.

Our Mission

Inspire innovation and drive growth through profitable products and technologies that benefit society and reduce the impact on the environment.

Sustainability

Innovation

Our Purpose

To make the world a brighter place.

HSEQ

Compliance

What is the soul and character of a company?

To us, this is our company's values, defined as the "C³": we are curious, we are courageous and we are colorful.

Our values make us different, explain how we do things and give our brand its unique character. But there is even more: because of these unique values, we have set ourselves a bold goal – a reason that guides us. Within our area of expertise and competence, in the polymer industry, we strive to "making the world a brighter place".

This is our purpose and it addresses the most fundamental question: why do we exist? It is our Covestro DNA, beyond the borders of organizational units, functions or job responsibilities. It is the foundation on which we can build our thinking, actions and the company itself.

Our purpose unites us, guides and concentrates our efforts and energy. It makes us unique versus all our competitors. It is a mind-set that cannot be copied.

For us, a brighter place is not just somewhere that is better and more worth living. It is also a place that is marked by smarter and more sustainable solutions. This is always about pushing the boundaries of what is possible. It is about striving for the better, going the extra mile and challenging the status quo, day by day. This really is the DNA of Covestro.

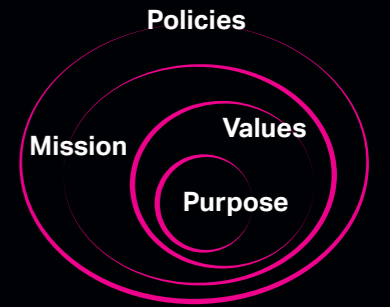
In order to be able to live up to our purpose and mission, we are focusing on six essential principles – our policies – that are defined in this book.

The first policy is value creation. Who are we creating this value for? We create it for our customers, the wider communities we operate in, our employees and our investors. And how do we do this? There is a simple answer to this question: In our world, there are two core drivers of value creation: innovation and sustainability. In focusing strongly on these two principles, we are developing solutions that push the boundaries of what is possible in a whole range of application areas: Making cars lighter and more fuel-efficient, achieving energy savings and CO₂ reduction with superior insulations, or enhancing efficiency, durability and beauty with coatings and adhesives. We continuously improve the manufacturing of the required products to fulfill our increasing sustainability standards.

However, this only works if we focus on people, if our employees make Covestro's mission their own mission and if they are working in an environment that allows for this performance. We think of all our employees as innovators. They are our most precious resource that needs to be well taken care of and protected. Therefore, safety is paramount. We strive for zero incidents and all our entities have implemented the same high HSEQ standards. In addition, compliance and fair play are non-negotiable principles that our entire organization is committed to.

On the following pages, we will further explain our values and policies. We hope you are joining us on our mission.

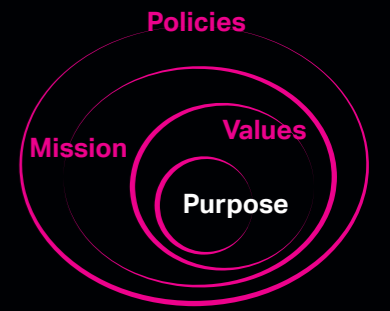
Welcome to the world of Covestro!



**"We're proud of where we came from
and excited about our bright future."**

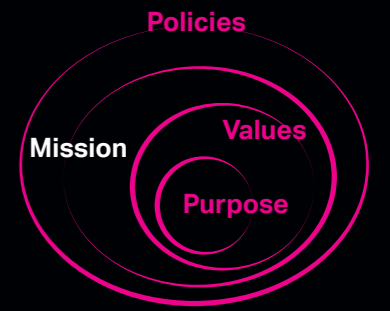
The Board of Management





Our Purpose:

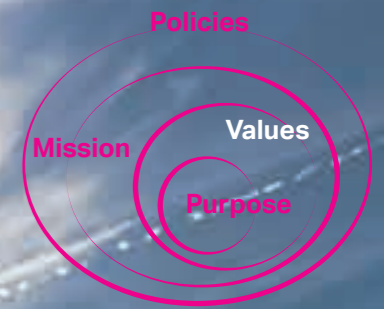
**TO MAKE
THE WORLD
A BRIGHTER
PLACE.**



OUR MISSION:

We inspire innovation and drive growth through profitable products and technologies that benefit society and reduce the impact on the environment.



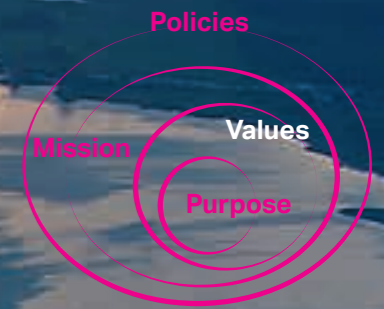


We are proud of our past, but we are not defined by it. We are never comfortable with the status quo or with how we have always done things. Our curiosity drives us to listen to our customers and suppliers and respond with creative and unexpected solutions.

We are responsive to what is happening around us and believe that speed and flexibility will give us an advantage over our competitors. We are open to new ideas and hungry for progress.

Curiosity is the engine that drives us.

CURIOUS



COURAGEOUS

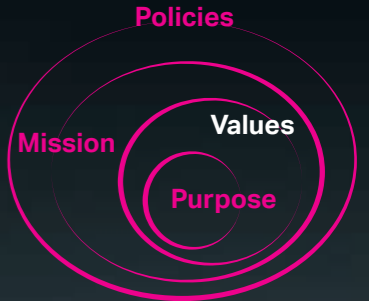
We look towards the future and see opportunities where others see limitations. Where others ask "why?", we reply "why not?". Our courage permeates our entire business – from partnerships to business models.

We stand on a foundation of knowledge and experience that allows us to act courageously and push the boundaries of innovation.

**We have courage and integrity:
we do what is right, not just what is
convenient.**



COLORFUL

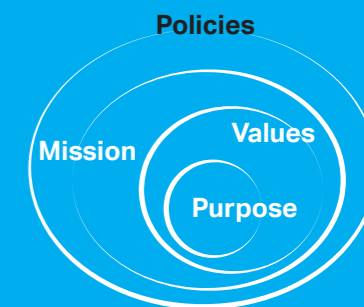


In a corporate world that can often be dull and uninspiring, we are colorful. We are optimistic and resourceful and use every color in our palette to create solutions that inspire our customers and partners.

We believe diversity drives creativity and multiple viewpoints allow us to solve problems in innovative ways.

We value strong customer, supplier and employee relationships and believe that humanity helps us to create a rainbow of opportunities.





Value Creation

Value creation is the primary objective of Covestro. We take raw materials, equipment, know-how, ideas and financial capital and transform them into solutions that create value for customers, society and the environment, employees and investors.

We believe that value can only be generated in the long run when all stakeholder groups are considered holistically and not in isolation.

Customers

Creating and consistently delivering customer value is the foundation to selling our products and solutions and to generating income. Our offerings are needed to provide benefits to our direct customers as well as to consumers and users along the value chain – for example in terms of superior properties, environmental performance, usability or economics.

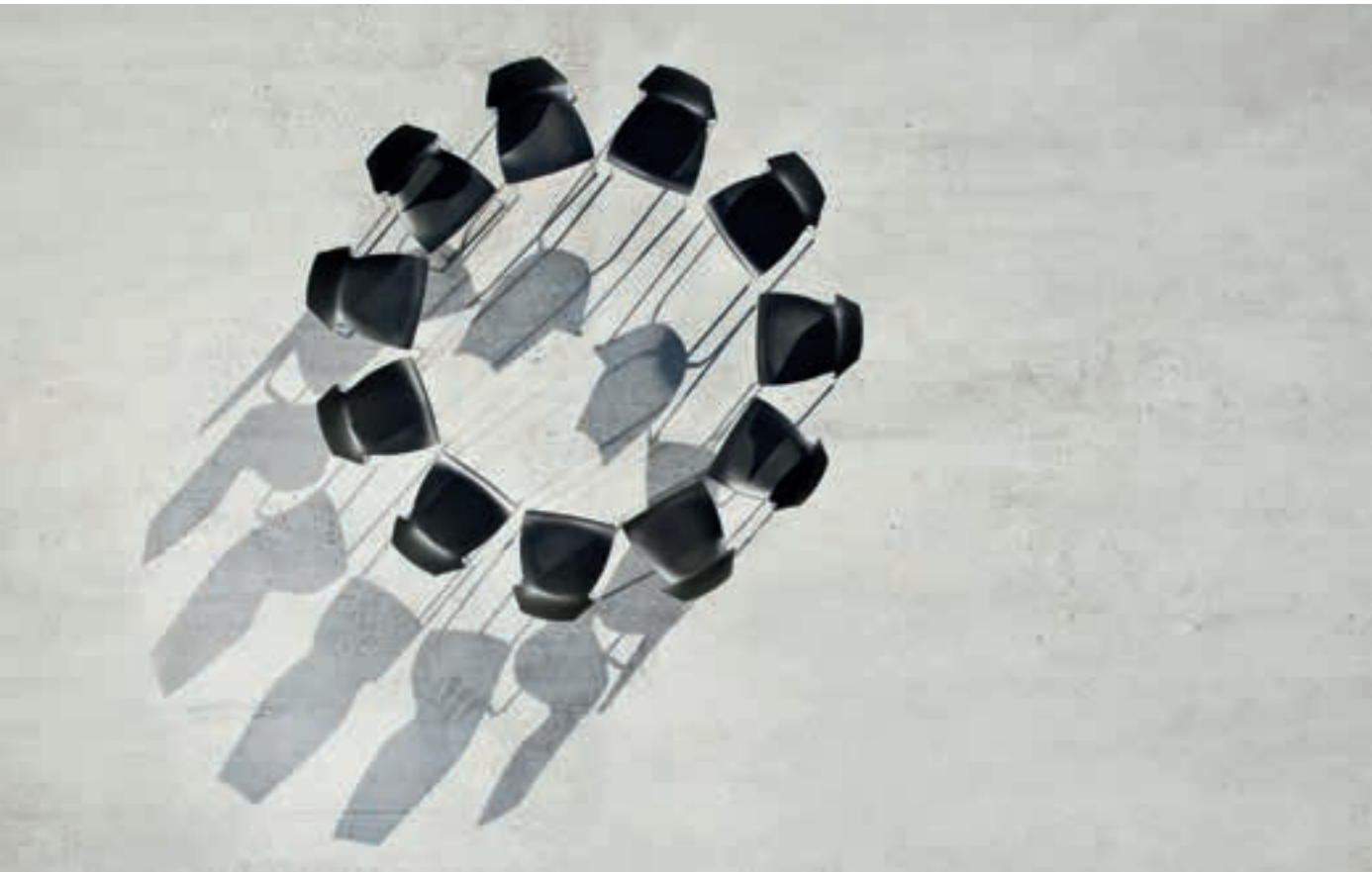
We choose market areas where we can best employ our capabilities to create customer value and where we are well positioned to capture a fair share of that value. In close collaboration with our customers, we constantly develop better solutions that address customer needs today and in the future.



Society and the environment

Through our offerings in important areas such as construction, transportation, electronics and furniture we help to meet today's social and environmental challenges and satisfy fundamental human needs. In addressing these challenges we focus on improving resource efficiency throughout the lifecycle of our products and aiming to maximize value creation for each unit of resource invested. This covers everything from procurement, manufacturing, use phase to value extraction and safe disposal at the end-of-life of our products.

We develop and commercialize additional business models and offerings that are affordable and value-creating for consumers in underserved markets.



Employees

A strong engagement of our highly skilled employees is a key requirement for our value creation. We offer good working conditions and keep our people safe, healthy and motivated.

We offer them the opportunity to work on solutions for society's biggest challenges, an inspiring work environment, a culture of professional development and personal growth, and competitive compensation and benefits.

Investors

Access to capital is vital for a company to function and grow. We create value for our investors by investing their capital to generate cash flows at rates of return exceeding the cost of that capital. Profitable growth at attractive rates of return drives financial value creation.

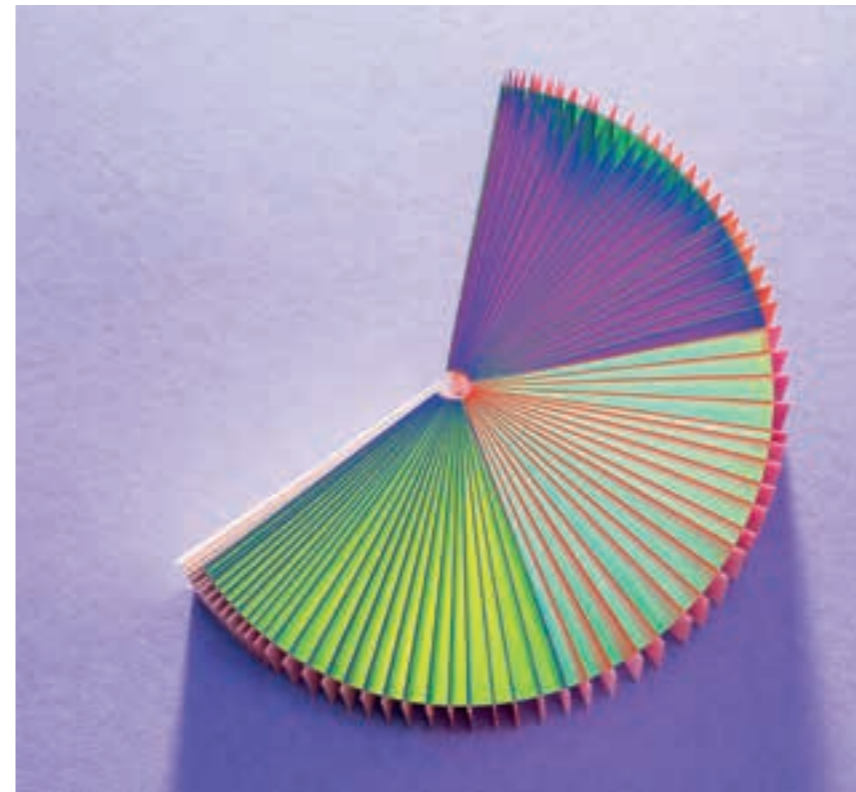
We aim to pay a fair share of profits to our shareholders. We consider the overall risks and costs in relation to the targeted achievement in decision-making and resource allocation processes, from operational expenses to potential large capital investments and acquisitions.

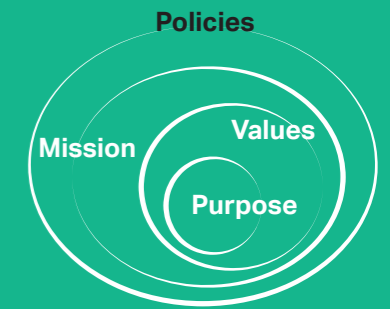
With a balanced perspective on short-term and long-term goals, we use three equally important financial parameters:

- Core volume growth – change from the prior year in externally sold volumes of core products in the Polyurethanes, Polycarbonates and Coatings, Adhesives, Specialties segments
- Free Operating Cash Flow – operating cash flow less cash outflows for property, plant, equipment and intangible assets
- Return on Capital Employed – ratio of adjusted earnings after taxes to the capital employed

These key performance indicators by which we steer our company are accompanied by a set of non-financial goals. Both parameters are permanently monitored so we can understand the levels we are achieving and the progress we are making, as well as the benefits we are offering to our investors. We also evaluate these results to decide what actions we need to take in these areas.

Across all stakeholder groups, we recognize the common interests that drive value creation. We seek open dialogue with these groups to understand their expectations. Their feedback helps us act and use our resources as best as possible.





Sustainability

We have carefully developed our sustainability strategy in order to benefit customers, society and the environment – according to our purpose “To make the world a brighter place”. In doing this we are committed to achieving the economic, environmental and social responsibility objectives of Sustainable Development.

This is a globally accepted approach to sustaining economic growth without harming our planet or exhausting its resources while improving the quality of life for its current and future inhabitants.

Doing business more sustainably reflects our purpose “To make the world a brighter place”.



We believe in the principle of the “three Ps”: “People, Planet and Profit”.

We strive to maximize both economic, environmental and societal value. Our decisions and activities must take account of the “three Ps” with impact on at least two of them needing to be positive and at the same time not harming any one of them.



We always consider the product life cycle in its entirety,

including raw materials production, downstream operations, use of our products and the end-of-life phase. Sustainability is integrated into all our activities and we seek to enhance our sustainability contribution in all areas. From research and development – including joint projects with customers and other external parties – to procurement, to production and sales.

We are committed to finding ways of contributing towards reaching the United Nations Sustainable Development Goals (SDGs).

Here we focus on areas where we have the biggest impact. We periodically review and update identified material issues. In doing so, we incorporate external views and based on this input, we update our non-financial targets, as well as our activities and programs.

Fundamental non-financial targets are set at the corporate level and our performance against them is tracked and reported regularly, based on suitable key performance indicators (KPIs). Every employee is asked to contribute to these goals in their area of responsibility. We report on performance and progress at least annually according to a recognized international reporting standard.



We develop and foster collaborations with external partners

to help us achieve our company purpose and business objectives, and align these with societal expectations. Covestro is also committed to contributing to the needs of society and the pursuit of the UN SDGs beyond its core business practices.

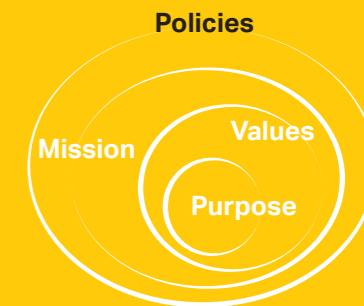
For this, we engage in voluntary donations and public partnerships. All donations are monitored and steered at the corporate level, and approval processes are set out in our formal company directives.



We set high standards that are applicable globally.

We are committed to the goals and provisions set out in the United Nations Global Compact (UNGC) and have signed the UNGC Charter. The principles of this charter are binding for all our employees, wherever in the world they are. We are committed to fostering the same high level of commitment to sustainability that we apply when engaging with our business partners. To this end, we maintain a Supplier Code of Conduct that is mandatory for all our suppliers, irrespective of where their headquarters or operations are based.

These principles drive our innovation and support the realization of our business strategy.

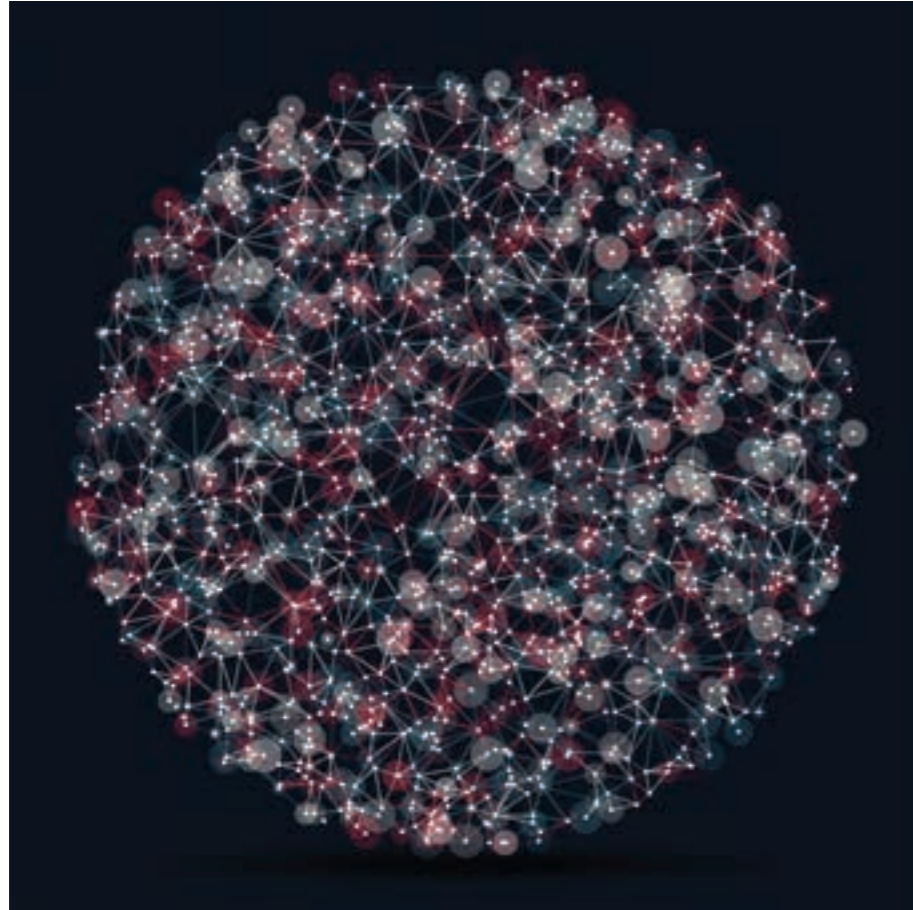


Innovation

Innovation is needed to address the challenges of a changing world. We innovate to respond to these challenges and to have a sustainable, value creating business that enables us to live up to our purpose "To make the world a brighter place".

Innovation is a key factor for value creation. This value can be growth, margin, or a benefit for society or the environment and ideally some combination of all of these.





Innovation at Covestro is driven by sustainability.

Innovation creates positive sustainable impact in our own production but the main impact is through our materials in their use phase. We aim to develop new products and application solutions which are more lightweight or have a longer durability and thereby are more energy or resource efficient. We want to reduce carbon emissions in our own production and along the value chain, reduce dependency on fossil fuels, and increase overall resource efficiency. Life cycle analysis helps to assess the sustainability performance of product- and process-centric innovation and is an integral part of our stage-gate process.

Innovation at Covestro is relevant for all of us.

We distinguish four types of innovation based on the sphere of application: product- and process-centric (R&D-based) innovation, market-centric innovation, functional innovation (focused on internal processes) and model-centric innovation. All of these are equally important.

We pursue all types of innovations and encourage the development of ideas. We innovate everywhere in our organization. A Covestro-wide ideas management platform and community is used to foster ideas and idea development and acceleration in all types of innovation for every employee.

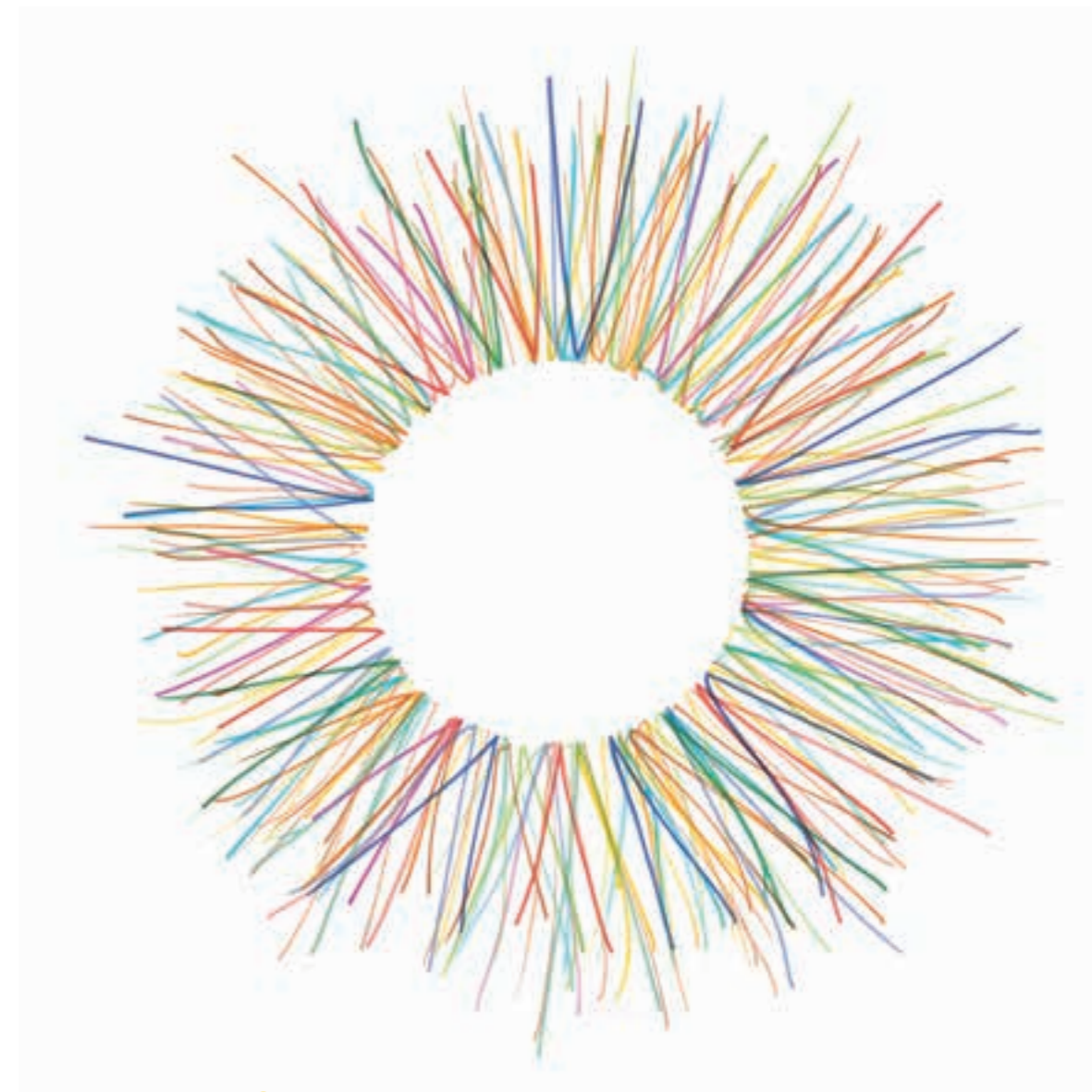
The degree of innovation can vary from incremental to disruptive and is not decisive for something new to be defined an innovation. However, value must be created, captured and delivered.



We nurture an innovation culture built around people.

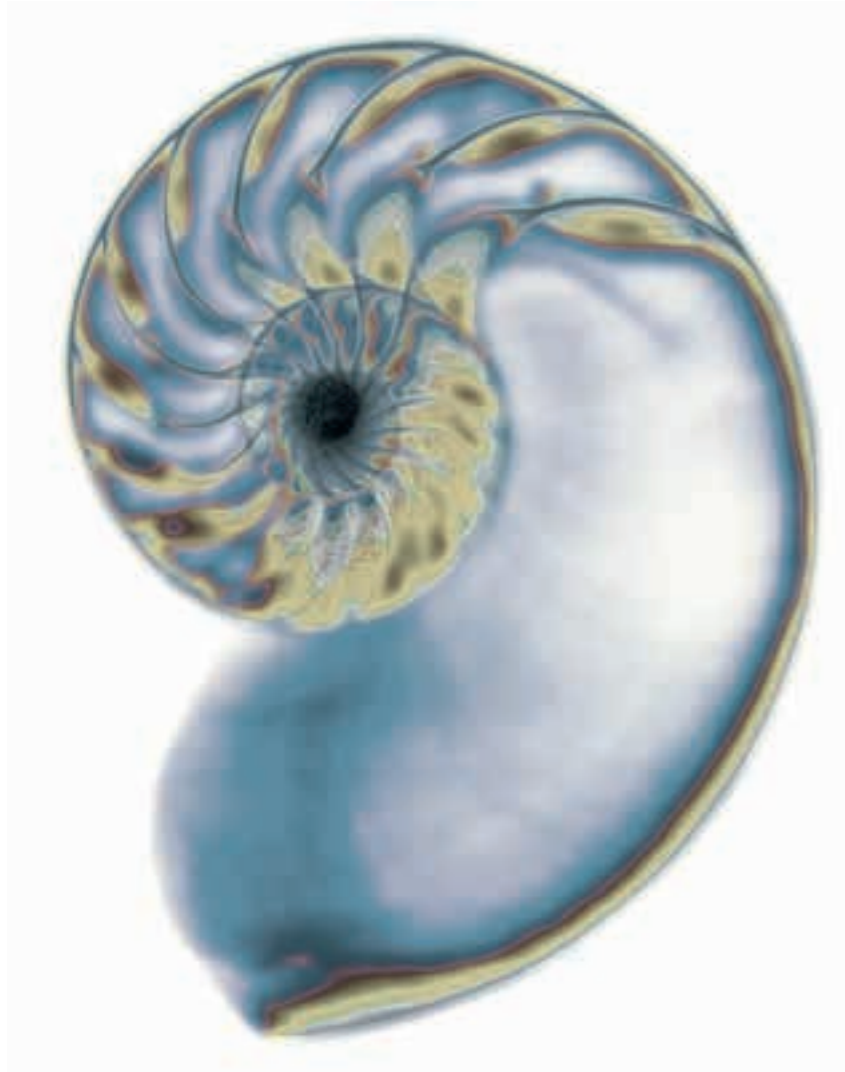
Innovation flourishes based on ideas as well as the freedom and resource to develop these ideas. In this way, innovation comes from our people, who network, communicate, share knowledge, exchange, work in cross-functional teams, and build and develop ideas inside and outside of the company. We strongly encourage all our people to create and develop ideas for all four types of innovation and invest time to innovate. We support a “fast and furious” innovation culture through community events.

Innovators are encouraged and recognized through innovation awards. We support experimentation; we tolerate failure and learn from mistakes. We recognize that taking calculated risks are prerequisites for innovations and we encourage everyone to speak up, if in doubt. We embrace every perspective, sharing and connecting to develop the most creative and unexpected solutions. And we make every effort to protect, capture and deliver the value from the innovations we have created.



We believe in Open Innovation

and encourage working with external parties at all stages of the innovation process, from ideas to implementation and with regard to all four types of innovation. This not only enables us to come up with new and unexpected solutions from making new connections, it also reduces our time to market by leveraging complementary skills.



We protect and leverage our Intellectual Property,

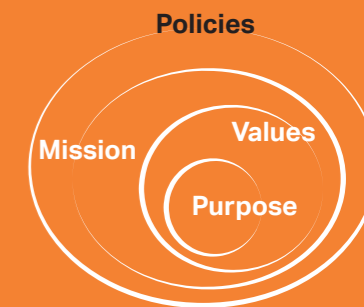
so we can maximize the value from our innovation efforts. This entails building an IP portfolio that protects and enhances competitive market positions. We also leverage the IP portfolio to enable collaboration and licensing opportunities to accelerate market acceptance of new products, technologies and applications, as well to provide freedom to operate. We respect IP rights of our business partners and third parties.

We drive transparency and manage and steer innovation

on group level – for example by community councils and other working groups. Functional innovation and specific product and process research and development is mainly driven and governed within the respective business or functional units.

In a nutshell: Innovation is an imperative for Covestro. It is a key responsibility of every employee – in all functions, all regions and at all levels.





People

Our success is the result of the strong engagement of our employees. We believe in our people to deliver on the Covestro mission and purpose: Inspire innovation and drive growth through profitable products and technologies that benefit society and reduce the impact on the environment to make the world a brighter place. This is the foundation on which we can solidly build our values, actions and the company itself.



We have a unique set of values: curious, courageous, colorful – our C³ values.

They shape our company culture and allow every person to contribute in a successful way beyond borders, segments, functions and job responsibilities. Our values are also the basis for our core and leadership competencies that serve as a compass for developing our people.

We aim to attract and retain the best talent available.

To do this we build a strong employer brand to find the right people at the right time. Keeping the right people requires a working environment and conditions that enable and motivate them to develop their full potential.

Offering good working conditions and keeping our people safe, healthy and engaged is our top priority. We comply with all relevant people legislation, policies, procedures, agreements and follow the principles and rights set out in the ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 by the International Labour Organization.

We also expect our suppliers to protect the human rights of their employees and to treat them with dignity and respect.



We foster a high-performance culture.

We believe that we can realize our ambition to become an even stronger and leading materials company if our managers and employees bring to life a sustainably strong performance culture within lean corporate processes. A culture which is characterized by an agile mind-set, effective communication, transparent and timely information, constructive challenging and open feedback. To achieve this, continuous performance dialogues and candid feedback in both directions are essential – to the employee as well as to the manager.



We value diversity and promote an inclusive work environment.

We promote an inclusive environment that welcomes diverse characteristics and where all employees are treated with respect. A colorful variety of backgrounds and competencies fosters unconventional thinking, creative ideas and greater openness. We also expect our employees to treat others accordingly – be it within or outside the company.

Given the diverse lifestyles of our employees, we offer a range of opportunities that enable them to balance professional interests with their private lives, going well beyond legal requirements in many countries.



We seek to operate with flat and flexible structures, with minimal levels of management and a broad span of supervision.

We strive to provide an organizational environment that helps speed our decision making. Our ability to live up to our values, purpose and mission is dependent on our people's ability to excel. To achieve this, it is imperative that our leaders proactively demonstrate courageous leadership – taking on full accountability and ownership. At the same time we expect them to trust their teams and give them space to grow as well as freedom to operate in their respective functions. We want our employees to demonstrate proactive collaboration independent from “technical” reporting lines, which is an important prerequisite for our future success.

We support our employees in their professional development and personal growth.

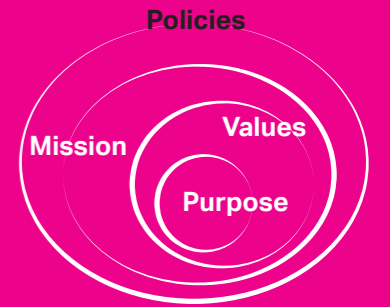
We support clear career progression to ensure that we have the right people in the right positions at the right time. We facilitate a culture of development, where employees at all levels can develop their skills and confidence, helping them identify and build on their strengths and make the most of their growth potential. We are convinced of the value of self-driven lifelong learning to maximize motivation and career success.





We recognize and compensate our employees in a transparent and competitive way.

We acknowledge achievements that reflect our goals and values in a fair and transparent way. To attract, engage and retain the best people, we combine a competitive base salary that reflects the duties of a position with performance-related compensation components and additional benefits. And we are committed to informing our employees worldwide about the overall structure of their compensation in a transparent way.

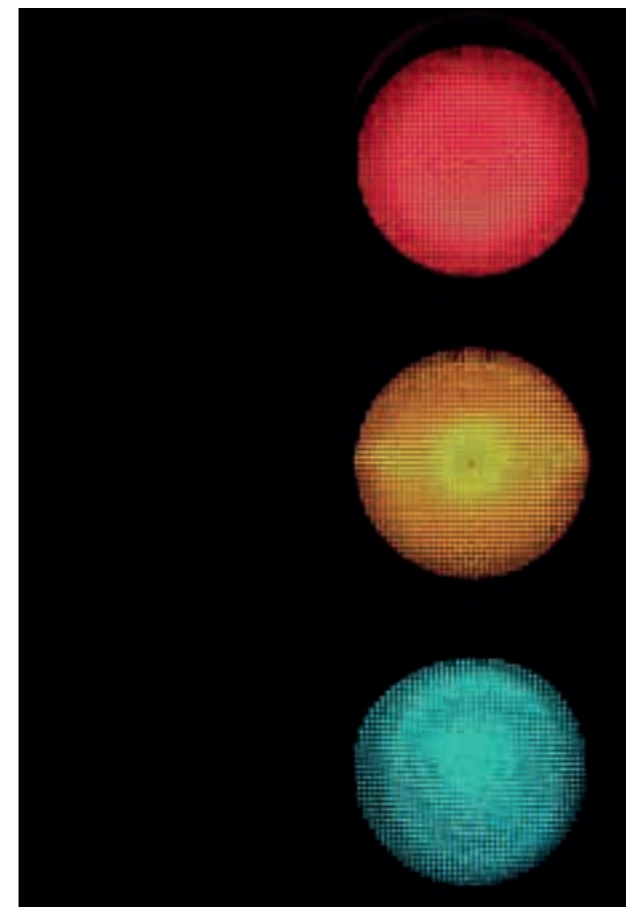


Health, Safety, Environment & Energy and Quality (HSEQ)

It is our core belief that health, safety, environmental protection and energy performance as well as product and process quality and commercial efficiency are of equal importance in achieving our corporate objectives. We are signatories to the Global Charter of Responsible Care® – a worldwide initiative of the chemical industry – as a commitment by management and all of our employees to drive continuous improvement and to achieve excellence in the HSEQ areas.

Health

We make continual progress towards the goal of no harm to health from products and operations. We continually improve the quality of the health benefits provided for employees in many countries to prevent ill health. We encourage awareness of healthy lifestyles, especially in view of the challenges facing us as a result of demographic changes and the rising retirement age in many countries.



Safety

Safety management and the continuous development of our safety culture are cornerstones of our corporate responsibility. We distinguish three main fields: personal safety, process safety and product safety.

Regarding personal safety we strive to prevent accidents and incidents in day-to-day work and on work-related travel. According to our mantra "Nothing we do is worth getting hurt for" we strive for a reduction of hazards targeting a Recordable Incident Rate (RIR) – the total number of recordable incidents per 100 full-time employees – of zero.

Process safety relates to the secure and reliable operation of our plants. It is essential to the health and well-being of our employees and neighbors, and hence to our success. We continually identify, reduce and manage process safety risks. For example by monitoring the Loss of Primary Containment (LoPC) – which means the leakage of chemicals from primary containers, such as pipelines, pumps, tanks and drums – to improve the reliability of our operations. We handle dangerous substances in a fully responsible manner to maintain the trust of society and the authorities.

Product stewardship is about design and development, production, handling, packaging, storage, transportation and the use of our products. All of this must be safe and efficient and, after proper use, our products should be available for recycling and safe for disposal.



Environment & Energy

We constantly work to lessen the environmental impact of our activities, products and services, and to develop innovative solutions that support our customers in improving their resource efficiency and reducing emissions. Resource-efficient processes in our operations help to protect the environment and at the same time cut the costs associated with materials, energy, emissions and disposal management.

Economic and environmental considerations encourage us to use resources, materials and energy conscientiously. This also includes topics such as water scarcity and the purchase of resource and energy-efficient products and services as appropriate.

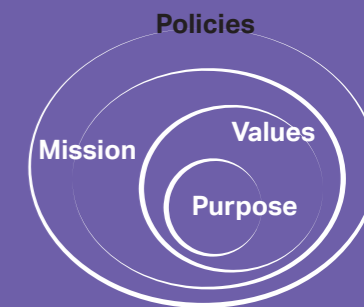
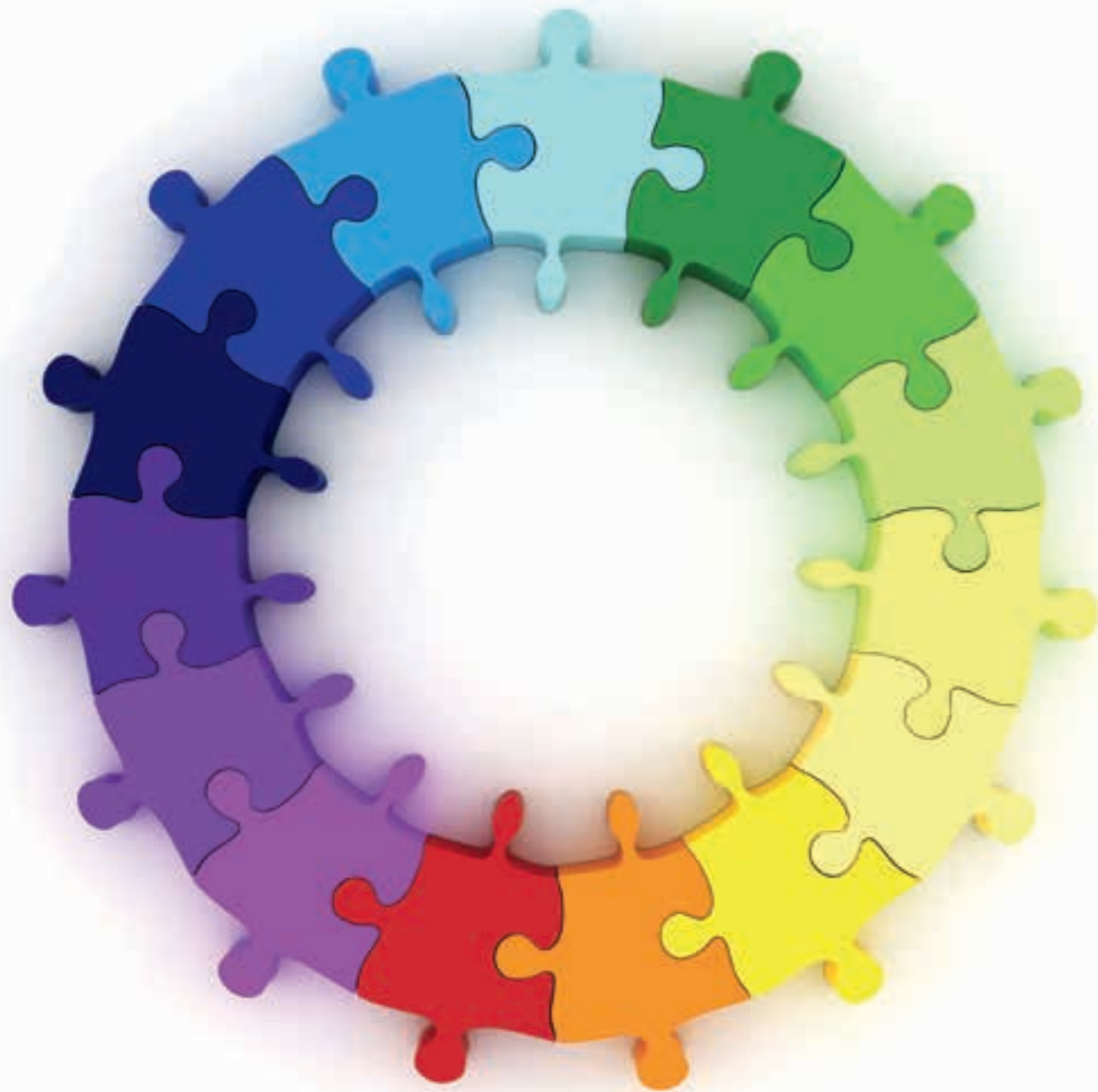
Quality

We set high standards in terms of the quality of the raw materials and their processing into high-tech materials. We strive to improve the quality of our activities and offerings to the satisfaction of our customers and stakeholders and hence to our benefit.

For the operational implementation of these commitments, we have established an Integrated Management System covering all HSEQ aspects. We have also defined rules and regulations that comply with internationally recognized standards. We are committed to continually improve our Integrated Management System through, for example, results of analysis and evaluation, open dialogue with stakeholders and the outputs from management reviews.

To this end, our objectives regarding health, occupational, process and plant safety, environment, energy and quality are expressed as specific and measurable targets on which we openly report. The achievement of these targets is supported with appropriate resources and information and the same diligence as economic goals.





Compliance

Our corporate conduct is characterized by a sense of responsibility as well as ethical principles. Covestro's reputation is a key contributor to our company's value. Our stakeholders expect us to conduct our business with integrity.

These principles provide us with the foundation on which the company as well as every single employee are to base their decisions. It defines the boundaries of our behavior as employees; we must act in compliance with laws and internal policies. Doing so protects the company and each of us.

Covestro will – without exception – forgo any business that would only be possible by violating the law or company rules. No supervisor may issue any instruction to the contrary. The principles and rules in the Corporate Compliance Policy are part of our everyday behavior and decisions, and apply to all employees around the world.

This policy does not cover every situation we may encounter, but it is our compass for acting with integrity.

We make every effort to cooperate with government authorities and agencies while at the same time protecting Covestro's interests and rights. Company information or public announcements are provided completely, correctly and in a timely way.

We compete fairly in every market.

We compete on the merits of our products and services and firmly support the existence of a free and open market. We strictly adhere to laws designed to promote and protect competition.

We act with integrity in all our business dealings.

We do not tolerate corruption and will refuse any business opportunity that involves any form of bribery.

We balance economic growth with environmental and social responsibility.

We endeavor to develop, produce and sell products in a safe and sustainable way that meets the needs of our employees, customers and society, and protects the environment.

We observe trade controls that regulate our global business.

We support national and international initiatives that aim to prevent the misuse of our goods or technologies as nuclear, biological, chemical or conventional weapons or in the spread of terrorism.

We safeguard equal opportunity in security trading.

We promote open, fair and efficient financial markets by protecting our non-public information from unintended disclosure and misuse.

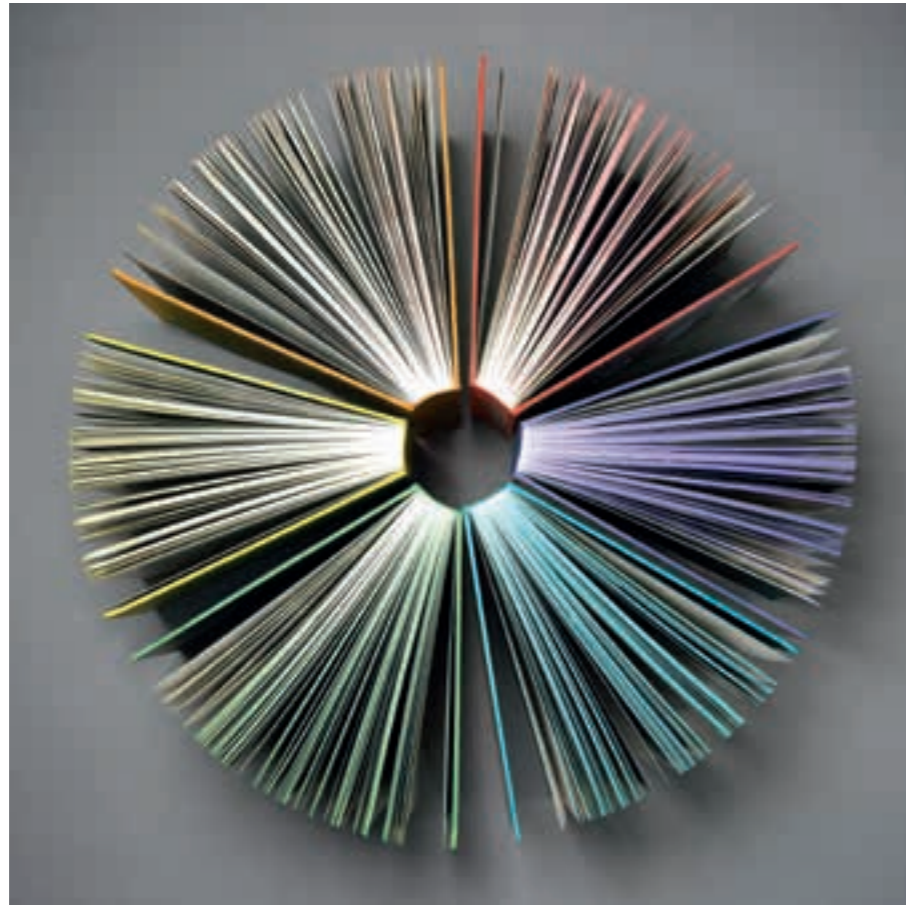


We keep accurate books and records.

We fully and accurately record our business activities and financial transactions to provide a fair and complete picture of our operations, assets and financial condition.

We treat each other with fairness and respect.

We strive to create an environment for employees to perform, innovate and develop.



We create and protect our intellectual property and respect valid and enforceable third party intellectual property rights.

It is the duty of every employee to create, protect and enhance the value of our company's intellectual property assets. We will not knowingly infringe valid and enforceable intellectual property rights of third parties and prevent unauthorized use or disclosure of third party confidential information received by us.

We act in Covestro's best interest.

We are careful to separate our own personal interests from those of the company.

We protect and secure personal data.

We strictly adhere to the laws designed to protect and secure the privacy and confidentiality of information about individuals. This includes personal, health, family, financial and similar information.

For Covestro, fair play is mandatory.

We provide information, resources and advice to prevent violations of the law or company rules. Asking questions and raising concerns helps us to maintain a strong culture of compliance. Employees can seek support in this area from a company Compliance Officer.

We have established a system to ensure proper investigation and documentation of compliance incidents and will not retaliate and do not tolerate retaliation against any employee who in good faith raises a concern.

Each of us in Covestro needs to be familiar with the Corporate Compliance Policy and understand the laws, regulations and other company policies that apply to individual job responsibilities. Only then can we put these principles into use with every decision and action we take, and prevent and address risks as they arise.



Covestro Compliance Hotline:

For reporting any suspected violation, Covestro provides a compliance phone hotline, email and web-reporting – open or anonymously.

Phone:

400 120 3148 (China)

0800 182 3246 (Germany)

1877 533 5310 (United States of America)

For additional country phone numbers please see Covestro Internet (external) and Intranet (internal).

Email:

covestrocompliance@expolink.co.uk

Web Reporting:

www.expolink.co.uk/covestrocompliance

Internet:

www.expolink.co.uk/covestrocompliance



Antwerp

Shanghai

Baytown

Dormagen

Brunsbüttel

Hong Kong

Map Ta Phut

Krefeld-Uerdingen

Pittsburgh

Leverkusen

**Let's make the
world a brighter
place. Together!**

Reference: regional headquarters and world-scale plants as of 1st January 2017.

Be Curious. Be Courageous. Be Colorful.

We mean it.

Get inspired by the stories of some of our 16,000 innovators that make the world a brighter place, day by day.

pushingboundaries.covestro.com

#PushingBoundaries



A guide for pushing boundaries.

**We want to be clear why we exist
as Covestro, how we do things and
what we want to achieve as a team
to live up to our ambition.**

**We at Covestro are here to make
the world a brighter place.**

**This requires pushing boundaries,
day by day.**

**Be Curious.
Be Courageous.
Be Colorful.**

**Get inspired at:
pushingboundaries.covestro.com**

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