GRI REPORT 2015

GRI index and supplementary sustainability information
as part of the yearly reporting
of Covestro AG

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1 About this report

Reporting principles

The Covestro Annual Report contains both financial metrics and essential non-financial indicators which demonstrate our sustainability performance. In this way, we show how environmental and societal considerations are in harmony with our long-term business success. Along with the present document, this represents our first annual sustainability reporting after the carve-out from the Bayer Group on September 1, 2015. Before that, the company was a subgroup of Bayer AG under the name of Bayer MaterialScience. Consequently reporting until now has been undertaken on a consolidated basis within the context of the Bayer Group.

We provide comprehensive and transparent information on all the issues that are material to the company and for our stakeholders. This document covers the part of our sustainability reporting which is not included in the Annual Report. The reporting period encompasses the period from January 1 to December 31, 2015 for the Group or, for Covestro AG, August 20 to December 31, 2015.

Covestro's sustainability reporting is aligned to international guidelines and recommendations, including those on the definition and selection of non-financial indicators and on reporting. Our sustainability reporting is prepared in accordance with the "Core" option of the G4 Sustainability Reporting Guidelines drawn up by the Global Reporting Initiative (GRI), following the GRI Implementation Manual. A GRI Index can be found at the end of this document.

In selecting and measuring indicators, the recommendations of the European Federation of Financial Analysts Societies (EFFAS) and the Sustainability Accounting Standards Board (SASB) for non-financial metrics were taken into account in accordance with the rules by the German Accounting Standard No. 20 (DRS 20). Our greenhouse gas emissions are recorded in line with the requirements of the Greenhouse Gas Protocol (GHG Protocol).

Data collection for non-financial metrics

Credible reporting is based on transparency and data validity. Our Group-wide performance metrics with regard to safety and environment are put together with the aid of our site information system. This covers the safety and environmental data for all fully consolidated companies in which Covestro owns at least a 50% interest. Irrespective of Covestro's exact percentage interest, the performance metrics for these companies are fully consolidated. Data on occupational injuries, transport and environmental incidents are collected at all sites worldwide. Environmentally relevant indicators are measured at all production sites.

Our human resources metrics are ascertained by means of the global SAP HR information system.

The metrics set out in the report are stated in accordance with commercial rounding principles. In individual cases this may mean that values do not add up exactly to the total given or that percentages cannot be calculated from the values presented.

External verification

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft has audited all data marked "✓" on a limited assurance basis to assess whether the reported metrics are in accordance with GRI requirements. A complete assurance of the further sustainability indicators within the present GRI Report was not carried out.

The consolidated financial statements and the combined management report of Covestro AG, Leverkusen, for the fiscal year 2015 have been audited by the external auditor in accordance with § 317 HGB.

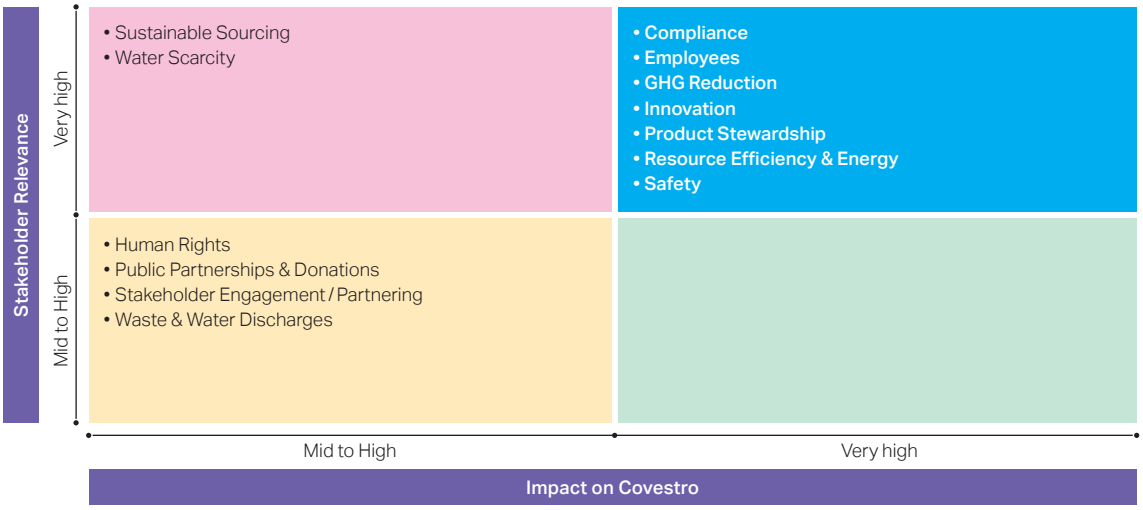
2 Additional information on integrated sustainability management

2.1 Material sustainability issues

In the year under review, following the carve-out of Covestro from the Bayer Group on September 1, 2015, we conducted the first materiality analysis specific to our company in accordance with the international G4 Sustainability Reporting Guidelines drawn up by the Global Reporting Initiative (GRI).

The relevant sustainability issues for Covestro were identified and prioritized in a Covestro-internal workshop on the basis of the 2014 materiality analysis conducted at Bayer AG. These issues were then validated in individual discussions and by our sustainability reporting steering committee before final approval by the Head of Sustainability. We involved those persons responsible from the three Group segments and the relevant functional areas (for example, safety and environment, HR, Procurement, Risk Management, Compliance, Communications and Finance).

Our material sustainability issues



The material issues were compared against Covestro's sustainability strategy and targets as well as its management indicators relevant to sustainability. We also included the material issues for opportunity and risk management in this analysis. These relate to issues such as innovation, climate protection, product stewardship, employees and procurement.

As described in the Annual Report, we also considered industry criteria from third parties such as the recommendations by the European Federation of Financial Analysts Societies (EFFAS) and the Sustainability Accounting Standards Board (SASB). We also carried out a media analysis to identify relevant sustainability issues for Covestro from the perspective of our external stakeholders. In future, we plan to obtain their feedback explicitly.

The issues identified as material are relevant to all organizational units Group-wide and represent the material issues for our stakeholders at global level. They form the basis of our reporting and are described in greater detail in the relevant sections of the Annual Report and in this document.

VERY HIGH RELEVANCE AND IMPACT

Compliance

Compliance is the basis of Covestro's entrepreneurial activities. We understand compliance as means to ensure proper conduct in business across the Group, informed by a sense of responsibility and ethical principles.

Our Corporate Compliance Policy defines the principles and rules for our conduct within the company and in relation to our external partners and the general public. The Board of Management is unequivocally committed to the company's Corporate Compliance Policy. Covestro will forgo any business that would only be possible by violating the law or company rules.

Employees

Our employees are essential to the company's business success.

Important aspects to foster the commitment of our employees encompass targeted personnel development and training as well as the competitive remuneration of

employees, among other things. The rules for this are set down in various directives.

Greenhouse gas reduction

The reduction of greenhouse gases is an important issue on the global agenda. Our measures to cut greenhouse gases help both to bring down emissions and to reduce costs.

Greenhouse gas emissions at Covestro are largely due to the generation and consumption of energy, which we are continually paring back through our energy management system STRUCTese™ (Structured Efficiency System for Energy) (see "Resource efficiency and energy"). Products and solutions from Covestro also help conserve resources and cut emissions in a number of key industries and central areas of life.

Covestro reports Group greenhouse gas emissions in line with the requirements of the Greenhouse Gas Protocol (GHG Protocol). The reduction of our greenhouse gas emissions is a component of our integrated health, safety, environmental and quality (HSEQ) management.

Innovation

Innovation is an essential pillar of our present and future business success. Around 1,000 employees work in a global research and development network that includes major innovation centers in Germany, the United States and China.

For us, innovation means both creating innovative materials and improving production and handling processes. In this way, we seek to maintain and extend our position in the global marketplace. Many product innovations address current macro trends such as climate change, the increasing scarcity of fossil resources, the growing global population, urbanization and increasing mobility.

Product stewardship

Product stewardship is of elementary importance to Covestro from both a strategic and an operational point of view. It is imperative to minimize the risks our products present to health, safety and the environment throughout their life cycle – from research and development through production, marketing and customer application to final disposal.

Among other things, we use the Globally Harmonized System to classify and label chemicals, and we have established guidelines on global product stewardship that are binding on all organizational units.

Resource efficiency & energy

Covestro's production processes require considerable amounts of energy and petrochemical raw materials. In order to cut costs and emissions we have for years sought to achieve a high level of resource and energy efficiency. Key components of our efficiency measures are the energy management system STRUCTese™ – which we have rolled out worldwide for optimal control of our plants – and the development and application of innovative technologies. Efficiency in the use of resources and energy is part of our HSEQ directive.

Safety

Safety management and continual fostering of our safety culture are an important part of our corporate responsibility.

The highest priority for Covestro is the prevention of accidents and incidents in day-to-day work, in the operation of our production facilities and on work-related travel and transportation routes. Safety is an important component of our Group-wide HSEQ measures and is anchored in directives and globally applicable core processes, among other things.

VERY HIGH RELEVANCE AND MID TO HIGH IMPACT

Sustainable sourcing

For Covestro, adherence to sustainability standards in the supply chain is an elementary factor in value creation and at the same time a key lever in minimizing risk.

Covestro expects its suppliers to respect and implement the principles of the Supplier Code of Conduct. This code is based on Covestro's sustainability principles and defines the expectations we have of our partners throughout the value chain. The code is integrated into electronic ordering systems and contracts throughout the Group as part of the process of selecting and evaluating suppliers.

Furthermore, Covestro is a member of "Together for Sustainability" (TfS), a joint initiative undertaken by the chemical industry. TfS was founded in 2011 with the purpose to develop and implement a global audit program to assess and improve sustainability practices within the supply chains of the chemical industry.

Water scarcity

Water scarcity is an important global issue and of particular significance for Covestro as a chemical company.

Besides the availability of cooling water, the continuous availability of clean water in sufficient quantities is essential for our production sites.

We strive across the Group to improve the efficiency with which we use water. We have also identified sites which, because they are located in water-scarce areas, are exposed to particular risks; these sites have started to establish water management systems with local targets. Covestro regulates the resource-friendly and responsible use of water through its HSEQ directive.

MID TO HIGH RELEVANCE AND IMPACT

Human rights

For Covestro as a global company, safeguarding and promoting human rights are a material component of our corporate responsibility. In particular, this entails promoting equality and the right to collective bargaining. In this way, Covestro creates the basis for a good relationship with staff, trade unions and employee representatives.

Covestro has set down rules for safeguarding human rights in its Human Rights Policy. In addition, on September 1, 2015, we signed the UN Global Compact, further demonstrating our commitment to safeguarding international human rights.

Public partnerships and donations

Covestro sees itself as part of society. We regard our commitment to wider society in the form of donations and partnerships not just as part of our corporate responsibility: it also helps to ensure that our company is acceptable to the public at large.

Our global activities in communities close to our sites are part of this. Covestro is and will continue to be particularly involved in the fields of education, the environment, sport, health and social needs. All donations are governed by internal directives.

Stakeholder engagement / partnering

Involving our relevant stakeholders is of great importance to us. We take account of their interests in significant decisions, in our day-to-day activities and in evaluating opportunities and risks.

Stakeholder dialog takes place at local, national and international level and aims at building long-term relationships. Partnerships help us to establish long-term relationships.

Waste and water discharges

For Covestro as a chemical company, reducing waste, undertaking expedient recycling and minimizing emissions into water are of both financial and environmental importance.

The aim of our systematic waste management is to keep both consumption of materials and disposal volumes as low as possible. Safe disposal channels with separation according to the type of waste and economically expedient recycling processes serve this purpose as well as ensuring compliance with legal requirements.

With a view to keeping emissions into wastewater to a minimum, all wastewater is strictly monitored and analyzed before it is discharged into disposal channels.

Rules for the handling of waste and wastewater at Covestro are set down and defined in various HSEQ directives.

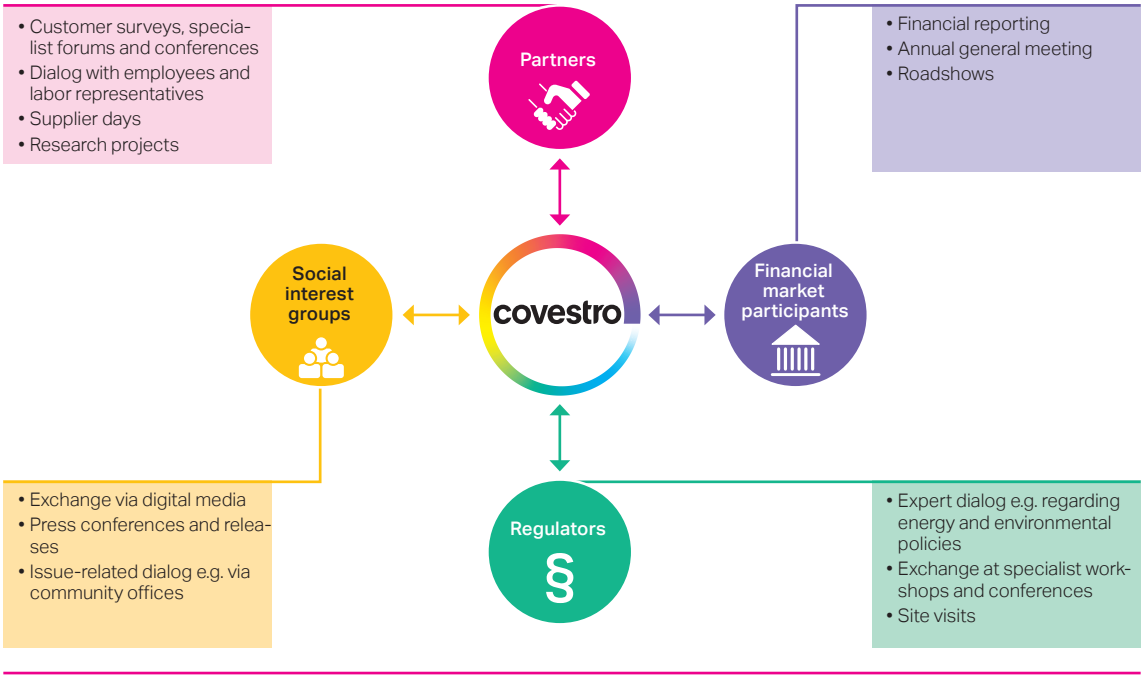
2.2 Stakeholder dialog at Covestro

We are committed to active, open and honest dialog with our stakeholders – whether in the immediate vicinity of our sites or at national or global level. Our main stakeholder groups include our partners as well as financial market participants, regulators and social interest groups. Involving these stakeholders is very important in respect of our business activities, our decision-making and our risk management.

Our risk management is implemented by way of a structured process. An early warning system is used to analyze potential opportunities and risks. It also evaluates their relevance for our external stakeholders. The issues deemed to be material are tracked in a company-wide database and are regularly reviewed throughout the year.

Our stakeholder dialog includes both communication with individual target groups and also issue-related multi-stakeholder events. The dialog formats used in day-to-day business activities range from discussions at local, national and international level through to comprehensive information programs, active involvement in committees and specialist workshops, and participation in international initiatives and collaborations.

Stakeholder dialog at Covestro



Our various departments identify and prioritize the relevant stakeholders for each given issue and decide on suitable dialog formats. In 2015, the following stakeholder dialogs were conducted:

PARTNERS

Customers

Collaborative partnerships and customer satisfaction are prerequisites for the long-term success of our company. The basis for this is close dialog in day-to-day business, conducted across the Group by sales and marketing staff. In order to evaluate how satisfied our customers are, we also conduct surveys on particular topics in our Group segments.

In the Polycarbonates (PCS) segment, once again a global market study was carried out in 2015, in conjunction with an independent consultancy, covering existing and prospective customers in all relevant sectors such as the automotive, IT and electrical and electronics industries. Over 600 interviews were conducted worldwide to establish demands and value criteria from the customer`s point of view as well as the satisfaction with the performance of PCS in comparison with competitors. Additionally, the customer`s expectations of a sustainable polycarbonates producer were inquired. The findings from this study are used to improve our performance and customer-oriented market positioning in terms of marketing and sales, innovation, product management, supply chain and communication. In addition, these results provide the basis for a review of existing sustainability approaches and measures.

In the Coatings, Adhesives and Specialties (CAS) segment, a global branding study was carried out in 2015, involving more than 650 interviews with existing and prospective customers. Among others, 335 customers in the EMEA, NAFTA and APAC regions were asked about matters including Covestro's market position in relation to the competition and relevant decision-making criteria of the customers for supplier selection. On the basis of

the results of this study, measures were derived for focused customer appeal and market positioning, and the CAS motif "Inventing for you" was developed.

Furthermore, in 2015 Covestro for the first time set out its stall as an independent company at a number of international trade fairs, including the polymer processing fair Fakuma (with a focus on mobility), the European Coatings Show and Chinacoat (CAS segment) and the medical technology trade fair Compamed (PUR segment).

Suppliers

In order to ensure the smooth running of production processes and to implement our sustainability requirements, we work closely with our suppliers and have regular exchange with them. For this purpose, we also offer a range of training and dialog formats.

An important platform for face-to-face dialog between purchasers and suppliers on the subject of sustainability is the Supplier Days held by country companies, among others. For example, in 2015 our Chinese country company in Shanghai held its own supplier event, while more than 150 supplier representatives attended two Covestro events at the annual meeting of the European Petrochemicals Association (EPCA) in Berlin.

Supplier development and dialog are also important concerns of the Together for Sustainability (TfS) initiative, which we support. In 2015, the initiative organized a supplier day in Brazil. Discussion topics included, among others, environmental protection and occupational health and safety.

Employees

The expertise and commitment of our employees are essential to Covestro's business success. We therefore keep them regularly up to date with current developments and involve them through active and focused dialog, e.g. through town hall meetings, our intranet, social media, presentations and mailings. Among others, important topics in 2015 were the initial public offering and the carve-out from the Bayer Group, linked to the renaming of the company and the publication of the new company values. Employees were also timely informed about topics such as product innovations or latest business developments.

Our company has previously conducted a detailed Employee Survey every three years. In addition, short surveys were carried out in Germany in connection with the company becoming independent. Managers and staff can exchange views at Round Tables and Lunch & Learns. Our CEO maintains a blog on our internal social media network, and thereby receives constructive feedback. The Board of Management also maintains a continuous dialog with the Works Council and trade unions.

For the materiality analysis as part of Covestro's first-time sustainability reporting as an independent company, employees in all three segments and the various functional departments were involved and asked for their views on material issues.

Associations

Covestro is an active member of a number of national and international associations. With regard to sustainability, energy and climate issues, Covestro is represented on relevant committees in associations such as the Verband der Chemischen Industrie (VCI), the International Council of Chemical Associations (ICCA), the American Chemistry Council (ACC), and the European Chemical Industry Council (CEFIC).

We are also involved in various specialist associations. Our CEO Patrick Thomas is President of the European association of plastics producers PlasticsEurope, while Board member and Chief Industrial Operations Officer Dr. Klaus Schäfer is a member of the Governing Council of the World Chlorine Council (WCC) and on the board of the Verband der Industriellen Energie- und Kraftwirtschaft (VIK).

In addition, we are active in associations with particular relevance to our sustainability issues such as the Weltenergierat Deutschland (member of the presiding committee), the Forum für Zukunftsenergien (member of the board of trustees) and the Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE; member of the innovation forum steering committee).

Science

Covestro maintains long-standing, international collaborative relationships with leading universities and public research institutions.

In China, for example, the company has a long-term collaboration with Tongji University within the context of the Covestro-Tongji Eco-Construction & Material Academy. In Germany, RWTH Aachen University and Covestro are working together in the CAT Catalytic Center in Aachen, where 25 staff members are conducting basic research in the area of catalysis (see "Partnerships & donations").

REGULATORS

Legislators, authorities, politicians and opinion leaders

In its Code of Conduct for Responsible Lobbying, Covestro has created clear and binding rules for its involvement in the political sphere. The Code is applicable across the Group and requires transparency and openness in working with representatives of political institutions. This Code stipulates that Covestro shall make no donations as a corporation to political parties, politicians, or candidates for political office. In the United States, in accordance with U.S. law, Covestro has established a political action committee in which individual, voluntary contributions of employees may be used to support political candidates.

We are in regular dialog with authorities and ministries at local, regional, national and international level. This dialog

takes the form of contributions to public consultations, involvement in specialist workshops, association activities and specific discussions with policymakers. The focus of Covestro's representation of its public policy interests in 2015 was on the areas of chemicals and energy policy, transportation and climate protection.

In addition to having an internal code, on its first day as an independent company Covestro signed up on a voluntary basis to the European transparency register (http://ec.europa.eu/transparencyregister). The purpose of the register is to record and keep a check on lobbying activities at the EU level, requiring the disclosure of various company-specific information including, for example, the interests of related activities and the number of staff involved in lobbying work at Covestro. Detailed regulations also apply to lobbying work in the United States. These include, for instance, a duty to report all political interactions, on a quarterly basis, which Covestro meets in full.

FINANCIAL MARKET PARTICIPANTS

Investors and creditors, rating agencies, analysts

Intensive dialog with the capital market is a high priority for Covestro. This dialog began with the initial public offering on October 6, 2015, and has been maintained on an ongoing basis since.

In November 2015, when we published our first independent quarterly report, we held our first investor telephone conference after flotation. This was followed in November and December 2015 by roadshows in Germany, Ireland, the UK and France, and by participation in a European chemicals conference.

Through our dialog with analysts, investors and rating agencies, we aim to contribute to achieving a fair share price and an appropriate credit rating. These efforts are focused on ensuring a comprehensive, consistent and prompt exchange of information between the company and financial market participants.

SOCIAL INTEREST GROUPS

The public, neighbors and non-governmental organizations

Our sites around the world consider the effect of their business activity on the neighborhood and society in general and take account of this in their operational and strategic decisions. This includes an active, open and honest dialog to be recognized at all sites as a reliable enterprise and attractive employer that is assuming its social responsibility.

Dialog with neighbors, the public and non-governmental organizations (NGOs) is initiated on a case-by-case basis. Among other things, Covestro is a member of the UN Global Compact and is active in econsense, the German business forum for sustainable development. We also maintain various relationships with NGOs as part of our commitment to wider society, for instance with Habitat for Humanity, which seeks to build sustainable and affordable housing.

When capital investment projects are undertaken, the neighborhood is proactively informed and involved. In the United States, dialog takes place on a location-specific basis through Community Advisory Panels (CAPs). These organize regular meetings, for example with local government or the neighborhood, in order to provide information on current issues. In Germany, dialog with the neighborhood is conducted through the Chempark neighborhood offices at the German sites of Dormagen, Krefeld-Uerdingen and Leverkusen.

With regard to moving part of the existing carbon monoxide pipeline between Dormagen and Leverkusen into a new underground pipeline beneath the Rhine, Covestro is voluntarily pursuing an intensive information policy in conjunction with the Chempark operator Currenta. For example, the approval documents have been made available for the public to inspect in Dormagen and Leverkusen and placed on a special project website. In November 2015, there was also a public information event in Leverkusen, which the providers of expert opinions were also invited to attend in person, as part of our voluntary dialog with the public. The suggestions and pointers given by visitors to this event will be factored into the ongoing planning approval procedure for the move to the underground pipeline.

Furthermore, Covestro provided information on the planned carbon monoxide pipeline between the Dormagen and Krefeld-Uerdingen sites in Germany and held discussions with nearby residents. In the course of the project, the dialog forum initiated by Covestro to discuss the carbon monoxide supply line convened on several occasions in 2015. Among other things, contingencies were drawn up together with medics and other experts to better secure the basic supply in case of any carbon monoxide incidents in the German federal state of North Rhine-Westphalia, where the sites are located.

Media

An important component of our stakeholder dialog is contact with the media. In 2015, reporting was focused in particular on Covestro's carve-out from the Bayer Group at the beginning of September and the flotation in October, followed by the first-time publication of quarterly results. Specialist information was also published on a number of occasions about product and process changes and collaborative arrangements.

The channels for our media work include press releases, press conferences, background discussions and individual interviews as well as social media channels such as LinkedIn, Twitter, Facebook and YouTube.

3 Additional information on sustainability in supplier management

By 2020, Covestro aims to evaluate all suppliers with strategic importance with regard to sustainability-relevant aspects. This is also valid for suppliers with significant procurement spend for the company that are regarded as potential high-risk suppliers from a sustainability perspective (status 2015: 67%). For this reason, we regularly monitor the adherence to the sustainability standards required by our Supplier Code of Conduct through online supplier assessments and on-site audits (see chapter "Procurement" in the management report of Covestro's Annual Report 2015).

Furthermore, Covestro monitors all suppliers with regard to so-called conflict minerals. International regulations such as the Dodd-Frank Act in the United States obligate companies to disclose the origin of certain raw materials such as tin, tungsten, tantalum ores, and gold. This shall exclude that raw materials, which serve to finance the armed conflict in the Republic of Congo or adjacent countries, get into their products via their supply chains.

Our requirements regarding conflict minerals are also part of our Supplier Code of Conduct. Covestro gathered a confirmation from all of the 158 identified suppliers that are impacted by this issue, that they do not procure potential conflict minerals. A list of affected suppliers and the validity of existing supplier confirmations are permanently monitored.

4 Additional employee metrics

As described in the Covestro Annual Report, the Human Resources (HR) strategy is derived from the overarching company strategy. The HR goals follow the corporate goals as well as Covestro's corporate values. They are defined and agreed upon between the Covestro CEO and the Head of HR. Per HR department, three to five goals are derived from this based on the individual tasks. They are agreed upon with the next level / s and documented. Monitoring, instructions and reviews, as well as potentially necessary adaptations, take place in regular meetings between superior and employee.

Key figures and aspects of our HR management are described in the Covestro Annual Report. The following metrics complement our GRI reporting with regard to employees.

Key employment metrics

Employees[1] by employment status and gender in 2015

	Women	Men	Total
Permanent employees	3,500	12,100	15,600
Temporary employees	100	100	200
Total	**3,600**	**12,200**	**15,800**

[1] The number of employees (on either permanent or temporary contracts) is stated in full-time equivalents (FTE) and rounded to the nearest hundred. Part-time employees are included on a pro-rated basis in line with their contractual working hours.

Percentage of part-time employees by gender in 2015

	Women	Men	Total
	in %	in %	in %
Total	**3.8**	**8.6**	**12.4**

Employees[1] by employee group and gender in 2015

	Women	Men	Total
Senior management	300	1,500	1,800
Junior management	900	2,300	3,200
Skilled employees	2,400	8,400	10,800
Total	**3,600**	**12,200**	**15,800**
Apprentices	50	350	400

[1] The number of employees is stated in full-time equivalents (FTE) and rounded to the nearest hundred. Part-time employees are included on a pro-rated basis in line with their contractual working hours.

Employees[1] by region and gender in 2015

	Women	Men	Total
Asia / Pacific	1,300	3,100	4,400
EMLA[2]	1,700	6,900	8,600
North America[3]	600	2,200	2,800
Total	**3,600**	**12,200**	**15,800**

[1] The number of employees (on either permanent or temporary contracts) is stated in full-time equivalents (FTE) and rounded to the nearest hundred. Part-time employees are included on a pro-rated basis in line with their contractual working hours.
[2] Europe, Middle East, Africa and Latin America.
[3] Including Mexico.

New hires[1] by age group, gender and region in 2015

	Asia Pacific	EMLA[2]	North America[3]	Total
Women	145	178	100	423
< 30 years	76	82	58	216
30 to 49 years	67	92	34	193
≥ 50 years	2	5	8	15
Men	266	407	206	879
< 30 years	160	207	112	479
30 to 49 years	102	176	73	351
≥ 50 years	4	24	21	48
Total	**411**	**586**	**306**	**1,302**

[1] Employee figures stated in full-time equivalents (FTE).
[2] Europe, Middle East, Africa and Latin America.
[3] Including Mexico.

Employee fluctuation[1] by age group, gender and region in 2015

	Asia / Pacific	EMLA[2]	North America[3]	Total[4]
	in %	in %	in %	in %
Women	10.0	7.9	10.6	9.1
< 30 years	10.9	15.8	53.0	18.9
30 to 49 years	9.2	6.6	3.3	7.2
≥ 50 years	23.3	7.2	4.8	7.4
Men	9.3	6.1	7.7	7.2
< 30 years	9.6	11.0	36.5	14.1
30 to 49 years	7.8	4.6	4.4	5.7
≥ 50 years	22.4	6.7	5.6	7.4
Total	**9.5**	**6.4**	**8.3**	**7.6**

[1] The fluctuation rate is calculated using the ratio of the number of employees stated in full-time equivalents (FTE).
[2] Europe, Middle East, Africa and Latin America.
[3] Including Mexico.
[4] Includes all employer- and employee-driven terminations, retirements and deaths.

Advancing knowledge and leadership skills

Average training hours per employee[1] in 2015

	Women	Men	Total
Senior management	24.3	20.6	21.4
Junior management	19.7	19.3	19.4
Skilled employees	34.0	33.4	33.6
Total	**26.0**	**22.8**	**23.5**

[1] Selected training activities in the 5 largest countries (>80% of employees) where distinguishable by category and gender in the system.

Diversity

Employees by employee group proportionately by gender in 2015

	Women	Men	Total
	in %	in %	in %
Senior management	2	9	11
Junior management	5	15	20
Skilled employees	15	53	68
Total	**22**	**78**	**100**
Of which Board of Management	0	100	100

Employees by employee group proportionately by age group in 2015

	< 30 years	30-49 years	≥ 50 years	Total
	in %	in %	in %	in %
Senior management	0.0	6.3	5.1	11.4
Junior management	0.6	13.3	6.3	20.3
Skilled employees	11.4	37.3	19.6	67.7
Total	**12.0**	**57.0**	**31.0**	**100.0**
Of which Board of Management	0	33	67	100

5 Additional information on selected safety aspects

5.1 Occupational health and safety

As described in the Covestro Annual Report, we record all injuries to Covestro employees and contractors requiring medical treatment that goes beyond simple first aid. With regard to employees both injuries with lost workdays and those without are recorded and are indicated by the Recordable Incident Rate (RIR). In 2015, the RIR rate increased to 0.34 injuries per 200,000 hours worked (2014: 0.30), corresponding to 51 recordable occupational injuries worldwide. This means that, in statistical terms, one recordable incident occurred for around every 588,000 hours worked.

As a consequence, the rate of recordable occupational injuries with lost workdays (LTRIR, Lost Time Recordable Incident Rate) increased for the first time in a number of years. In 2015, it stood at 0.19 (2014: 0.16).

Occupational injuries

	2014	2015
Occupational injuries with lost workdays (LTRIR)		
Of which Covestro employees ✓	0.16	0.19
Of which contractor employees[1]	0.22	0.12
Recordable occupational injuries (RIR) ✓		
Of which Covestro employees	0.30	0.34
Of which contractor employees[1]	0.36	0.20
Fatal injuries (total) ✓		
Of which Covestro employees	0	0
Of which contractor employees[1]	0	0

[1] Employees working for third parties whose accidents occurred on our company premises and under Covestro supervision; the working hours needed to calculate the injury rates for contractors were partly estimated.
✓ Audited as described by the independent assurance report on p. 31f.

The injury figures varied within individual regions.

Recordable occupational injuries (RIR) by region

	2014	2015
EMLA[1]	0.34	0.45
NAFTA[2]	0.40	0.43
APAC[3]	0.21	0.13
Total ✓	**0.30**	**0.34**

[1] Europe, Middle East, Africa and Latin America.
[2] United States, Canada and Mexico.
[3] Asia and Pacific region.
✓ Audited as described by the independent assurance report on p. 31f.

Since 2012, workplace-related illnesses have additionally been recorded separately from legally listed recognized occupational diseases and are included in the LTRIR parameter if they have been diagnosed and recognized by a medical officer. In 2015, no cases attributable to work-related factors were recorded throughout the Group.

5.2 Product safety

Animal studies are essential to assess the safety of our products, especially to humans, but also to the environment. Insofar as animal studies are required to assess our products, Covestro respects the 3Rs principle. The aim of the 3Rs principle is to Reduce the use of laboratory animals, Replace them through other methods, and Refine and improve the test procedures wherever possible.

Covestro only selects research institutes and contract research organizations that meet our animal welfare principles. Compliance with our animal welfare requirements is regularly monitored and information provided in supplier self-evaluations is verified through on-site audits. For example, this is valid with regard to registration processes within the European Union, the United States and China, which prescribe results from toxicological and ecotoxicological studies by law.

5.3 Transportation safety

With regard to transportation safety, Covestro has drawn up a seven-point plan with specific focus areas (see chapter "Safety" in the management report of Covestro's Annual Report 2015). Within the focus area "safety during unloading operations", the so-called tank farm assessment has been accepted by customers. In over 200 assessments, they have repeatedly been given valuable pointers which have improved safety at unloading stations. A global e-learning program covering dangerous goods and transportation safety has also been successfully introduced; around 500 employees have since participated successfully in the training. Following positive experiences in the area of bulk products, SQAS assessments are to be used in future when selecting service providers for packaged goods and warehousing.

5.4 Environmental and transport incidents

In 2015, Covestro recorded two environmental incidents and twelve transport incidents (see chapter "Safety" in Covestro's Annual Report). The latter stand in relation to almost 800,000 transport movements via road, rail, waterways, and air travel.

The table below provides a detailed overview on all environmental and transport incidents in 2015.

Transport incidents by means of transport ✓

	2014	2015
Road	11	11
Rail	1	1
Inland waterways	0	0
Sea	0	0
Air	0	0
Pipeline	0	0
Total	**12**	**12**

✓ Audited as described by the independent assurance report on p. 31f.

Environmental and transport incidents 2015 ✓

	Environment	Transport	Personal injury
Illinois, United States, January 15, 2015 7,600 liters of 36% hydrochloric acid were released from a leaking tank truck on a truck parking lot. The acid ran into a wastewater pipe. There were neither injuries nor dangers.		X	No
Hubli, India, January 18, 2015 During a truck transportation accident, approximately 1,200 kg of the hazardous polyisocyanate leaked from the vehicle. Technical personnel ensured professional handling and disposal.		X	No
California, United States, February 7, 2015 A tank truck was unintentionally overfilled during loading. As a consequence, approximately 1,150 liters of TDI leaked into the collection basin of the filling station. There were neither injuries nor dangers.		X	No
Ward Creek, United States, May 31, 15 During an accident, an overturned tractor-trailer lost 1,500 liters of MDI, which leaked onto the road and the surrounding area. This accident was also classified as an environmental incident. The product was professionally disposed of. There were no injured persons.	X	X	No
Helsinki, Finland, June 4, 2015 During a vehicle transportation accident on the premises of the postal service, one Intermediate Bulk Container (IBC) was damaged. This led to the leakage of an unquantified volume (maximum filling volume of the IBC 1,000 kg) of the product Bayhydrol®. 24 persons were endangered. Of these, 12 were examined at a hospital as a precautionary measure and released on the same day. The product was professionally absorbed and disposed of.		X	No
Budapest / Sibiu, Hungary, June 8, 2015 During a traffic accident of a road tanker the driver lost his life. There was no product leakage.		X	Yes
Antwerp, Belgium, August 18, 2015 Due to wrong handling during the decanting process between a tank container and a flexi tank, the latter broke and lost approximately 6,000 kg of Desmophen (not hazardous). There were neither injuries nor dangers.		X	No
Dormagen, Germany, September 3, 2015 An unintentional product leakage of approximately 150 liters of nitric acid (hazardous) occurred during an unloading process. One employee, who had contact with the acid, was examined in hospital and subsequently resumed his work. Until the reporting deadline, the impacts on the environment were still under investigation.	X		Yes
Laredo, United States, September 28, 2015 A forklift punctured a barrel filled with the TDI Desmodur, so that 150 kg of product leaked onto the loading platform.		X	No
Seelze, Germany, September 30, 2015 Approximately 100 liters of hydrochloric acid (30%) leaked from a rail tank wagon. There were neither injuries nor dangers. An investigation of the incident was initiated.		X	No
Cologne, Germany, October 28, 2015 During a truck loading, a fork lift unintentionally punctured a barrel filled with Desmodur I (hazardous). 150 liters of the product leaked onto the floor of the warehouse and were professionally absorbed and disposed of. There was neither a personal injury nor an effect to the environment.		X	No
Martinsburg, United States, December 9, 2015 A truck driver noticed a leakage of his tank vehicle. The reason was a leaking barrel filled with Desmodur. The liquid, which leaked onto the road, was absorbed with a bonding agent deployed by the fire brigade. The remaining product was filled into a new barrel.		X	No
Charleston, United States, December 16, 2015 During a traffic accident, a leakage of a tank truck occurred, leading to a product leakage of roughly 1,900 liters of a polyalcohol. The fire brigade closed the leakage, so that a leakage into the environment could be prevented. The truck driver was injured during the accident and treated in a hospital.		X	Yes

✓ Audited as described by the independent assurance report on p. 31f.

6 Additional information on environmental protection

6.1 Energy consumption

In 2015, we managed to reduce total energy consumption in the Group by 0.9% while production volumes rose by 1.5%. Primary energy consumption fell by 1.3%, with unchanging use of natural gas and increased incinerated waste but lower consumption of crude oil and other primary energy sources (e.g. hydrogen). Secondary energy consumption fell by 0.8%, mainly due to the decrease in steam consumption (see table and chapter "Environmental Protection" in the management report of Covestro's Annual Report 2015).

Energy consumption in the Covestro Group

	2014	2015
Primary energy consumption for the in-house generation of electricity & steam (net, TJ) ✓	**7,439**	**7,345**
Natural gas	7,884	7,884
(Natural gas sold to external third parties)	402	358
Coal	0	0
Liquid fuels	177	139
Waste	378	953
Other[1]	(1,001)	(1,631)
Secondary energy consumption (net, TJ) ✓	**51,590**	**51,161**
Electricity[2]	23,240	23,728
(Electricity sold to external third parties)	1,072	1.059
Steam	24,848	24,058
(Steam sold to external third parties)	534	493
Steam from waste heat (process heat)	3,269	3,090
Refrigeration energy	233	284
Total energy consumption (TJ) ✓	**59,029**	**58,506**
Total equivalent primary energy consumption[3] (TJ) ✓	**72,340**	**72,570**
Production volume[4] (million metric tons) ✓	**13.0**	**13.2**
Energy efficiency[5] (in MWh / t) ✓	**1.55**	**1.53**

[1] E. g. hydrogen.
[2] Secondary energy consumption for electricity is based on the raw material mix of the country concerned.
[3] Sum of all individual energy figures translated into primary energy at our main production sites, which account for more than 95% of our energy consumption.
[4] Sum of the in-spec key products at our main production sites, which account for more than 95% of our energy consumption.
[5] Energy efficiency: quotient of equivalent primary energy consumption and in-spec production volume at our main production sites.
✓ Audited as described by the independent assurance report on p. 31f.

6.2 Air emissions

With regard to greenhouse gas emissions, specific greenhouse gas emissions, measured by the production volume at our main production sites, were slightly below last year's value (see chapter "Environmental Protection" in Covestro's Annual Report).

To support the expansion of renewable energies within the European Union, Covestro is buying Guarantees of Origin in small quantities. In this way, Covestro receives 400 GWh Guarantees of Origin per year from Swedish and Norwegian run-of-river power stations. These were included in the calculation of our CO_2 emissions.

We are striving to reduce greenhouse gas emissions, especially by increasing energy efficiency in production. We are pursuing additional emissions reductions in non-production areas. In addition, we are offering market solutions for climate protection and to adapt to climate change.

More efficient production

In 2015, Covestro implemented projects that resulted in an overall reduction of 317,000 MWh in primary energy consumption and 109,000 metric tons in CO_2 emissions. Measures implemented within the context of our energy management system STRUCTese™, described in the Covestro Annual Report, accounted for 73,000 MWh of primary energy consumption and 22,000 metric tons of CO_2 emissions. The largest contribution was made by a new, state-of-the-art gas phase plant that came on stream at the Dormagen, Germany, site at the end of 2014 to produce toluene diisocyanate (TDI), a precursor for flexible polyurethane foam. Compared with a conventional plant of the same capacity, the last stage in the process uses up to 60% less energy and up to 80% less solvent overall.

Efficiency measures in chlorine production at the Krefeld-Uerdingen site in Germany also significantly contributed to reducing energy consumption. Among other things, the logistics of producing sodium hydroxide solution were improved. Additional elements of the oxygen depolarized cathode (ODC) technology have also been installed in the chlorine production facility at the site. This technology, which was codeveloped by Covestro, reduces electricity consumption by up to 30% compared with standard elements used in chlor-alkali electrolysis. Covestro has been operating an ODC demonstration plant at Krefeld-Uerdingen for four years. In view of the positive results achieved, China-based Befar Group Co., Ltd. is one of the companies which has decided to build a sodium hydroxide plant based on ODC technology.

At Krefeld-Uerdingen, Covestro has also implemented heat integration measures in the production of diphenylmethane diisocyanate (MDI) that have resulted in a considerable reduction in steam consumption. MDI is used to make rigid polyurethane foam, which has applications including insulation for buildings and refrigeration equipment.

Energy efficiency measures have also been implemented in the nitric acid plant at the Shanghai site in China.

Furthermore, Covestro is working hard to drive the use of CO_2 as a raw material in plastics production. The goal is to replace some of the fossil hydrocarbons such as crude oil used in production and thereby contribute to conserving resources and reducing energy consumption and CO_2 emissions. One product group in which the technology developed by Covestro is to be deployed is polyols, which are precursors for polyurethane foams. A production line with an annual capacity of 5,000 metric tons is to come on stream at the Dormagen site in Germany in 2016.

Climate-neutral business travel

In the period between 2008 and 2012, Covestro received European Union emission allowances (so-called Emission Reduction Units) for making considerable cuts in emissions through the use of modern and catalytically active filters in the production of nitric acid at the Dormagen site. We voluntarily surrendered 180,000 of those allowances to offset the CO_2 emissions of our entire company car fleet and expected business travel by our employees worldwide between 2015 and 2020.

But climate-neutral travel does not mean that Covestro employees will now be traveling more frequently. Just the opposite. Covestro is trying at the same time to eliminate business travel whenever possible, such as through the use of the latest information technology. With 40 video conference rooms around the globe, employees can hold virtual meetings with both internal and external partners.

Market solutions for Covestro customers

Products and solutions from Covestro help to conserve resources, save energy and thus reduce emissions in areas such as the automotive and construction industries and in the refrigeration of food and other products.

For instance, a particularly fine-pored rigid polyurethane foam has been developed that can bring about a further significant improvement in the insulating performance of refrigerators and freezers. Reducing the size of the foam pores by up to 40% compared with conventional

products lowers the thermal conductivity of the new material by as much as 10%.

A current example of the use of our products and solutions in the construction industry is the Covestro Building of the Future in Bottrop, Germany, which was opened in 2015. Over 50 years old, the commercial building was transformed into an energy-plus building by applying a tailored refurbishment concept that used highly effective materials and innovative technical solutions. A substantial energy reduction comes from the building's highly effective polyurethane foam insulation – the components of which are produced and optimized by Covestro.

Energy-efficient market solutions are also facilitated by the transparent, high-performance plastic polycarbonate, which is used in LED technology, for example. Light-emitting diodes require up to 70% less energy than conventional light sources. Polycarbonate is also used in lightweight construction. In cars, for instance, components made from this plastic can help to achieve significant weight reductions and thus cut fuel consumption and emissions.

Materials from Covestro also play a role in generating renewable energies. For example, in the area of wind power the company has developed new polyurethane infusion resins for rotor blades. These are quicker to produce and yield more energy than rotor blades made from traditional epoxy resins.

We also offer our customers energy-saving solutions for processing our polymers. For example, we developed a process for coating plastic automobile parts at lower temperatures. Compared with the best current process, this technology is not only much faster but also reduces energy consumption by 15% and CO_2 emissions by 10%. In the medium term, the process will make it possible to coat plastic, composite and metal components together in the same operation.

Other direct emissions into the air

In addition to the emissions metrics set out in the Annual Report, we also record other direct emissions into the air. All emissions within the table below fell in 2015.

Other important direct air emissions

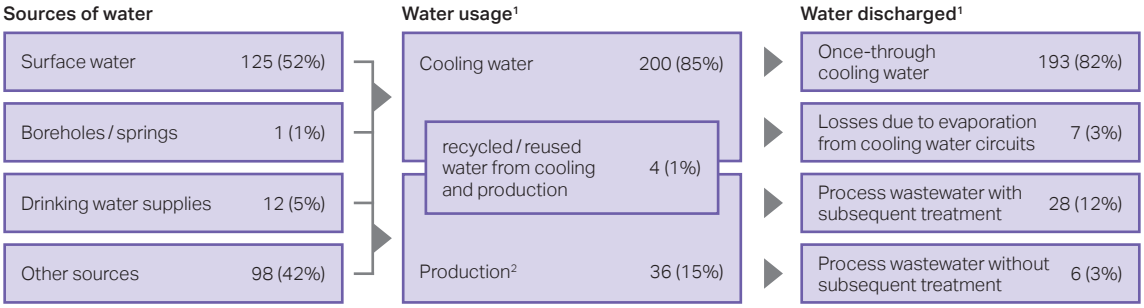
	1,000 metric tons p.a.	
	2014	2015
CO	0.34	0.33
NO_x	0.83	0.82
SO_x	0.07	0.04
Particulates	0.19	0.17

6.3 Water

Water consumption and usage

The diagram shows the distribution of the different types of water usage within the Covestro Group.

Water use in the Covestro Group in 2015 (million m³)



[1] The differences between volumes of water consumed and water discharged can be explained, for example, by unquantified losses due to evaporation, leaks, quantities of water used as raw materials in products and volumes of condensate generated through the use of steam as a source of energy.
[2] Sum from production processes, sanitary wastewater and rinsing and cleaning processes in production.

The water sources were largely the same as those in 2014.

Net water intake by source

	2014	2015
Water consumption (million m³ p.a.) ✓	246	236
Proportion from surface water (%)	55	52
Proportion from boreholes / springs (%)	1	1
Proportion from public drinking water supplies (%)	5	5
Proportion from other sources, generally rain water (%)	39	42

✓ Audited as described by the independent assurance report on p. 31f.

In our production activities, we endeavor to use water several times and to recycle it. Water is currently recycled at 15 sites, for example in closed cooling cycles, through the reuse of treated wastewater or through the recirculation of steam condensates as process water. A total of around 3.5 million cubic meters of water could be reused in the reporting year.

Wastewater discharges

Our goal is to minimize emissions into wastewater. The amount of phosphates released into wastewater fell by 11.9% in 2015. The strongest decrease was observed at the New Martinsville, United States, site. At this site, the targeted phosphate release to steer wastewater treatment could be reduced to the level of the previous years. With regard to emissions of nitrogen compounds, we recorded a decrease by 35.4%. At the Baytown site in the United States, the denitrification process that was subject to operational disturbances in 2014 was again functioning normally, which meant that nitrogen emissions returned to the usual level for this site. For the same reason, nitrogen emissions into wastewater for the Covestro Group as a whole decreased.

Total organic carbon (TOC) emissions decreased by 0.45%. Heavy metals increased by 25.2%. Increased production activities at the Leverkusen, Germany, site were the main cause of an increased release of heavy metals into wastewater. The amount of inorganic salts rose by 8.7% compared to the previous year. The main reason for this is an increased production volume at the German Dormagen site. As a consequence, more sodium chloride from chloride electrolysis was released into wastewater.

Emissions into water

	2014	2015
Phosphorus (1,000 metric tons p.a.) ✓	0.04	0.04
Nitrogen (1,000 metric tons p.a.) ✓	0.28	0.18
TOC[1] (1,000 metric tons p.a.) ✓	0.62	0.61
Heavy metals (1,000 metric tons p.a.)	0.0034	0.0043
Inorganic salts (1,000 metric tons p.a.)	667	726
COD[2] (1,000 metric tons p.a.)	1.85	1.84

[1] Total Organic Carbon.
[2] Chemical oxygen demand; calculated value based on TOC figures (TOC x 3 = COD).
✓ Audited as described by the independent assurance report on p. 31f.

6.4 Waste and recycling

Waste

In 2015, the total volume of waste generated increased by approximately 1%, mainly caused by demolition works at the industrial park Brunsbüttel, Germany. However, the total volume of hazardous waste generated was at almost the same level as in the previous year. Production activities were discontinued at the sites in Anyer, Indonesia and Belford Roxo, Brazil, so that production waste was no longer generated at these sites. At the same time, the waste volume increased at the Dormagen site in Germany due to the start of a new TDI plant.

Waste generated[1]

	2014	2015
Total waste generated (1,000 metric tons p.a.)	178	180
Hazardous waste generated[2] (1,000 metric tons p.a.) ✓	110	110
of which hazardous waste from production (1,000 metric tons p.a.)	107	107

[1] Waste generated by Covestro only.
[2] Definition of hazardous waste in accordance with the local laws in each instance.
✓ Audited as described by the independent assurance report on p. 31f.

The amounts of construction waste removed to landfill, which arose at the Dormagen and Leverkusen sites in Germany, decreased significantly.

The demolition works at the Brunsbüttel industrial park in Germany had a major influence on the increase in disposed waste to recycling.

Waste by means of disposal

	2014	2015
Total volume of waste disposed of[1] (1,000 metric tons p.a.)	**178**	**181**
Proportion removed to landfill (%)	18	11
Proportion incinerated (%)	50	54
Proportion recycled (%)	25	31
Others[2] (%)	7	4

[1] Covestro serves as a certified waste disposal plant operator at various sites. At these locations, Covestro disposes not only of its own waste but also waste from third parties (companies not belonging to the Covestro Group). For that reason the volume of waste disposed of differs slightly from the volume of waste generated by Covestro.
[2] E. g. passed on to third parties (e.g. providers / waste disposal companies).

In 2015, the Global Sideline Business unit continued to sell plants and tools that are no longer needed on the open market, thus feeding them back into circulation. Around 150 tangible assets worldwide were sold to third parties in the reporting year. In addition, around 1,500 metric tons of scrap metal were returned to the material cycle from plants in Germany alone. Scrap metal is also recycled at the other Covestro sites.

7 International standards and certifications

The coverage of our business activities with HSEQ management systems is reported based on energy consumption: in 2015, around 99% of our total business activity was externally certified in accordance with at least one internationally recognized standard. One hundred percent coverage is not feasible owing to continual changes in our site portfolio.

Standards and certifications[1]

	2014	2015
Certification to external standards		
ISO 14001 certification / EMAS validation	93	95
Certified to OHSAS 18001	17	54
Certified to ISO 50001	35	39
Degree of coverage with certification to at least one international standard	97	99

[1] % of business activities (based on energy consumption).

8 Partnerships and donations

Covestro is involved through donations and public partnerships worldwide, mainly in the areas of education, the environment, sport, health and social needs. An important part of this is support for communities that are located close to our sites, for instance through school or sports projects.

Decisions on the selection of public partnerships and donation amounts are made by those with regional responsibility around the world. In addition, our Head of Sustainability Richard Northcote is involved in the decision-making processes. A relevant decision-making basis is the impact of a given activity.

Since Covestro became independent in September 2015, the company's sustainability department has included a central function providing support for the planning and implementation of partnerships and donations across the Group.

In 2015, we supported the following projects, among others, in our core regions:

8.1 Asia / Pacific

Since 2011, Covestro has been collaborating with Tongji University in Shanghai within the context of the Covestro-Tongji Eco-Construction & Material Academy. The academy fosters innovation in energy-efficient construction through teaching, research and development of programs for upcoming talent. Over a period of five years, Covestro is providing funding of €1.5 million. To date, 49 grants have been awarded, around 1,500 people have received instruction in energy-efficient construction, 20 research projects and 30 research articles have been supported, and various professorships have been financed, for example in the School of Material Science & Engineering and the College of Architecture and Urban Planning. In 2015, Covestro received the Shanghai Best Innovation Practice Award for its support for the Covestro-Tongji Eco-Construction & Material Academy.

Through the company's collaboration with Habitat for Humanity in India, work began in 2015 on building five houses for the needy in the Delhi area. The houses are being built using a new construction method and represent the first phase of the UMMEED KI AWAAS sustainability project, aimed at helping families with special needs, for example as a result of HIV infection. Efficient Covestro materials suited to swift housing construction are being used, including polyurethane composite insulation systems.

8.2 Europe, Middle East, Africa and Latin America

Since 2010, Covestro has been a partner of the Solar Impulse project, and, as the official technical partner, is responsible for the design and construction of the cockpit in the current aircraft Si2, which is intended to circumnavigate the globe without the use of fuel. State-of-the-art polyurethane and polycarbonate systems are used which significantly reduce the weight of the aircraft and ensure optimum protection for the pilot. Covestro will continue its sponsorship for Solar Impulse until 2018, thereby providing support for the continuation of the solar-powered circumnavigation of the world planned for 2016. The first stage, from the United Arab Emirates to Hawaii, including the record leg across the Pacific ocean with a flight time of more than 117 hours, was successfully completed in 2015. A total of 30 Covestro staff members have been involved in the development of the Solar Impulse aircraft.

Since 2008, Covestro and RWTH Aachen University have been jointly operating the CAT Catalytic Center in Aachen with 25 current staff members. The objective of this collaborative arrangement is to initiate sustainable projects in which new catalysts play a significant role. The Dream Production project, for instance, aims to use the climate-affecting gas CO_2 as a raw material for polyurethane foam, thereby partly replacing petroleum as a source of carbon.

Encouraging voluntary work of our employees is part of our engagement in the surrounding communities of our sites and subsidiaries. In Spain, for example, Covestro staff are assisting communities hit hard by the economic crisis. The Tarragona region is a particular focal point. In 2015, for instance, food and toys were collected by staff, which were then distributed to families in need through NGOs.

Covestro supports sports and cultural activities in the local communities where it operates. In 2015, we gave support, for example, to a number of sports clubs in the Tarragona region. Furthermore, Covestro decided at the end of 2015 to continue providing its support for sports, cultural and hobby clubs at the Dormagen, Krefeld-Uerdingen and Leverkusen sites in Germany.

In the UK in 2015, Covestro supported the "Design Innovation in Plastics" competition, to which registered students could submit products made primarily of plastics. This longest running student plastics design competition in Europe has helped many young people into the world of work.

In Russia, Covestro is supporting the Bezgraniz Couture™ project, aimed at changing attitudes in society to people with disabilities. In 2015, fashion for disabled people, designed by students at the British Higher School of Art and Design in Moscow, was shown to over 700 visitors during Mercedes-Benz Fashion Week Russia. In addition, Covestro in Spain collaborates with a local entity that cares for people with physical and mental disabilities.

In the Middle East, Latin America and Africa, we are currently evaluating future partnerships and donation activities.

8.3 United States, Canada and Mexico

Our U.S. sites also supported employee volunteering. Covestro employees at South Charleston, West Virginia, have been volunteering for Habitat for Humanity in the Kanawha and Putnam County areas since 2003. In 2015, this involved renovation work, partial demolition and the construction of homes for the needy. In total, our staff contributed 5,500 hours of voluntary work for Habitat for Humanity, with a particular focus on the project "Raise the Roof" aimed at building houses for families on low incomes. On average, 15 to 20 employees have been involved in Raise the Roof each year since 2005; many of them also during their personal time. In 2015, Covestro donated an additional US$ 50,000 to Habitat for Humanity.

Another donation of US$ 300,000 went to Robert Morris University in Pittsburgh, Pennsylvania, United States. The money was used for the establishment of the Covestro Employee Engagement Institute (CEEI), which shall create stronger relationships between companies and local charitable organizations. In this respect, Covestro introduced the new concept "Skills-Based Volunteerism (SBV)" at the Pittsburgh and Baytown, Texas, sites, which sends teams of employees to nonprofits in order to help nonprofits with their challenges. At the same time, Covestro employees are developing new competencies. Furthermore, Covestro employees in the United States devoted close to 1,000 hours of voluntary work in 2015 to help more than 15 nonprofits.

For Canada and Mexico, Covestro is currently evaluating what form support for education, the environment, sport, health and social needs might take.

9 GRI index

Our reporting is prepared in accordance with the "Core" option of the G4 Sustainability Reporting Guidelines drawn up by the Global Reporting Initiative (GRI). The following index includes all sustainability indicators to be listed according to the G4 "Core" option as well as further sustainability indicators reported by us. It sets out where they are presented within the Covestro Annual Report and the present GRI Report.

9.1 General standard disclosures

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
STRATEGY UND ANALYSIS				
G4-1	CEO statement	Letter to Stockholders / 8ff.		
ORGANIZATIONAL PROFILE				
G4-3	Name of the organization	Corporate Structure / 35		
G4-4	Primary brands, products, services	Corporate Structure / 35f.; Strategy / 38		
G4-5	Headquarters	Corporate Structure / 35		
G4-6	Countries of operation	Corporate Structure / 35		
G4-7	Ownership and legal form	Corporate Structure / 35		
G4-8	Markets served	Corporate Structure / 35f.; Economic Environment / 58; Business Development / 59		
G4-9	Scale of the organization	Corporate Structure / 35; Employees / 48; Business Development / 59; Statement of Financial Position / 75		
G4-10	Workforce	Employees / 48	11	The proportion of workers who are legally recognized as self-employed is not recorded.
G4-11	Collective bargaining agreements	Employees / 50		
G4-12	Supply chain	Procurement / 40; Distribution and Logistics / 44		
G4-13	Significant changes during the reporting period	Corporate Structure / 35		
G4-14	Precautionary approach	Product Stewardship / 51		
G4-15	Endorsed charters, principles or initiatives	Integrated Sustainability Management / 46		
G4-16	Memberships		8	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Organizational entities	Notes to the Consolidated Financial Statements of the Covestro Group / 135ff.		
G4-18	Process for defining report content	Integrated Sustainability Management / 47	4	
G4-19	Material aspects	Integrated Sustainability Management / 47	4ff.	
G4-20	Boundaries within the organization	Integrated Sustainability Management / 47	4	
G4-21	Boundaries outside the organization	Integrated Sustainability Management / 46f.	4	

[1] The page reference refers to the online version of the Annual Report.

[2] The consolidated financial statements and the combined management report of Covestro AG, Leverkusen, for the fiscal year 2015 have been audited by the external auditor in accordance with § 317 HGB.

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
G4-22	Restatements		4	This represents our first materiality analysis as an independent company.
G4-23	Significant changes		4	
STAKEHOLDER ENGAGEMENT				
G4-24	Relevant stakeholder groups	Integrated Sustainability Management / 46	7ff.	
G4-25	Identification and selection of stakeholders		7	
G4-26	Stakeholder engagement		7ff.	
G4-27	Key topics and concerns raised		7ff.	
REPORT PROFILE				
G4-28	Reporting period		3	
G4-29	Previous report		3	
G4-30	Reporting cycle		3	
G4-31	Contact details		33	
G4-32	'In accordance' option, GRI content index, external assurance report	Report of Independent Auditors of the Consolidated Financial Statements / 194f.	24ff.; 31f.	
G4-33	External assurance		31f.	The decision on the scope of the external assurance was made by the Steering Committee, which is composed of senior managers and heads of different departments.
GOVERNANCE				
G4-34	Governance structure	Integrated Sustainability Management / 46f.; Corporate Governance / 96f.		
G4-35	Process for delegating authority	Integrated Sustainability Management / 46f.		
G4-36	Executive-level responsibility	Integrated Sustainability Management / 46f.; Corporate Governance / 96		
G4-38	Composition of highest governance body	Corporate Governance / 97ff.		
G4-39	Chair of highest governance body	Corporate Governance / 98		
G4-40	Nomination and selection processes for highest governance body	Corporate Governance / 97ff.		
G4-41	Conflicts of interest	Corporate Governance / 98f.		
G4-42	Role of governance body in development and approval of the organization's strategy	Integrated Sustainability Management / 46f.; Corporate Governance / 96		
G4-48	Highest position that approves the sustainability report			CEO
G4-51	Remuneration policies for highest governance body	Compensation Report / 101ff.; Employees / 49		

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
ETHICS AND INTEGRITY				
G4-56	Codes of conduct and codes of ethics	Integrated Sustainability Management / 46f.; Corporate Governance / 96; Compliance / 100		
G4-57	Mechanisms for seeking advice on ethical and lawful behavior	Compliance / 100		
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior	Compliance / 100		

1 The page reference refers to the online version of the Annual Report.

2 The consolidated financial statements and the combined management report of Covestro AG, Leverkusen, for the fiscal year 2015 have been audited by the external auditor in accordance with § 317 HGB.

9.2 Specific standard disclosures

SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosure	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
CATEGORY: ENVIRONMENTAL				
ASPECT: ENERGY				
G4-DMA	Management approach	Environmental Protection / 55; Strategy / 37 Opportunities and Risks / 84f.	5	
G4-EN3	Energy consumption	Environmental Protection / 55	16	
G4-EN5	Energy intensity	Environmental Protection / 55	16	
G4-EN6	Reduction of energy consumption	Environmental Protection / 55f.	17	
G4-EN7	Reductions in energy requirements of products and services	Research, Development and Innovation / 45	17f.	
ASPECT: WATER				
G4-DMA	Management approach	Environmental Protection / 55ff.	5f.	
G4-EN8	Total water withdrawal by source	Environmental Protection / 57	19	
G4-EN10	Percentage and total volume of water recycled and reused	Environmental Protection / 57	19	
ASPECT: EMISSIONS				
G4-DMA	Management approach	Environmental Protection / 55; Strategy / 37f.; Opportunities and Risks / 84f.	5	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental Protection / 56		
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental Protection / 56		
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Protection / 56		
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environmental Protection / 56; Research, Development and Innovation / 45	17	
G4-EN21	NOX, SOX, and other significant air emissions		18	
ASPECT: EFFLUENTS AND WASTE				
G4-DMA	Management approach	Environmental Protection / 55ff.; Opportunities and Risks / 85	6	
G4-EN22	Total water discharge	Environmental Protection / 57	19	
G4-EN23	Total weight of waste	Environmental Protection / 57	20	
G4-EN24	Significant spills	Safety / 54	15	
ASPECT: COMPLIANCE				
G4-DMA	Management approach	Environmental Protection / 55; Compliance / 100		
G4-EN29	Fines and sanctions for non-compliance with environmental laws and regulations	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.

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SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosure	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
ASPECT: TRANSPORT				
G4-DMA	Management approach	Safety / 53f.; Opportunities and Risks / 85		
G4-EN30	Significant environmental impacts of transporting products, other goods, materials and members of the workforce	Distribution and Logistics / 44; Safety / 53f.	14f.; 17	
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-DMA	Management approach	Procurement / 40f.; Opportunities and Risks / 85	5	
G4-EN33	Negative environmental impacts in the supply chain	Procurement / 40f.		
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
ASPECT: EMPLOYMENT				
G4-DMA	Management approach	Employees / 48; Strategy / 37; Opportunities and Risks / 85f.	4f.; 11	
G4-LA1	New employee hires and employee turnover	Employees / 48	11	
G4-LA2	Benefits	Employees / 50		The data collection is limited to benefits concerning health insurance and retirement provisions.
ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	Management approach	Safety / 53; Strategy / 37; Opportunities and Risks / 85		
G4-LA6	Injuries, occupational diseases, lost days, absenteeism and work-related fatalities	Safety / 53	13	A breakdown by gender is not recorded for reasons of data protection.
ASPECT: TRAINING AND EDUCATION				
G4-DMA	Management approach	Employees / 48f.; Opportunities and Risks / 85f.	4f.	
G4-LA9	Average hours of training per employee		12	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	Management approach	Employees / 49; Opportunities and Risks / 85f.		
G4-LA12	Composition of governance bodies and breakdown of employees according to gender, age group and minority group membership	Employees / 49; Corporate Governance / 96f.	12	Minority group membership is not recorded for legal reasons.
ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-DMA	Management approach	Procurement / 40f.; Opportunities and Risks / 85		
G4-LA15	Negative impacts for labor practices in the supply chain	Procurement / 41		

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SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosure	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
SUB-CATEGORY: HUMAN RIGHTS				
ASPECT: NON-DISCRIMINATION				
G4-DMA	Management approach	Employees / 49f.; Compliance / 100		
G4-HR3	Incidents of discrimination and corrective actions	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	Management approach	Procurement / 40f.; Employees / 49f.		
G4-HR4	Operations and suppliers in which the right to exercise freedom of association and collective bargaining may be violated or at riks	Procurement / 40f.; Employees / 50		
ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA	Management approach	Procurement / 40f.; Opportunities and Risks / 85		
G4-HR11	Negative human rights impacts in the supply chain	Procurement / 40f.	10	
ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-DMA	Management approach	Compliance / 100		
G4-HR12	Grievances about human rights impacts	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
SUB-CATEGORY: SOCIETY				
ASPECT: ANTI-CORRUPTION				
G4-DMA	Management approach	Compliance / 100		
G4-SO3	Operations asessed for risks related to corruption and risks identified	Compliance / 100		
ASPECT: ANTI-COMPETITIVE BEHAVIOR				
G4-DMA	Management approach	Compliance / 100		
G4-SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
ASPECT: COMPLIANCE				
G4-DMA	Management approach	Compliance / 100		
G4-SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-DMA	Management approach	Procurement / 40f.; Opportunities and Risks / 85		
G4-SO10	Negative impacts on society in the supply chain	Procurement / 40f.	10	

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SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosure	Standard Disclosure Title	Chapter / page[1] in the Covestro Annual Report 2015[2]	Page in the Covestro GRI Report 2015	Comment
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA	Management approach	Product Stewardship / 51; Opportunities and Risks / 85		
G4-PR1	Product and service categories for which health and safety impacts are assessed	Product Stewardship / 52		
G4-PR2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	Management approach	Product Stewardship / 51f.		
G4-PR3	Type of product information required by the organization's procedures for product information and labeling, and percentage of significant product categories subject to such information requirements	Product Stewardship / 52		
G4-PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information and labeling	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
G4-PR5	Results of surveys measuring customer satisfaction	Distribution and Logistics / 44	7f.	
ASPECT: MARKETING COMMUNICATIONS				
G4-DMA	Management approach	Product Stewardship / 51f.		
G4-PR6	Sale of banned or disputed products	Product Stewardship / 52		
G4-PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.
ASPECT: COMPLIANCE				
G4-DMA	Management approach	Product Stewardship / 51f.; Compliance / 100		
G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products	Notes to the Consolidated Financial Statements of the Covestro Group / 185		If risks arise from litigation and claims, these are published in the Notes to the Consolidated Financial Statements.

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Independent Practitioner's Limited Assurance Report

To Covestro AG, Leverkusen

We have been engaged to perform a limited assurance engagement on the sustainability information marked with "✓" in the GRI Report 2015 (hereafter the "GRI Report") of Covestro AG, Leverkusen, (hereafter the "Company") for the period January 1, 2015 to December 31, 2015.

Management's Responsibility

Company's Management is responsible for the preparation and presentation of the GRI Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the "GRI-Criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the GRI Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the GRI Report, which is free of material misstatements due to intentional or unintentional errors.

Audit Firm's Independence and Quality Control

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP / vBP") as well as the joint opinion of the Wirtschaftsprüferkammer (Chamber of German Public Auditors; WPK) and the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms ("Gemeinsamen Stellungnahme der WPK und des IDW: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis": "VO 1 / 2006") – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express an opinion on the sustainability information marked with "✓" in the GRI Report based on our work performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the GRI Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sustainability information marked with "✓" in the GRI Report has not been prepared, in all material respects, in accordance with the GRI-Criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. This includes the assessment of the risks of material misstatements of the sustainability information marked with "✓" in the GRI Report with regard to the GRI-Criteria.

Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel involved in the preparation of the Report regarding the preparation process and the underlying internal control system

- Inventory of the processes and inspection of the systems and processes that are implemented to collect, calculate, analyze, verify and aggregate the environmental and safety performance data as well as sample testing;

- Performance of site visits at:
  - o Maasvlakte, Netherlands
  - o Map Ta Phut, Thailand
  - o Sites on the Lower Rhine, Germany

- Analytical procedures on selected sustainability information of the GRI Report

- Assessment of the presentation of selected sustainability information in the GRI Report regarding the sustainability performance

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information marked with "✓" in the GRI Report of the Company for the period January 1, 2015 to December 31, 2015 has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Further focusing, developing and formalising internal control systems at central level and at the level of individual sites

- Making use of ongoing reorganisation of internal processes to establish closer links between financial and non-financial information for controlling and reporting purposes

Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with Covestro AG. The audit has been performed for purposes of Covestro AG and is solely intended to inform Covestro AG about the results of the audit. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, February 17, 2016
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Juliane v. Clausbruch

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