

We Will Be Fully Circular

Sustainability @ Covestro
Covestro 2026

Forward-looking statements

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro's public reports which are available on the Covestro website at www.covestro.com.

Covestro assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Inventor and leader in high-tech material solutions

Covestro at a glance

WHAT WE DO

Covestro is among the world's largest polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life.

The main segments served are the automotive, construction, wood processing and furniture, and electrical and electronics industries. Other sectors include sports and leisure, cosmetics and health.

Together with our partners and customers, we are taking big steps to tackle a fundamental challenge: Shifting towards a Circular Economy.

To achieve this bold goal, we are innovating efficient ways to close energy and material cycles. We are pushing boundaries in polymers.

WHAT WE STRIVE FOR

Purpose



To make the world a brighter place

Vision



We will be fully circular

Values



Curious, courageous, colorful

Goals



Financial 2026 and non-financial 2026 goals

€12.9bn

Sales 2025

17,598

Employees (in FTE) 2025

#1

Global producer of PU and its derivatives as well of PC[(a)]

Notes: (a) Based on total combined nameplate capacity for MDI, TDI, polyether polyols and polycarbonate at year end 2025 as per Covestro estimates; PU = Polyurethanes; PC = Polycarbonates

Update of our corporate strategy “Sustainable Future”

Overview



OPTIMIZE

We operate competitively for our customers



GROW

We grow our portfolio according to customer needs



TRANSFORM

We become climate neutral and circular with our customers & work in an agile way

INNOVATION

DIGITAL TRANSFORMATION AND ARTIFICIAL INTELLIGENCE

CULTURE AND WORKFORCE

Clear priorities for short-, mid- and long-term success

Update of focus topics of our corporate strategy “Sustainable Future”

OPTIMIZE SHORT-TERM	GROW MID-TERM	TRANSFORM PERMANENTLY
Increase plant reliability	Adjust portfolio	Become climate neutral
Improve cost and liquidity position	Increase plant utilization	Monetize a circular portfolio for and with customers and partners
Increase margins & enter new markets	Make targeted investments	Build performance & agility culture

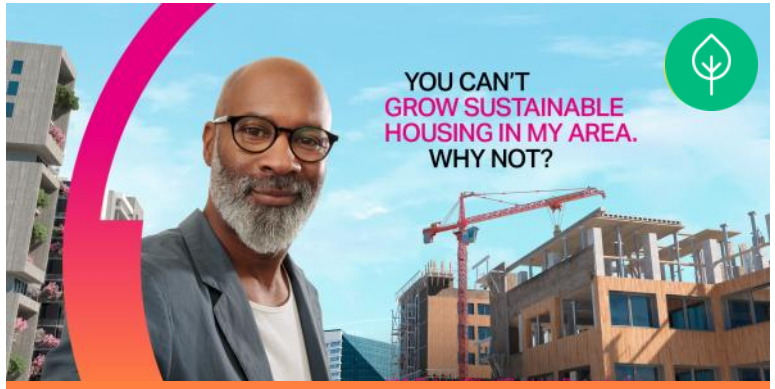
INNOVATION

DIGITAL TRANSFORMATION AND ARTIFICIAL INTELLIGENCE

CULTURE AND WORKFORCE

Covestro products positively impact sustainability in our daily lives

Covestro product applications



PERFORMANCE RAW MATERIALS

- Increasing energy efficiency of buildings through materials and technologies for insulation
- Mass-balanced polymers used in flexible and rigid foam saving crude oil, e.g. Desmodur CQ®
- Food preservation along the cold chain



ENGINEERING PLASTICS

- Enabling electro-mobility with materials for battery housings, housings for charging stations
- Recycled content grades on a virgin performance level
- Use in protective gear and medical applications, e.g. drug delivery devices



SPECIALTY SOLUTIONS

- Waterborne coatings and adhesives, replacing solvent
- Bio-based raw materials to improve CO_2 footprint, e.g. Baycusan® eco
- Fully recyclable shoes made from thermoplastic PU powder and filament

Our innovative products tap into attractive new markets

Structural growth drivers

UN SDGs[a]	NEEDS	SAMPLE APPLICATIONS[7]
related to climate change: 	• Alternative energy sources, stepping away from fossil fuels • Zero emission concepts • Electricity key to green hydrogen economy	• Increase in electricity demand from 2019 to 2050 ~75%[1] • On- & Offshore wind energy CAGR: ~7%[2]
related to increasing mobility: 	• Energy-efficient mobility • E-mobility • Autonomous driving	• Global car production CAGR: ~3-4%[3] • Global EV prod. CAGR: ~26%[4]
related to growing population and prosperity: 	• Sustainable fashion • Food preservation • Medical applications	• Healthcare device market CAGR: ~5.5%[5] • Covestro relevant market CAGR: ~6%[5]
related to increasing urbanization: 	• Energy-efficient lighting • Affordable housing • Public infrastructure	• Luminaire market CAGR: ~4%[6] • Luminaire LED CAGR: ~17%[6]

Notes: (a) Most impacted goals out of 17 Sustainable Development Goals, set by the United Nations' "2030 Agenda for Sustainable Development
1) BP, Energy Outlook, 2023 for 2023-2050; 2) Preview GWEC, Global Wind Executive Council: Annual-Wind-Report 2023 for 2023-2030; 3) GD, Feb 2024, for years 2022-2027
4) GD, Feb 2024, for years 2022-2027; 5) Fortune Business Insight, CAGR 2022-2029, Covestro estimates for 2023 to 2030; 6) Fortune Business Insights Report on Lighting (CAGR 2022-2029) / LED Lighting Market (CAGR 2022-2029) 7) Covestro industry demand outlook assumes global GDP CAGR of 2-3% in 2024 - 2029e

Long history of innovations inspired by sustainability

Covestro milestones in sustainability



2015
Covestro was founded and signed UN Global Compact

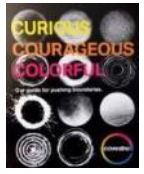
2015
Pledge to 'Operation Clean Sweep' and strive toward zero pellet loss

2016
First Covestro 2015 GRI Supplement published



2016
Covestro non-financial goals for 2025 published

2017
Covestro Policies developed and approved, including a policy on Sustainability



2019
Signatory of EU Circular Plastics Alliance

2019
Founding member of Alliance to End Plastic Waste



2020
New company vision: We will be fully circular

2020
Initiated company transformation centered around new vision of CE

2021
Non-financial KPI introduced to Board of Management long-term incentive plan: absolute CO_2e reduction over four years

2035 CLIMATE NEUTRAL

2022
Net-Zero Target until 2035 and 60% GHG reduction until 2030 (scope 1&2 emissions)

Non-financial KPI introduced for all employee's short-term incentive plan: absolute CO_2e emissions

2023
Global network of 16 ISSC+certified sites for regional supply of sustainable products by the mass-balance approach

2024
Net-zero target for scope3 until 2050 intermediate reduction of 30% in 2035 from base year 2021

2015 **2016** **2017** **2019** **2020** **2021** **2022** **2023** **2024**

2015
First coating hardener made of renewable raw materials launched





2016
Production start of soft foam components with CO_2 in Dormagen, Germany

2017
Key chemical aniline won from renewable raw materials for the first time





2019
New polycarbonate grades from post-consumer recycled (PCR) content launched

2020
First marketed PC made of phenol of attributed bio-based origin





2021
Prototype insulation board developed with CO_2 as feedstock for PU rigid foam

2022
renewable product portfolio with reduced CO2 footprint for TDI, climate neutral versions of MDI and PC



2023 PUReSmart
PUReSmart project successfully finished closing the loop from mattress recycling to virgin flex foam material used again for new matrasses

2024
Bio Aniline process converting biomass to a MDI precursor

Notes:

UN SDG: United Nations Sustainable Development Goals
GRI: Global Reporting Initiative

On track to achieve our ambitious non-financial targets

Covestro sustainability targets

Five ambitious goals	Our Achievement
2026	
Align research and development with the UN Sustainable Development Goals	61% of R&D project expenditures in 2025
Apply sustainability standards to all suppliers	92% by end of 2025
Improve living conditions of 10 million people in underserved markets	~8.5 million people by end of 2025
Use carbon in the most intelligent way	Company vision to become fully circular announced in 2020, concept merged into CE approach
2030-50	
Covestro aims for scope 1-3 climate neutrality with intermediate targets	-21% GHG emissions in Scope 1-3 vs reference years(1)



[1] Compared to reference years 2020 (Scope 1&2) and 2021 (target relevant Scope 3) for all Covestro sites .

Covestro ESG rating results and index membership

As of February 2026

ESG Ratings & Indices	Scoring Range (Worst → Best)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Distinction
CDP CLIMATE	**D-** to **A**	-	-	-	-	-	A-	A-	A-	C	-		
ecovadis SUPPLIER SUSTAINABILITY RATINGS	**0** to **100**	73			80			72			71		(1) SILVER | Top 15% ecovadis Sustainability Rating FEB 2025
MSCI ESG	**CCC** to **AAA**	BBB	BBB	A	A	A	A	AA	A	AA	AA		(2) MSCI ESG RATINGS AA (CCC B BB BBB A AA AAA) *Produced by MSCI Sustainability and Climate as of June 2025*
SUSTAINALYTICS	**100** to **0**	74	75		80			23.3	20.0	18.3	20.9	20.1	21.4	26.7	Rated MORNINGSTAR SUSTAINALYTICS
FTSE Russell	**Excluded / Listed**	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Listed	Excluded	FTSE4Good

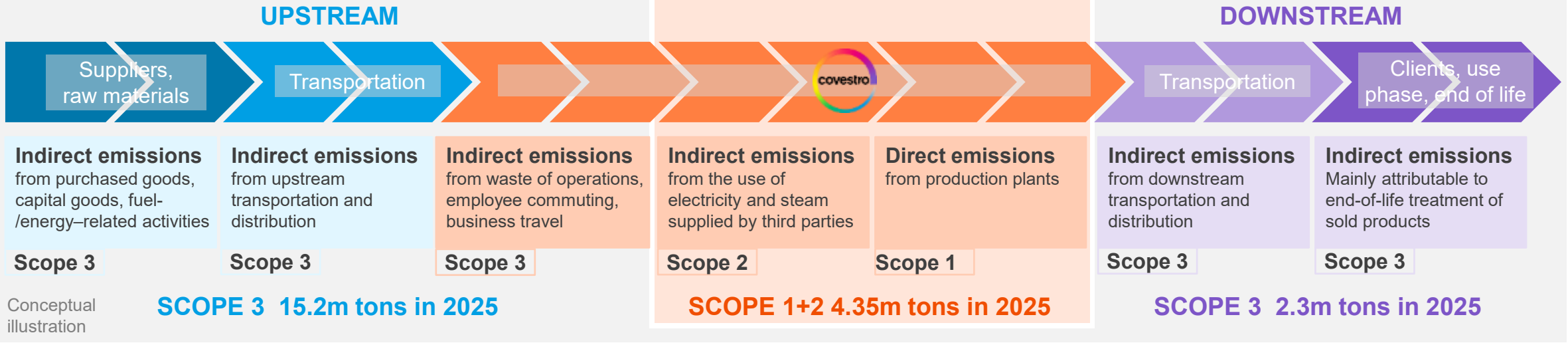
Notes: (1) Covestro belongs to the Top 10% within the chemical industry.
(2) Covestro belongs to the Top 20% within specialty chemicals.

NEW CLIMATE GOALS OF COVESTRO

OUR PATH TO CLIMATE NEUTRALITY

Climate neutrality with existing technologies and assets

Covestro greenhouse gas emissions



EXISTING OPTIONS AND CURRENT LIMITATIONS TO REDUCE GHG EMISSIONS

Selective examples only

- Various alternative feedstock — *Limitations: available capacities*
- Low-emission mobility — *Limitations: available infrastructure*
- Low-emission technology — *Limitations: available infrastructure*
- Renewable energies — *Limitations: available capacities*
- Low-emission technologies — *Limitations: investments and installations*
- Low-emission mobility — *Limitations: available infrastructure*
- Circular end-of-life solutions — *Limitations: readiness of technologies*

Notes: GHG: Greenhouse gas emissions, calculated in accordance with GHG Protocol and WBCSD recommendations for all Covestro sites

Pioneering a sustainable future: climate neutral in 2035

New climate neutrality target for GHG emissions scope 1 and 2

OUR PURPOSE



To make the world a brighter place

OUR VISION



We will be fully circular

CLIMATE NEUTRALITY IN 2035

- Covestro target relates to absolute GHG emissions
- Comprises direct (scope 1) and indirect (scope 2) GHG emissions

60% REDUCTION IN 2030

- Interim target of 2.2 million tons GHG emissions in 2030
- Base year 2020 with 5.6 million tons GHG emissions

ALIGNED WITH GLOBAL 1.5°-GOAL

- Covestro target aligned with 1.5°C goal of the Paris Climate agreement

CLIMATE NEUTRAL GROWTH SINCE 2005

- Previous specific GHG emission reduction target for 2025 achieved ahead of time

TARGET FOR UP- AND DOWNSTREAM CLIMATE NEUTRALITY

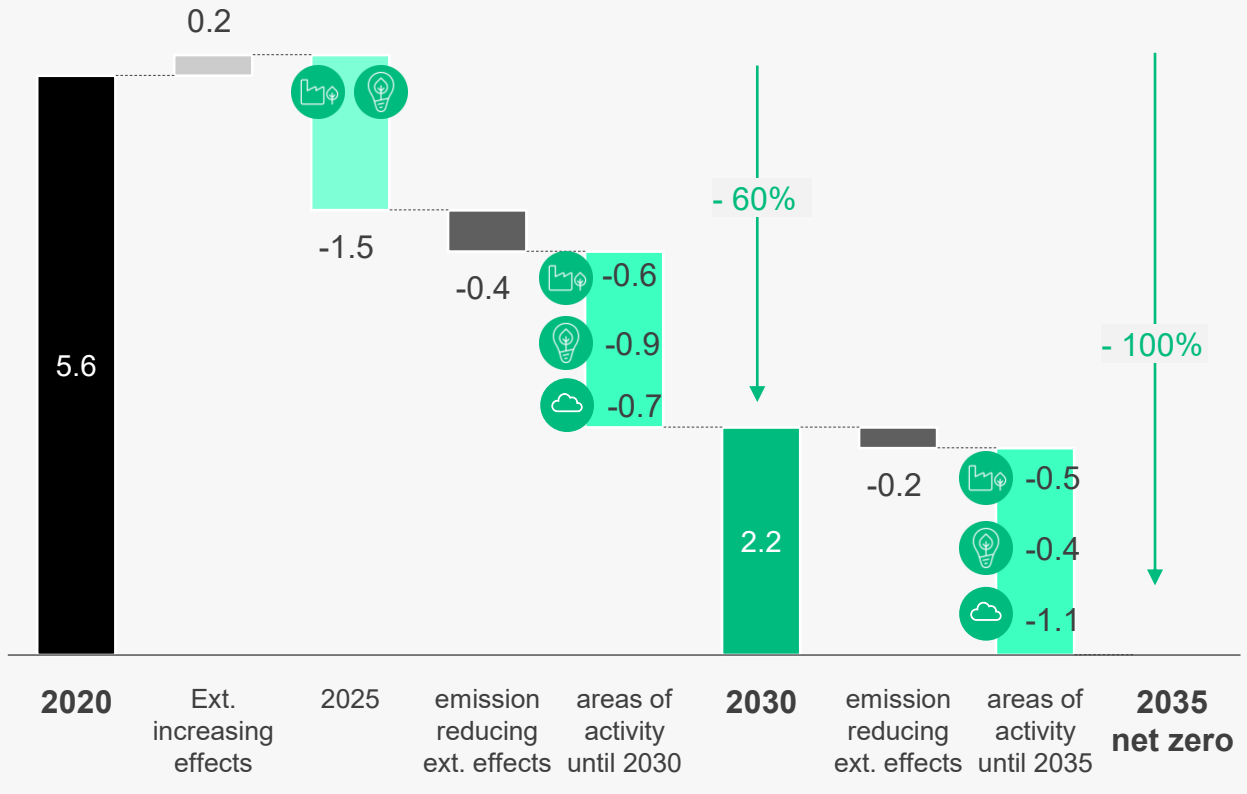
- Scope 3 GHG emission reduction target published in 2024
- Roadmap and measures largely linked to transition to a circular economy

Note: GHG emissions = Greenhouse gas emissions, calculated in accordance with GHG Protocol and WBCSD recommendations
Climate neutrality currently includes residual GHG emissions (scope 1 and 2) of c. 0.2-0.3mt per year; we are planning to offset these unavoidable, remaining GHG emissions through adequate compensation measures

Sustainable manufacturing and renewable energy to lead path

Climate neutrality target for GHG emissions scope 1 and 2

GHG emissions in million metric tons, scope 1 and 2



EMISSION REDUCTION MEASURES

- Three main levers make a vital contribution to reduce GHG emissions:
  - More sustainable manufacturing (scope 1 and 2)
  - Renewable electricity (scope 2)
  - Renewable steam (scope 2)
- Net external effects comprise known future changes in the energy mix of public grids (e.g. nuclear exit in Germany and Belgium) and in public energy allocation schemes (e.g. EEG in Germany)
- Roadmap for 2030 interim target based on identified ‘lighthouse projects’
- Further roadmap until 2035 climate neutrality target in preparation based on similar key measures; no negative impact from business growth as future growth investment are required to support climate neutral growth latest by 2030

Notes: GHG emissions = Greenhouse gas emissions, calculated in accordance with GHG Protocol and WBCSD recommendations
Climate neutrality currently includes residual GHG emissions (scope 1 and 2) of c. 0.2-0.3mt per year; we are planning to offset these unavoidable, remaining GHG emissions through adequate compensation measures

Numerous measures effectively reduce GHG emissions

Climate neutrality target for GHG emissions scope 1 and 2



MORE SUSTAINABLE MANUFACTURING

- Reducing nitrous oxide emissions by installation of highly efficient catalysts
- Optimizing production processes to increase energy efficiency
- Employing digital technologies for efficient production control



RENEWABLE ELECTRICITY

- EMLA(1): Renewable electricity PPA with RWE for 45% of site's power in Antwerp, with Ørsted for 10% of sites' electricity in Germany and with BP for 50% of Spanish operations
- NA: Virtual PPA with Ørsted for solar electricity starting late 2024 for 12% of Baytown's electricity
- APAC: Solar&wind electricity PPAs for ~30% of Chinese operations with Datang Power & CGN New Energy



RENEWABLE STEAM

- Converting steam generation from fossil to renewable energy sources
- Develop options to electrify steam generation based on renewable energies
- Develop options to use e.g. biogas or green hydrogen as energy source to generate steam

Notes: PPA: Power purchase agreement
Datang: Datang Wuzhong New Energy Co.
CGN: China General Nuclear New Energy
(1) renewable energy PPA with RWE from 2026, PPA with Ørsted and RWE for offshore wind energy from 2026

Continuously improving global renewable electricity footprint

Additional PPAs contributing to accelerated electricity transformation in 2026

RENEWABLE ELECTRCITY SUPPLY

EMLA

PPAs with major players for solar and wind energy supplying:

- 45% of Antwerp site electricity demand
- 20% of German sites electricity demand
- 50% of Spanish sites electricity demand

APAC

PPAs with CGN and Datang for solar and wind energy supplying:

- 30% of electricity for Chinese sites

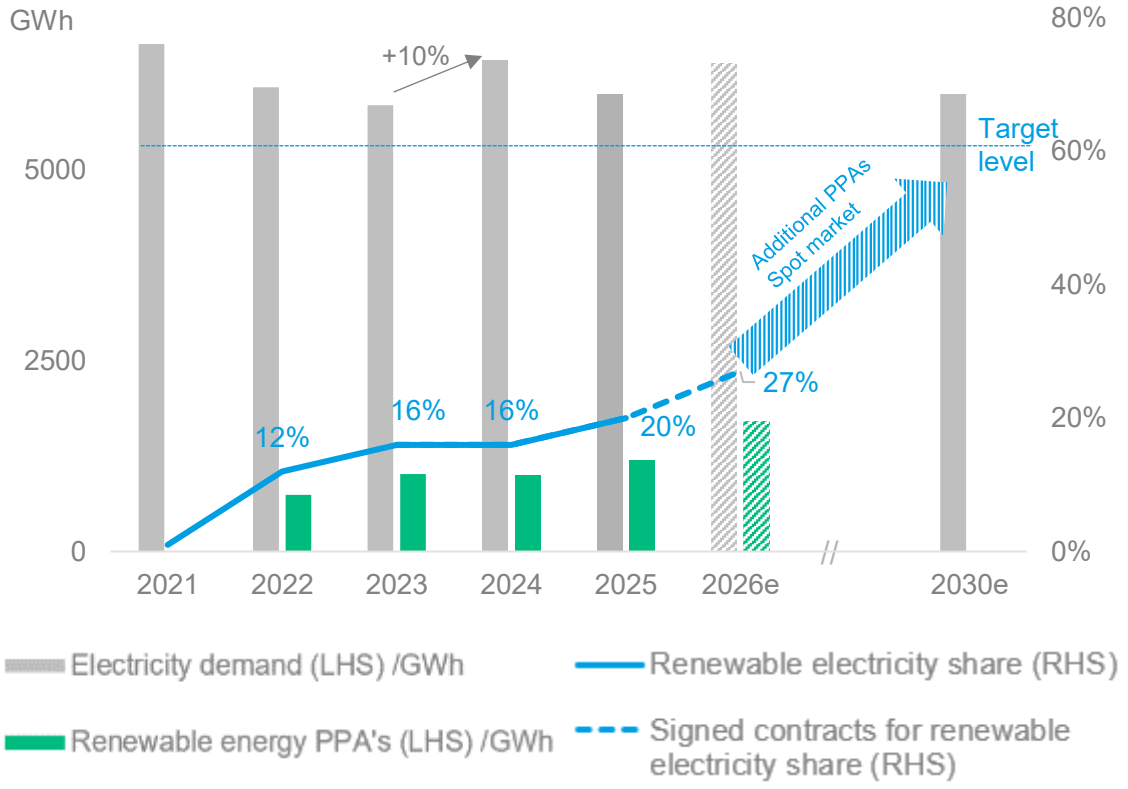
NA

Virtual PPA with Ørsted for solar power supplying:

- 12% of electricity for US sites

Significant supply of renewable electricity globally

ELECTRICITY TRANSFORMATION PROGRESS



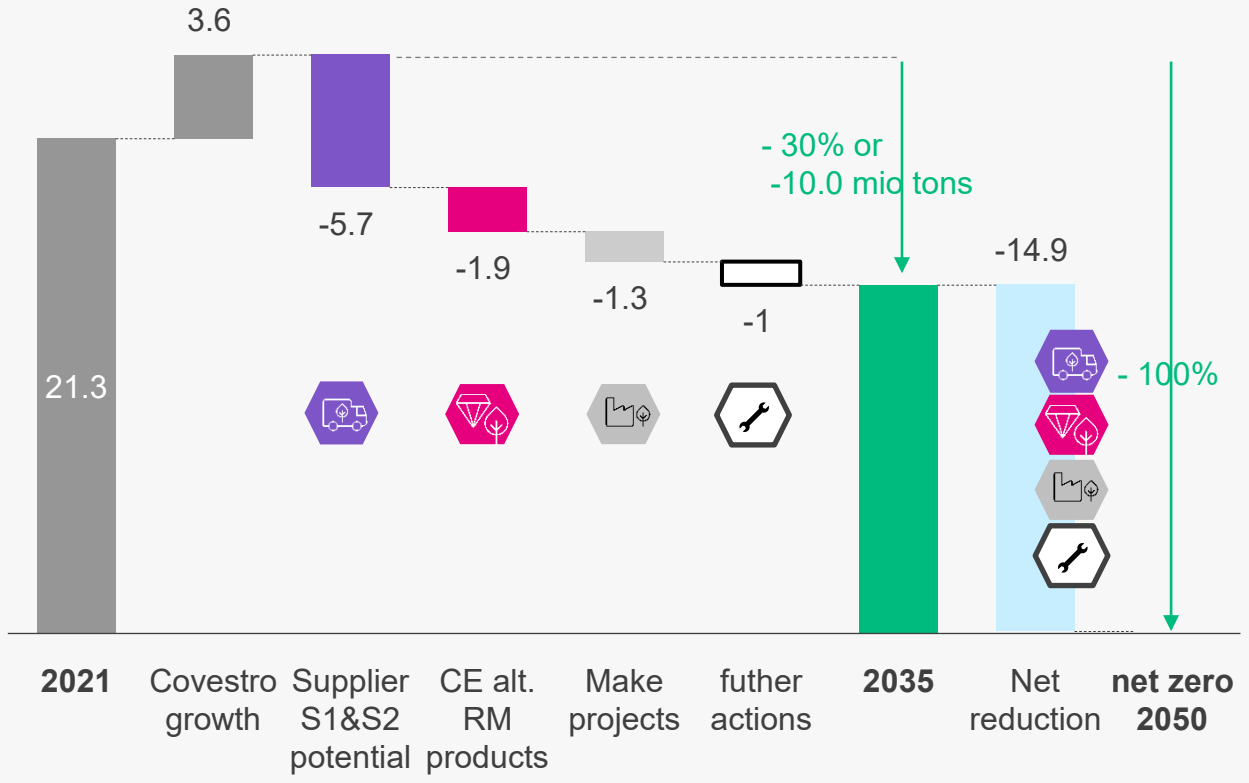
Well on track to our intermediate target of 60% GHG reduction until 2030

Notes: PPA: Power purchase agreement
CGN: China General Nuclear New Energy

Target reduction of 10m tons GHG until 2035 and net-zero until 2050

Climate neutrality target for GHG emissions scope 3

GHG emissions in million metric tons, scope 3 - categories 1, 3, 4, 12(1)



EMISSION REDUCTION MEASURES

- Four main levers make a vital contribution to reduce scope 3 GHG emissions:
  - Supplier scope 1&2 reduction
  - Advancing MAKE projects
  - Profitable sales of products based on alternative raw materials
  - Other measures
- Contribution of different levers can vary depending on technical realization of MAKE projects
- Scope 3 emissions represent ~80% of Covestro's 2025 greenhouse gas emissions
- Strict commitment to net-zero underlines consistent implementation of the green transformation
- Net-zero 2050 target in line with SBTi and 1.5° goal

Notes: GHG emissions = Greenhouse gas emissions, calculated in accordance with GHG Protocol and WBCSD recommendations
MAKE = Covestro internal sustainable raw material sources
(1) Raw materials (part of category 3.1), End of Life (EoL) Treatment (category 3.12), Fuel and energy related (category 3.3), Upstream transportation (category 3.4)

Strategic levers supporting transformation towards climate neutrality

Target for GHG emissions scope 3



FOCUS ON SUPPLIERS

- Broaden engagement with suppliers that achieve scope 1&2 reductions
- Identify first mover supplier
- Develop strategy on CO_2 reduced top raw materials



ADVANCING MAKE PROJECTS

- Continue innovation & digital R&D in renewable technologies
- Prove technical feasibility of own technologies
- Execute investments according to strategy-based asset planning



FOCUS ON CUSTOMERS

- Identify first mover customers to deliver climate neutral products
- Enhance value proposition & active customer engagement
- Secure access to strategic waste feedstock



OTHER MEASURES

- Green logistics initiatives
- Primary energy generation
- Increased recycling quota

Notes: MAKE = Covestro internal sustainable raw material sources

MATERIAL TOPICS
THAT PUSH US TO
EVOLVE
OUR MANAGEMENT APPROACHES

Examples of full list of material topics on p. 17

Material topics with high stakeholder relevance

Material topics at Covestro

Covestro management actively pursuing high impact topics with evolving management approaches

Circular and climate-neutral economy
- Business models
- Renewable energy
- Alternative raw materials
- Recyclability and end-of-life solutions
- Bio-based raw materials
- Greenhouse gas emissions

Solutions contributing to UN SDGs
- Sustainable innovation portfolio
- UN SDG-conform product portfolio
- Inclusive business

Environmental impact of own operations
- Water and wastewater
- Waste







Corporate culture
- Employer attractiveness
- Diversity, equity and inclusion

Health and safety
- Product safety
- Process and plant safety
- Health and safety of workforce

Responsible business practices
- Compliance
- Community engagement
- Human rights due diligence
- Sustainability in sourcing
- Transparency and trust
- Tax transparency







- Responsible governance
- Corporate Governance
- Board responsibilities and oversight
- Board diversity
- Board qualification matrix
- Board compensation system
- Management compensation system

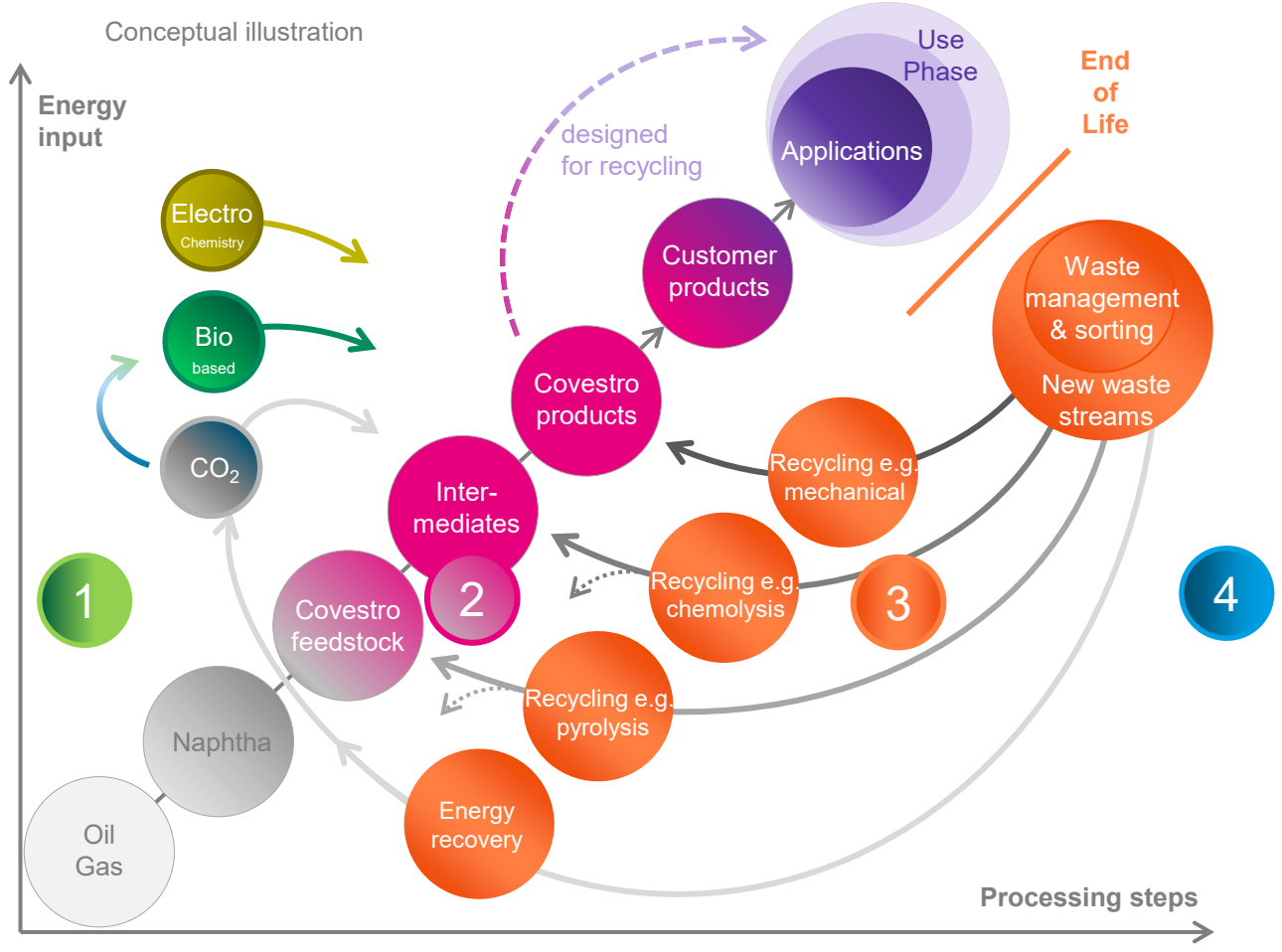


Notes: UN SDGs = United Nations Sustainable Development Goals

CIRCULAR AND CLIMATE-NEUTRAL ECONOMY

Closing material and carbon loops

Circular economy business models



COVESTRO APPROACH TO CIRCULARITY

1 Renewable energy



2 Alternative raw materials



3 Innovative recycling for end-of-life solutions



4 Cross-industry collaborations



Notes: Shown recycling technologies and energy recovery are illustrative examples only
Covestro definition of circular economy: holistic focus on end-of-life solutions and independence from fossil sources, keeping carbon in the productive loop as long as possible

Product offering made from biomass and recycled plastics

Alternative raw materials available today from mass-balance

CQ: OUR NEW LABEL FOR CIRCULAR SOLUTIONS



SUPPORTING CUSTOMERS

- **Customers demand ways to reduce their scope 3 emissions. Since beginning of 2026 Covestro offers the CQ-Configurator to design PUR for more sustainability using verified raw material LCA data and long-standing PUR expertise**
- **CQ-labeled materials are made from at least 25 % alternative raw materials like biomass, recycled plastics or green hydrogen**
- **Overall reduced environmental footprint, visible via better LCA(1) compared to fossil-based products up to climate neutrality**
- **Product portfolio already comprises climate neutral MDI and polycarbonate and a lower carbon footprint TDI**

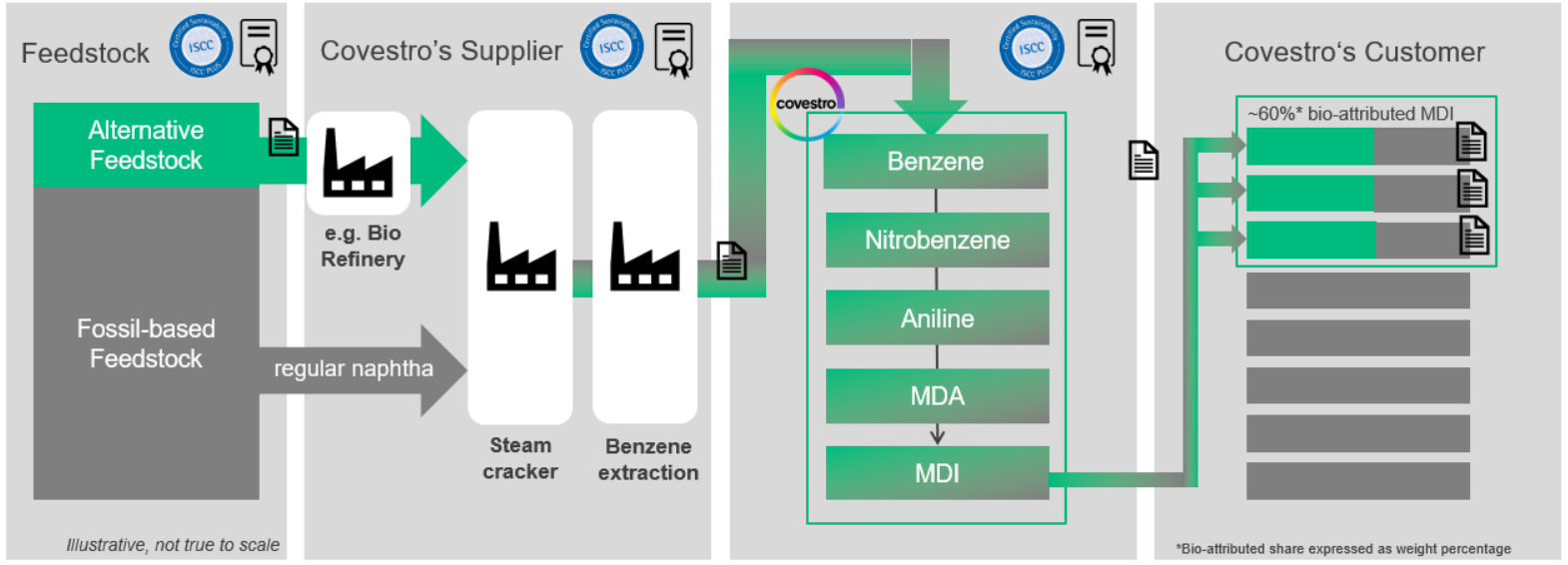
Notes: (1) LCA = Life Cycle Assessment
ISCC = International Sustainability and Carbon Certification, internationally recognized system for sustainability certification of biomass and bioenergy

Mass-balance approach supports sustainable product offerings

Certified alternative feedstock made available through mass-balance

EXAMPLE MDI

Conceptual illustration



ISCC Plus certification Sustainability Declaration

MASS BALANCE APPROACH

Principle

- Mass balance is a chain of custody method
- Fossil and alternative feedstock mixed in production but separated in bookkeeping
- Tracks materials through the value chains and allows attribution of alternative feedstock to selected end products
- ISCC standard applies to all stages of the value chain and is recognized worldwide

Advantages

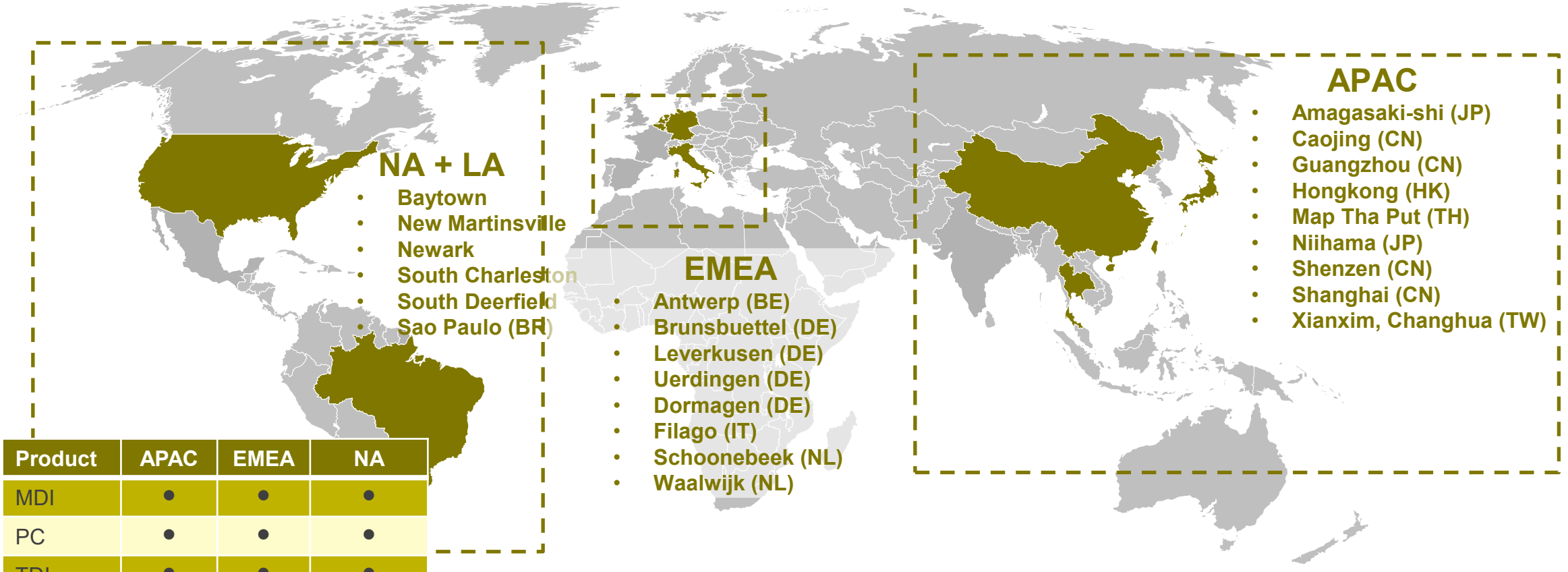
- Alternative raw materials are introduced into the value chain as drop-in solution
- Taking advantage of existing chemical infrastructure with its high efficiency and economies of scale
- Product quality and properties remain the same

→ Mathematic attribution of alternative materials is certified by ISCC PLUS*

Notes: ISCC = International Sustainability and Carbon Certification, internationally recognized system for sustainability certification of biomass and bioenergy

ISCC+ certified plants/traders for regional mass-balanced product supply

Alternative raw materials to be used globally employing the mass-balance methodology



Product	APAC	EMEA	NA
MDI	●	●	●
PC	●	●	●
TDI	●	●	●
Polyol		●	

- 20 sites certified globally (40+ plants)
- Continuous global re-certifications

Notes: ISCC = International Sustainability and Carbon Certification, internationally recognized system for sustainability certification of biomass and bioenergy

Certified alternative feedstock serve as drop-in solutions

Alternative raw material supplier co-operations to ensure first mover advantage

ALTERNATIVE PHENOL/ACETONE

- ISCC Plus-certified raw material
- Drop-in precursors for PC

BOREALIS Keep Discovering · NESTE · INEOS · Mitsui Chemicals Group

- Delivery of 30,000 tons of ISCC Plus-certified mass balanced phenol and 8,000 tons of ISCC Plus-certified mass balanced acetone received since 2021
- Neste produced ISCC Plus-certified 100 percent bio-based hydrocarbons from renewable raw materials, such as waste and residual oils / fats
- Borealis converts hydrocarbons from Neste into ISCC Plus-certified phenol and acetone

ALTERNATIVE BENZENE/TOLUENE

- ISCC Plus-certified raw material
- Drop-in precursor for MDI/TDI

SK chemicals · Shell · TotalEnergies

- Delivery of 45,000 tons of ISCC Plus-certified mass balanced benzene and 12,000 tons of ISCC Plus-certified mass balanced toluene received since 2021
- Resulting product quality on par with petrochemical-based MDI/TDI
- Drop-in solution with alternative raw material helps clients to reduce carbon footprint

ALTERNATIVE PROPYLENE OXIDE

- ISCC Plus-certified raw material
- Drop-in precursor for polyols

lyondellbasell

- Delivery of 12,000 tons of ISCC Plus-certified mass balanced propylene oxide received since 2021
- Resulting product quality on par with petrochemical-based Polyols
- Drop-in solution with alternative raw material helps clients to reduce carbon footprint

Notes: ISCC: International Sustainability and Carbon Certification, internationally recognized system for sustainability certification of biomass and bioenergy
In this context, “alternative” generally describes products with an attributed share of certified renewable feedstock via mass-balance approach

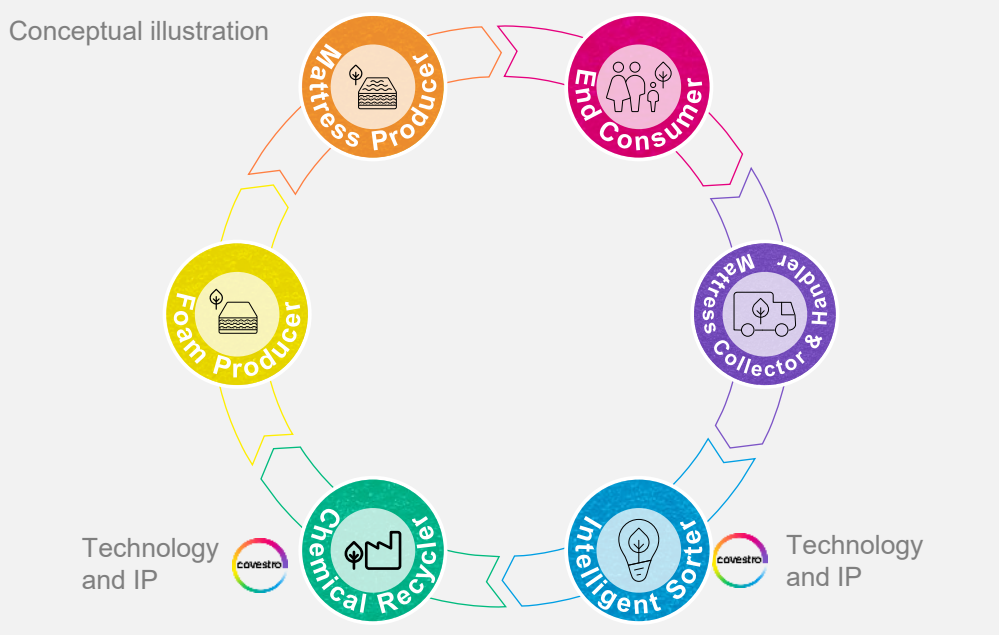
Re-shaping the PU value chain for soft foams into a closed loop

Innovative recycling / joint solutions

COVESTRO TECHNOLOGY

- Chemical recycling of polyurethane (PU) mattress foams, turning waste into valuable resources
- Proprietary process for recycling *both* PU components polyol and TDA (precursor for TDI), enabling 100% recycling of these components for soft foam
- New brand label to support our customers to quicky identify circular solutions:
  Evocycle® CQ Mattress - *the straight path to circular*
- Significant improvement of CO2 footprint compared to fossil route (LCA), meeting high customer and consumer demand
- Intelligent sorting solution to efficiently separate different PU foams from post-consumer mattresses

FUTURE PU SOFT FOAM LOOP



Timeline:

- **2019** – PUReSmart – Technology optimization
- **2021** – Pilot Plant – Cooperation on innovative recycling of plastic waste (interzero zero waste solutions; écomobilier)
- **2023** – Lab-scale customer samples
- **H2 2020s** – Technology industrialization(1)
- **2030s** – Further scale-up subject to demand and technology

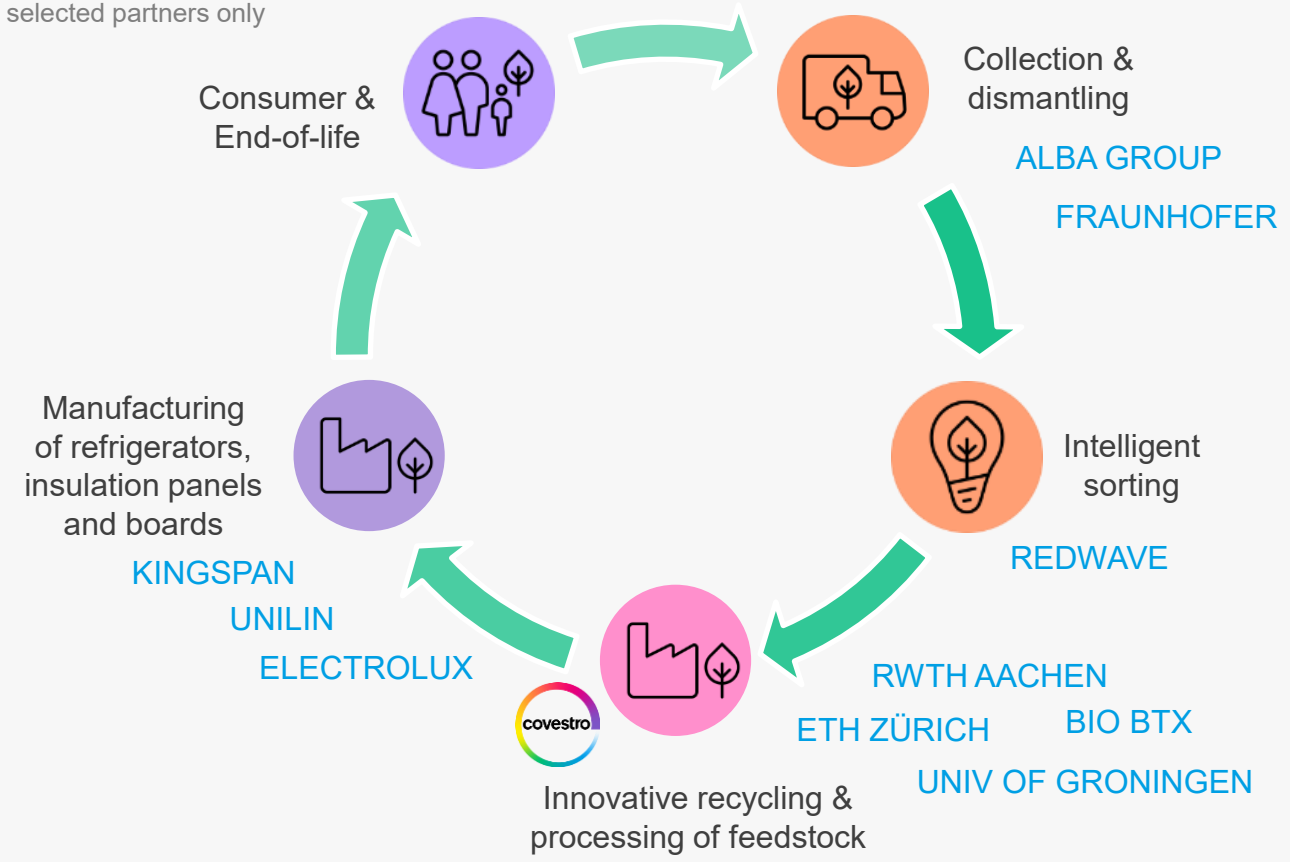
Notes: LCA: Life cycle assessment
(1) Commercial plant in early planning

Circular Foam – closing the material cycle for PU rigid foams

Innovative recycling / joint solutions

‘CIRCULAR FOAM’ PROJECT – COORDINATED BY COVESTRO WITH 22 PARTNERS

Conceptual illustration, selected partners only



HIGHLIGHTS

GOAL AND BENEFIT

- Establish coordinated waste management and suitable recycling processes for sustainable circular economy
- Develop innovative chemical recycling processes for rigid polyurethane foams
- Savings potential of one million tons of waste and 2.9 million tons CO_2 annually from 2040 onwards

INNOVATIVE RECYCLING

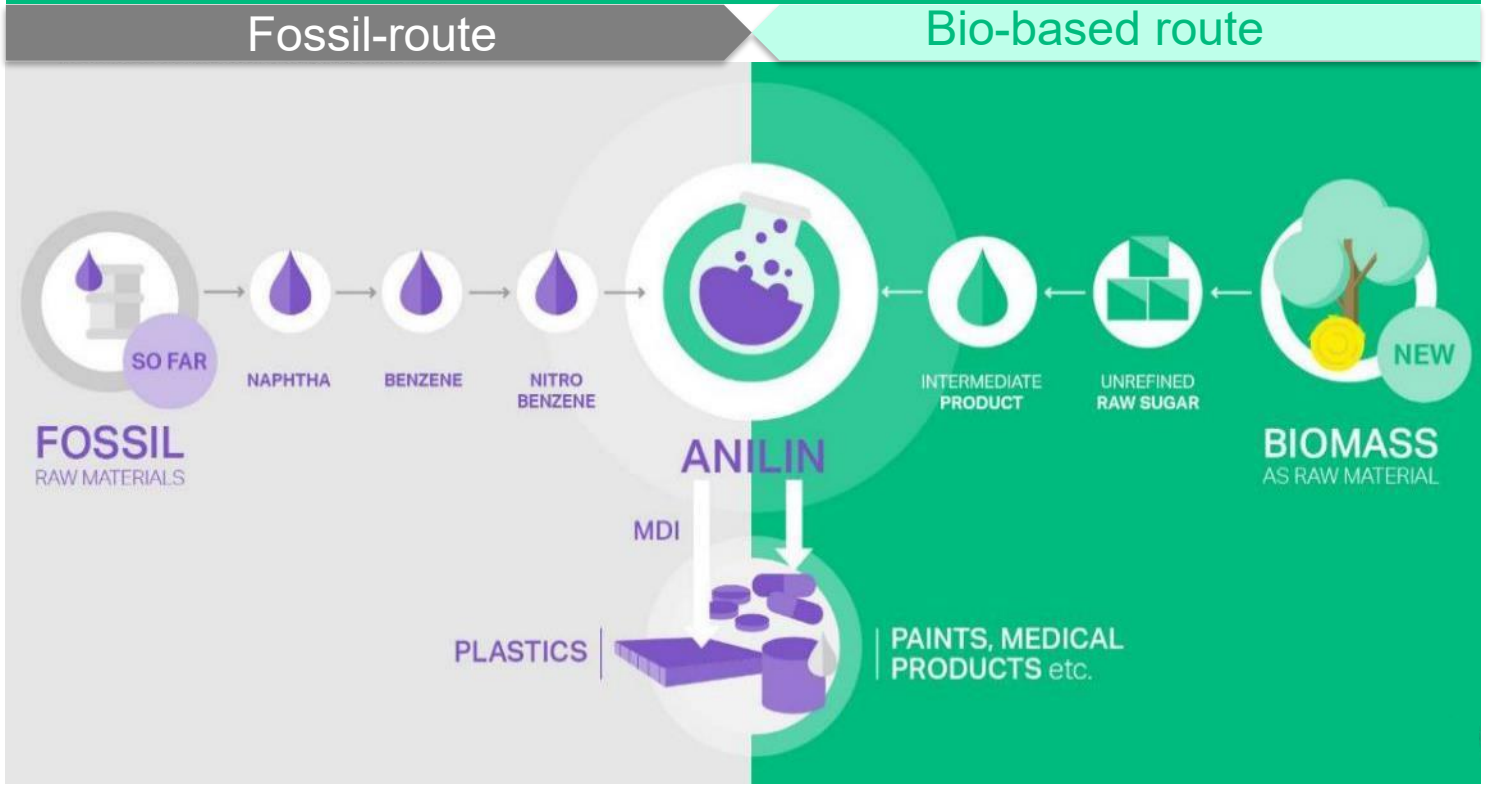
- Enable reuse of materials at end of useful life where mechanical recycling is no suitable option
- Develop new processes in chemolysis and smart pyrolysis to obtain polyols and amines as circular raw materials for production of polyurethane (PU) rigid foams

Notes: This project has received funding from the European Union’s Horizon 2020 research and innovation program under grant agreement No. 101036854

Covestro invests in industrial maturity of non-fossil process for aniline

Plastics precursor made from Biomass

SCHEMATIC SYNTHESIS OF ANILINE



HIGHLIGHTS

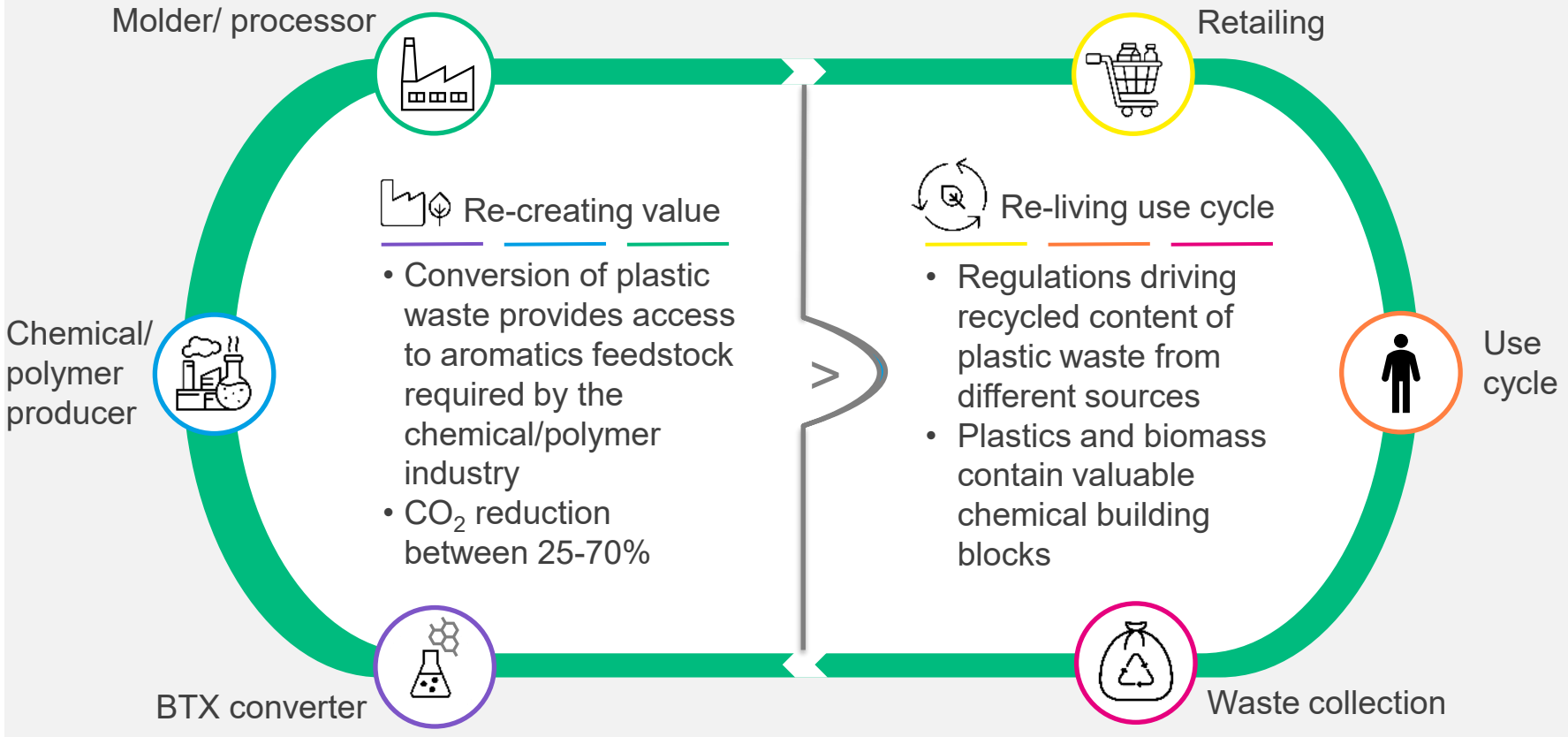
- Aniline is an important precursor of MDI used in energy saving polyurethane insulation foam for buildings and refrigerators
- Up to now aniline has been purely based on fossil raw materials
- New process uses biomass that gets converted by microorganisms into industrial sugar which then undergoes catalytic transformation into aniline
- Covestro invests into a pilot plant for upscaling into industrial scale
- Joint R&D program of the CAT Catalytic Center of RWTH Aachen, the University of Stuttgart and Covestro funded by the German Government

Covestro underlines its ambition to become fully circular and reduce scope 3 GHG emissions

Converting waste to valuable raw materials

Circular raw materials

ACCESS TO KEY AROMATICS (BTX = Benzene, Toluene, Xylene)



HIGHLIGHTS

- Covestro has teamed up with two BTX pioneers for supplies of sustainable raw materials
  - Encina for a supply contract
  - Bio BTX for R&D and upscaling activity
- Benzene and Toluene are precursors for all core products of Covestro

SOLUTIONS
CONTRIBUTING TO
UN SDGS

Sustainability-driven innovations, innovation-driven sustainability

Early-on adoption of the UN SDGs with focus on sustainable innovation portfolio



- Research & Development activities aligned with the People Planet Profit principle since 2013
- Focus on the UN Sustainable Development Goals (UN SDGs)
- Capture promising growth opportunities with innovative sustainable solutions

€342m	R&D expenditure in 2025
1,302	R&D employees (FTE) in 2025
137	Patent applications in 2025(1)
~17%	of 2025 net sales with new products (not >5 years)

Non-financial target

By 2025, 80% of project expenditures for research and development will go toward areas that contribute to reaching the UN SDGs

Achievement: 61% of R&D project expenditures in 2025

Note: (1) including acquired DSM RFM business

Bring product innovations to people in underserved markets

Inclusive business as Covestro way to link UN SDGs to our business model





Food Security

- Focus on Post Harvest Management with sustainable solutions based on Polyurethane and Polycarbonate
- Includes Green House Dryers/Cultivation, Solar Cold Storage and Portable cold boxes
- Significant savings of Greenhouse gas emission
- Location : Pan India, SE Asia and Africa
- About 20000 units installed





Bio Solid Management

- End to End Solutions for fecal Sludge, Sewerage and Municipal solid waste
- Our USP is super efficient drying of sludge using Green House to enable inputs for soil conditioning and co-fuel
- Enabling circular solutions in waste management
- Locations: Pan India
- About 60 units installed in as many cities

"Our Inclusive Business activities positively contribute to **13** out of **17** UN SDGs

Non-financial target

We aim to positively impact underserved markets through Covestro Material solutions

Achievement: ~8,500,000 people by end of 2025 (cumulative since in 2016)

Notes: Stated numbers as of 2025
Inclusive Business positively contributes to UN SDGs 1, 2, 3, 4, 6, 8, 9, 10, 11, 12, 13, 16, 17

ENVIRONMENTAL

IMPACT OF OUR OWN

OPERATIONS

Covestro risk-based water approach expanded

Water and wastewater impact of our operations

Risk	Growing world population and climate change will lead to changes in the global water situation: • **Water scarcity** may limit water access for manufacturing companies which may not be sufficient for 100% production • **Flooding** may impede production by destroying transport routes, supply chains or production facilities
Measure	• Analysis of physical water risks conducted for all Covestro sites • Site evaluation by occurrence probability and economic loss • Implementation of information management system • “Covestro Water Community” serves as a global platform for exchange of information and best practices between sites

Covestro relies on water supply as ~79% of water usage is once-through cooling water

Risk-based approach helps to spot risks at an early stage and to identify potential for improvement

Our objective: Further develop the risk-based water approach and establish a global water community



Vast majority of water usage is once-through cooling water

Water and wastewater impact of our operations

Use of water in the year 2025 (million cubic meters)

Sources of water		Water usage		Water discharge	
Surface water	135 (54%)	Cooling water[3]	214 (86%)	Once through cooling water	201 (79%)
Boreholes/springs	2 (1%)	324 Recycled and/or used water from cooling and production		Evaporation loss	12 (5%)
Ext. water suppliers	106 (42%)			Waste water with treatment	28 (10%)
Other sources[2]	7 (3%)	Production[4]	36 (14%)	Waste water without treatment	15 (6%)
Total[5]	250		250		256

2025 highlights

- 250 million cubic meters overall water usage, slightly above previous year due to higher production volumes
- Once-through cooling water accounts for 201 million cubic meters or over 79% of water discharge, representing most of the used water
- Once-through cooling water is only heated, does not come into contact with products and can be returned to the water cycle without further treatment (in line with relevant permits)
- Sites in current areas with water stress[1] account for 7% of our total water withdrawal
- Total water consumption is calculated according to GRI standard 303-5 (2018)
- Goal to minimize wastewater emissions, depends largely on our production volumes and the current product portfolio
- Roll out of Covestro Water Program in 2023 to address water risks strategically and understand the site's impact on the local watershed to develop mid-to long-term context-specific action plans per site

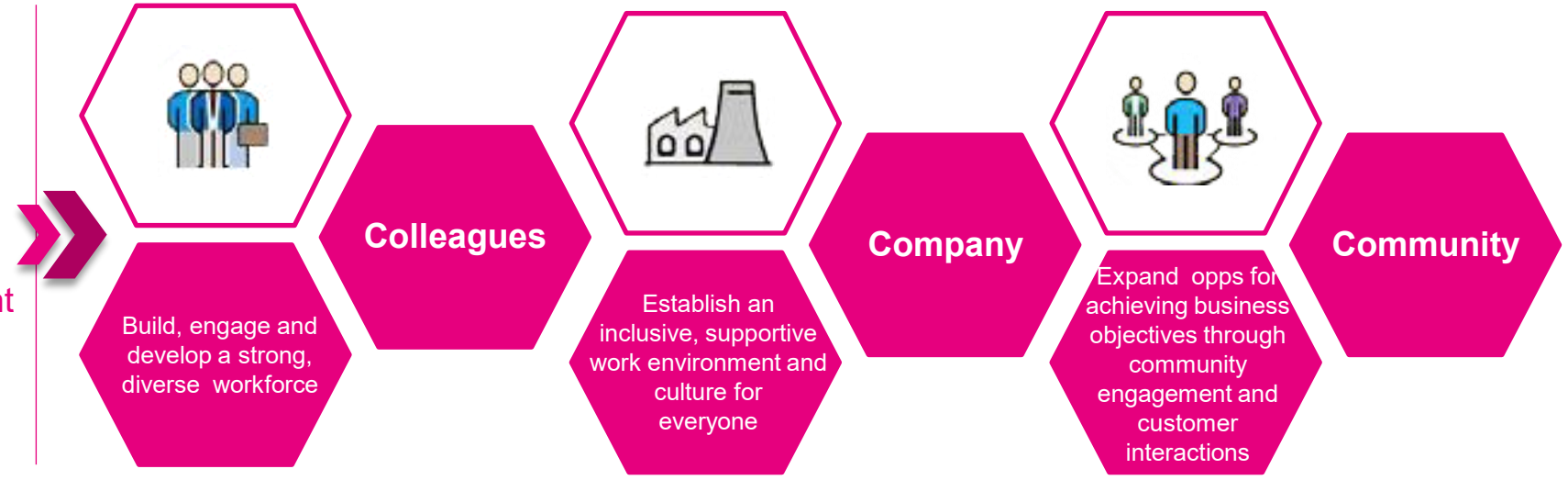
Notes: (1) classification according to Aqueduct Water Risk Atlas of the World Resources Institute (WRI) and other tools like Water Risk Filter of the World Wide Fund for Nature (WWF) (2) e.g. rain water used (3) also includes water for irrigation purposes
(4) total from production processes, sanitary wastewater and rinsing and purification in production
(5) Differences by unquantified evaporation, water used as raw material, condensation of steam and unused rainwater

CORPORATE CULTURE

Global Covestro diversity & inclusion initiatives support UN SDGs

Diversity, equity and inclusion as key element of Covestro's corporate culture

Global Covestro D&I Team sponsored by Board of Management



- Cross-generational and multi-national engagement within our labor markets
- Consequent posting of open positions on internal job board
- Diverse interview panels*
- Building a diverse STEM workforce pipeline
- Achieve 40% female workforce by 2029

- Design inclusive workspaces and office concepts like in Shanghai / Leverkusen
- Support employee resource groups, e.g. UNITE, Compass
- Create part-time working and job/top share positions
- Facilitate parental leave
- Non-traditional and flexible work hours
- Tuition reimbursement and student loan relief program

- Establish partnerships with a wider range of (international) colleges and universities as well as networks
- Global Covestro D&I team cooperation and alignment with corporate culture
- Community engagement and partnership efforts
- Operate Inclusive Business
- Supplier Diversity Program rollout

Notes: D&I = Diversity and inclusion; STEM = Science, technology, engineering and mathematics
* Difference in generation, gender, culture and cross-unit/function/region
Not all examples apply to all Covestro countries as efforts are currently in the process to be expanded

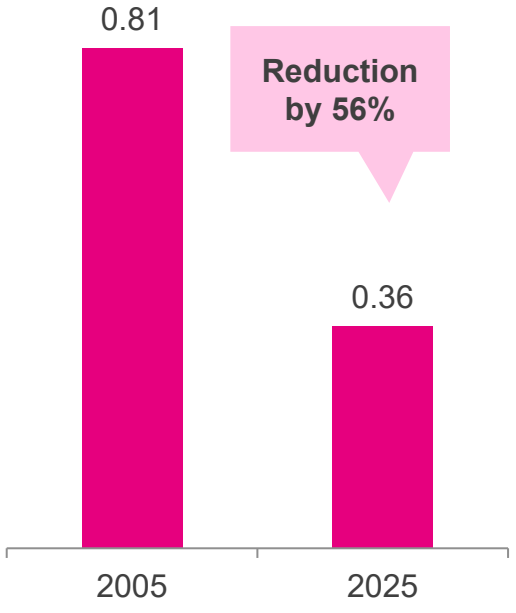
HEALTH AND SAFETY

Our mantra: Nothing we do is worth getting hurt for

Health & safety of workforce / Process & plant safety

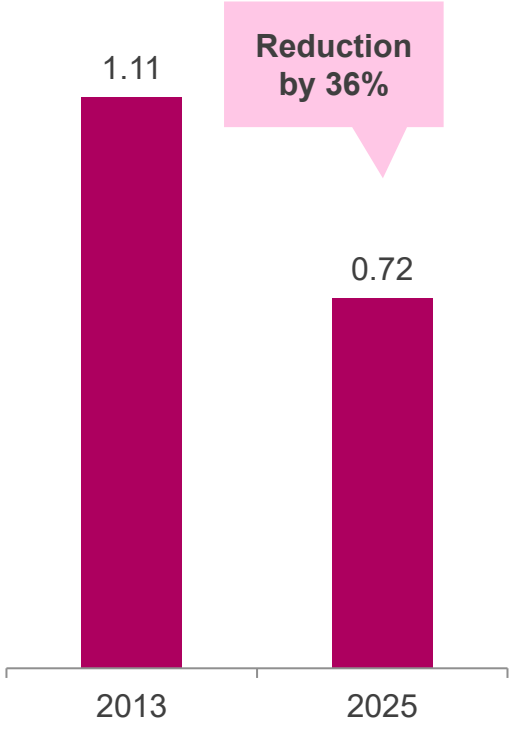
Occupational safety

Recordable Incident Rate
RIR[(a)]



Plant & process safety

Loss of Primary Containment
Incident Rate, LoPC IR[(b)]



- Continuous improvement of a safe work environment as key component of corporate responsibility and corporate culture
- Integrated management system implemented throughout Covestro to report and process work incidents and potential hazards
- Active safety and incident awareness and prevention campaigns, e.g. CEO Safety Award and global Covestro Safety Day
- RIR part of the long-term incentive for managerial employees starting 2024
- We aim for safe processes and plants that avoid unacceptable risks to our employees, neighbors and the environment
- Long-term we aim to prevent workplace accidents and occupational illnesses entirely

towards ZERO
Be aware. Be proactive.

Notes: (a) Number of incidents recordable after Occupational Safety & Health Administration (OSHA)-regularities per 200,000 hours worked by Covestro employees
(b) Number of LoPC (Loss of Primary Containment) incidents per 200,000 hours worked by operational employees

RESPONSIBLE BUSINESS PRACTICES

Our priority: We play by the rules

Compliance as a key pillar of our responsible business practices

6 Covestro Policies



Value creation



Sustainability



Innovation



People



HSEQ



Compliance

Policies	• Define our mindset, how we want to act and be perceived • Corporate level • Externally and internally available
Directives	• Define our corporate standards by establishing organizational structures, our processes/workflows and IT-tools, on a Management level • Corporate level, internally available
Procedures	• Assure implementation of the standards and observance, on employee level • Legal-entity level, internally available

CFO chairs Group Compliance Committee

12 Corporate Commitments

To underline our mission as a sustainable company, we take a clear stance on key issues and are committed to adhering to standards.

- UN Sustainable Development Goals
- Ten Principles of UN Global Compact
- Responsible Care
- Human Rights
- Slavery and Human Trafficking (Modern Slavery Act statement)
- Conflict minerals statement
- Water
- Product Responsibility
- Corporate Compliance
- Responsible Lobbying
- Responsible Marketing & Sales
- Tax Transparency

Notes The six Covestro Policies and twelve Covestro Corporate Commitments are published on covestro.com

Translating the RC Global Charter into actionable company directives

Responsible business practices – Compliance

Responsible Care Global Charter
of the International Council of Chemicals Associations

1. **A Corporate Leadership Culture** that proactively supports safe chemicals management through the global Responsible Care initiative
2. **Safeguarding People and the Environment** by continuously improving our environmental, health and safety performance; the security of our facilities, processes and technologies; and by driving continuous improvement in chemical product safety and stewardship throughout the supply chain
3. **Strengthening Chemicals Management Systems** by participating in the development and implementation of lifecycle-oriented, sound-science and risk-based chemical safety legislation and best practices
4. **Influencing Business Partners** to promote the safe management of chemicals within their own operations
5. **Engaging Stakeholders**, understanding and responding to their concerns and expectations for safer operations and products and communicating openly on our performance and products
6. **Contributing to Sustainability** through improved performance, expanded economic opportunities and the development of innovative technologies and other solutions to societal challenges

Sample to illustrate the implementation of a public charter into Covestro corporate policies and directives

- Policy „HSEQ“, directive „HSEQ Leadership and Commitment“
- Policy „HSEQ“, directive „HSEQ Leadership and Commitment“, directive „Product Stewardship“, directive „Plant and Process Safety“, directive „ Incident Notification and Investigation“,
- Directive „Product Stewardship“, directive „Covestro Integrated Management System for HSEQ“, additionally active contribution in associations like VCI, ACC, CEFIC, PlasticsEurope
- Directive „Transportation Safety“, directive „Product Stewardship“
- Directive „HSEQ Leadership and Commitment“
- Policy „Sustainability “

Head of HSEQ Management System commissioned by Board of Management

Taking a broad view on human rights throughout our value chains

Responsible business practices involving human rights due diligence

Covestro promotes and respects human rights	Covestro is publicly committed to respect human rights	Covestro is taking responsibility for human rights along the value chain
• Human rights are the basis for how we deal with people and form the foundation of our social responsibility • Human rights are important to our employees, investors, customers and communities	Public Corporate Commitments on • Human Rights • Ten Principles of UN Global Compact • Slavery and Human Trafficking (Modern Slavery Act Statements)	• Our Supplier Code of Conduct defines expectations to our suppliers to adhere to our sustainability requirements • We employ a sustainability standard for our supply base through the industry initiative Together for Sustainability (TfS)



"Human Rights Due Diligence requires Covestro to continuously monitor and evaluate processes with regards to potential and actual human rights violations

"A cross-departmental Human Rights Office drives the implementation of a comprehensive human rights management system and directly reports to the Board of Management

Together for Sustainability – compliance along the value chain

Responsible business practices expressed as sustainability in sourcing

TOGETHER FOR SUSTAINABILITY



> This standardized approach for supplier assessment improves sustainability practices within the supply chain while minimizing monitoring and audit efforts

- Initiative founded in 2011, with ~58 members as of December 2025, members use same approach, share assessments and audits results within the initiative
- A total of 1,581 audits have been performed of which 47 were conducted as on-site audits
- Of our target-relevant suppliers who underwent a repeat assessment in 2025, 72% showed improved vs previous results
- EcoVadis responsible for high-quality, third-party sustainability assessments and on-site audits, with criteria are based on GRI, UN Global Compact, and ISO 26000 global standards
- Covestro uses TfS methodology as one approach towards suppliers as well as customers

Non-financial target

All of our suppliers with regular purchasing volumes of more than €1m per year are expected to comply with our sustainability requirements by the year 2025.

Achievement: 92% by end of 2025

Notes TfS numbers on assessments, audits and suppliers as of 2025

Committed to tax transparency

Tax transparency in line with responsible business practices

Covestro tax principles

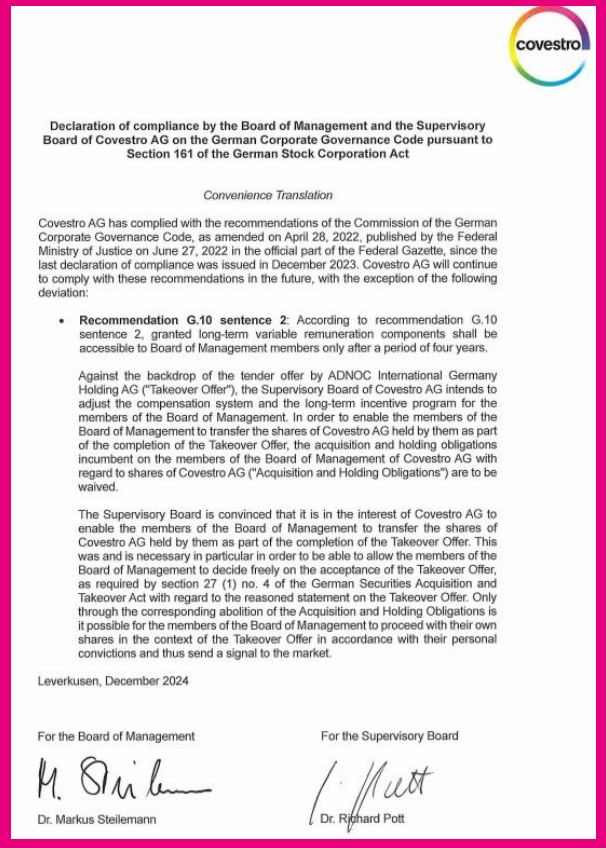
- Zero tolerance regarding any non-compliance, foremost tax fraud
- Tax payments in line with respective value creation in each country and territory
- Tax optimization in line with business reasons and needs
- Cooperative approach with tax authorities

- Covestro and its affiliated companies believe that it is their obligation to pay the amount of tax legally due in any country and/or territory, in accordance with the rules set by the respective governments
- Appropriate tax payments is one core element of Covestro's corporate social responsibility
- Tax payments by Covestro provide essential revenues for governments needed to fulfill their social, economic and societal tasks
- Covestro complies with all relevant tax regulations as well as filing, documentation, disclosure and approval requirements in all countries and territories it operates in

CORPORATE GOVERNANCE

Annually declaring conformity with the GCGC

Corporate Governance for Covestro means responsible governance



Declaration of compliance by the Board of Management and the Supervisory Board of Covestro AG on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act

Convenience Translation

Covestro AG has complied with the recommendations of the Commission of the German Corporate Governance Code, as amended on April 28, 2022, published by the Federal Ministry of Justice on June 27, 2022 in the official part of the Federal Gazette, since the last declaration of compliance was issued in December 2023. Covestro AG will continue to comply with these recommendations in the future, with the exception of the following deviation:

- **Recommendation G.10 sentence 2**: According to recommendation G.10 sentence 2, granted long-term variable remuneration components shall be accessible to Board of Management members only after a period of four years.

  Against the backdrop of the tender offer by ADNOC International Germany Holding AG ("Takeover Offer"), the Supervisory Board of Covestro AG intends to adjust the compensation system and the long-term incentive program for the members of the Board of Management. In order to enable the members of the Board of Management to transfer the shares of Covestro AG held by them as part of the completion of the Takeover Offer, the acquisition and holding obligations incumbent on the members of the Board of Management of Covestro AG with regard to shares of Covestro AG ("Acquisition and Holding Obligations") are to be waived.

  The Supervisory Board is convinced that it is in the interest of Covestro AG to enable the members of the Board of Management to transfer the shares of Covestro AG held by them as part of the completion of the Takeover Offer. This was and is necessary in particular in order to be able to allow the members of the Board of Management to decide freely on the acceptance of the Takeover Offer, as required by section 27 (1) no. 4 of the German Securities Acquisition and Takeover Act with regard to the reasoned statement on the Takeover Offer. Only through the corresponding abolition of the Acquisition and Holding Obligations is it possible for the members of the Board of Management to proceed with their own shares in the context of the Takeover Offer in accordance with their personal convictions and thus send a signal to the market.

Leverkusen, December 2024

For the Board of Management

Dr. Markus Steilemann

For the Supervisory Board

Dr. Richard Pott

Responsible governance

- The German Corporate Governance Code (GCGC) reflects material legal requirements for responsible governance
- Covestro annually declares and publishes conformity with the GCGC
- In compliance with all principles and recommendations of the GCGC since company IPO in 2015
- Detailed corporate governance report as an integral part of the annual report

Supervisory Board advises and oversees Board of Management

Board responsibilities and oversight

Shareholder representatives



Dr. Rainer Seele
Chair
Presidial Committee, Chair
Human Resources Committee, Chair
Nominations Committee, Chair



Khaled Salemeen
Presidial Committee
Human Resources Committee
Sustainability Committee
Nominations Committee



Dr. Christine Bortenlänger
Audit Committee, Chair



Guy Janssern
Audit Committee



Mercedes Alonso Benitez
Audit Committee
Sustainability Committee, Chair



Patrick W. Thomas
Audit Committee
Nominations Committee
Sustainability Committee

Employee representatives



Kerstin Spendel[1]
Vice Chair
Audit Committee



Irena Küstner[1]
Presidial Comittee
Audit Committee



Dr. Christoph Gürtler[1]
Sustainability Committee
Human Resources Committee



Oliver Heinrich[2]
Sustainability Committee



Marc Stothfang[2]
Human Resources Committee

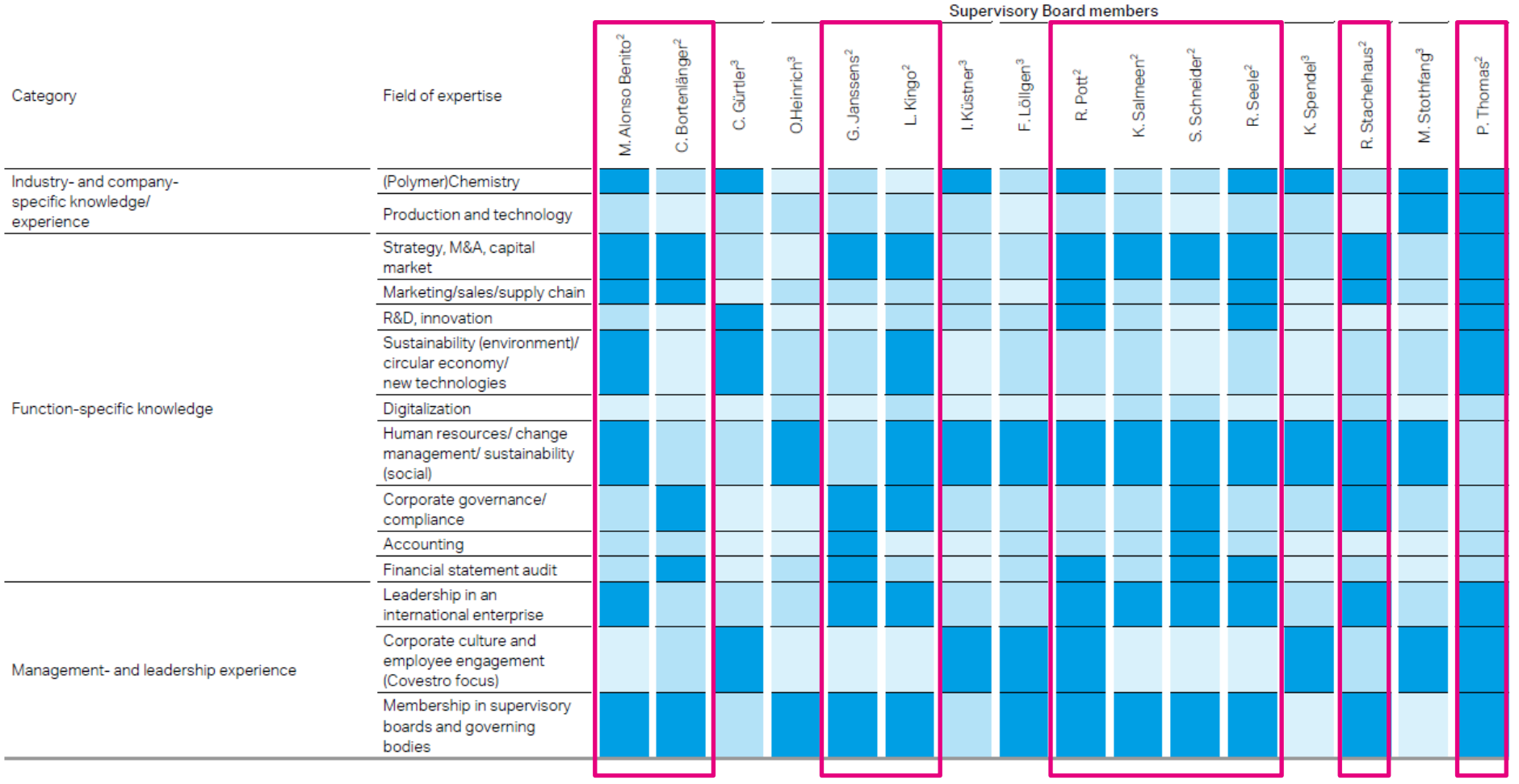


Frank Löllgen[2]
Presidial Committee
Audit Committee

Notes (1) Covestro employee
(2) Union representative (German Mining, Chemical and Energy Industrial Union (IG BCE))

Corporate Governance in line with latest DCGC additions

Qualification matrix for Supervisory Board Members(1)



(1) Based on a self-assessment by the Supervisory Board, incorporating the individual assessments of individual Supervisory Board members and the recommendations of the Nomination Committee and Presidial Committee to the full Supervisory Board. The three shades of color refer to the levels of know-how, from basic know-how (light) through extensive know-how (medium) down to profound know-how (dark).

(2) Members representing shareholders, Members with end of term of office in 2025: L. Kingo, Dr. R. Pott, Dr. S. Schneider, R. Stachelhaus

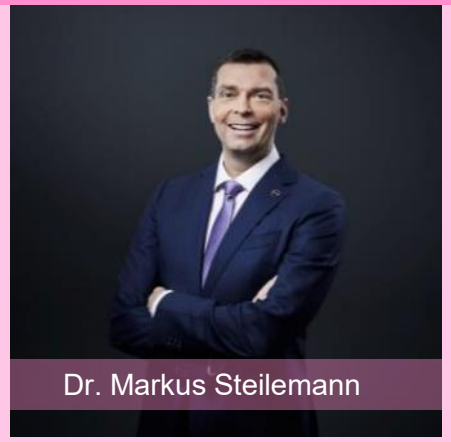
(3) Members representing employees.

(4) In accordance with GCGC 2022.

Board of Management responsible for operational businesses and goals

Defined board responsibilities and oversight as required by corporate governance

CHIEF EXECUTIVE OFFICER



Dr. Markus Steilemann

Year of Birth: 1970
Nationality: German

Areas or responsibility:
- Communications
- Corporate Audit
- Human Resources
- Strategy
- Sustainability & Public Affairs
- Group Innovation

Contract: June 2018 – May 2028

CHIEF FINANCIAL OFFICER



Christian Baier

Year of Birth: 1976
Nationality: German

Areas or responsibility:
- Accounting
- MDs Greater China, USA
- Controlling
- Finance & Insurance
- IT & Digitalization
- Investor Relations
- Law, IP & Compliance
- Portfolio Development
- Taxes

Contract: Oct 2023 – Sept 2026

CHIEF COMMERCIAL OFFICER



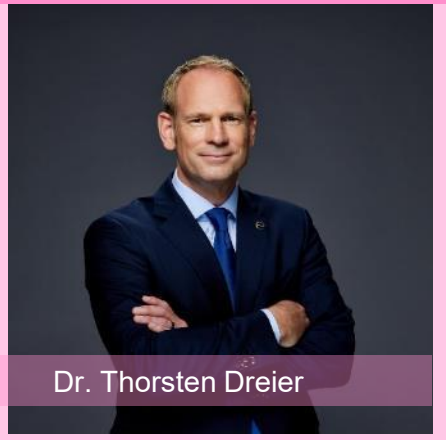
Monique Buch

Year of Birth: 1974
Nationality: Dutch

Areas or responsibility:
- Solutions & Specialties
  - Tailored Urethanes
  - Coatings & Adhesives
  - Engineering Plastics
  - Specialty Films
  - Elastomers
  - Thermoplastic Polyurethanes
- Supply Chain & Logistics

Contract: June 2025 – May 2028

CHIEF TECHNOLOGY OFFICER



Dr. Thorsten Dreier

Year of Birth: 1972
Nationality: German

Areas or responsibility:
- Performance Materials
- Engineering
- Process Technology
- Group Health, Safety and Environment
- Group Procurement

Contract: July 2023 – June 2031

Notes:

Board of Management is paid for performance

Responsible governance with transparent board compensation system

Component	2025 determination base and parameters
Fixed compensation **~30%**	• Annual benchmark: horizontally again DAX/MDAX and vertically against all German employees • Annual adjustments determined by Supervisory Board in line with the increase in the consumer price index in Germany • 2025 values: CEO €1.3m; CFO €0.9m; CCO/CTO €0.7m
Short-term variable component **~30%**	• Target value: 100% of the respective annual base salary • Key performance indicators, each weighted 1/4: EBITDA, liquidity (FOCF), profitability (ROCE); Sustainability (CO_2e) Threshold values fixed for three years (2022-2024) • Payout between 0 and 250% of target

Long-term variable component
~40%
	• Target value: 130% of respective annual base salary
	• Key performance indicators, linked by multiplication:
	  • Total Shareholder Return (TSR factor)
	  • Relative share price development (Outperformance factor)
	  • ESG basket of GHG emission (scope 1+2), Recordable Incident Rate and participation rate of internal “Engage” survey, 30%
	• Rolling performance periods of four years, e.g. 2025-2028
	• Payout between 0 and 200% of target

Share ownership guidelines	• Obligation to purchase Covestro shares equivalent in value to 100% of the fixed annual compensation within three years • Hold shares for the duration of Board membership • Voluntary disclosure of individual shareholdings in Annual Report

Component	2025 determination base and parameters
Cap on compensation	• Total remuneration capped at € 9.0 million for CEO and € 5.5 million for other Board members
Pension entitlements	• Introduction of new pension plan for all employees: direct pension promise (defined contribution-oriented plan) based on capital account • Personal contribution adjusted to max. 10%, company contribution adjusted to up to 36% accordingly • Board members offered to transfer into new plan in 2021
Fringe benefits	• Company car / vehicle allowance; driver service • Security equipment; health screening examinations; other • Payments upon start of office, if applicable
Contract termination	• Payments made, including fringe benefits, capped to the value of two years’ compensation • Exception: termination for good cause
Change of control	• Indemnity payments of 250% of fixed annual compensation • Capped at the compensation for the remainder of the contract term

Entire organization aligned for performance and sustainability

Group Profit Sharing Plan (PSP) for since 2025

BOARD OF MANAGEMENT STI PROPOSAL

Old PSP system 2022-2024

EBITDA | FOCF | ROCE | CO_2

Based on three-year business plan

PSP adjustment 2025-2027

Mid-term component – 50% 1

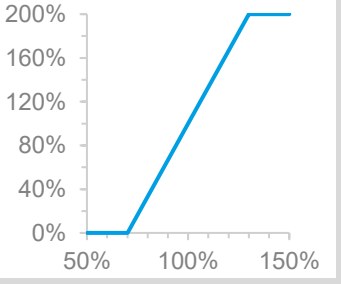
EBITDA | FOCF | ROCE | CO_2

Circuit Breaker*

➔ **GRID: 100% on three-year Business Plan**

One-year component – 50% 2

EBITDA



➔ **GRID: 100% on one-year target as approved by BoM and Supervisory Board**

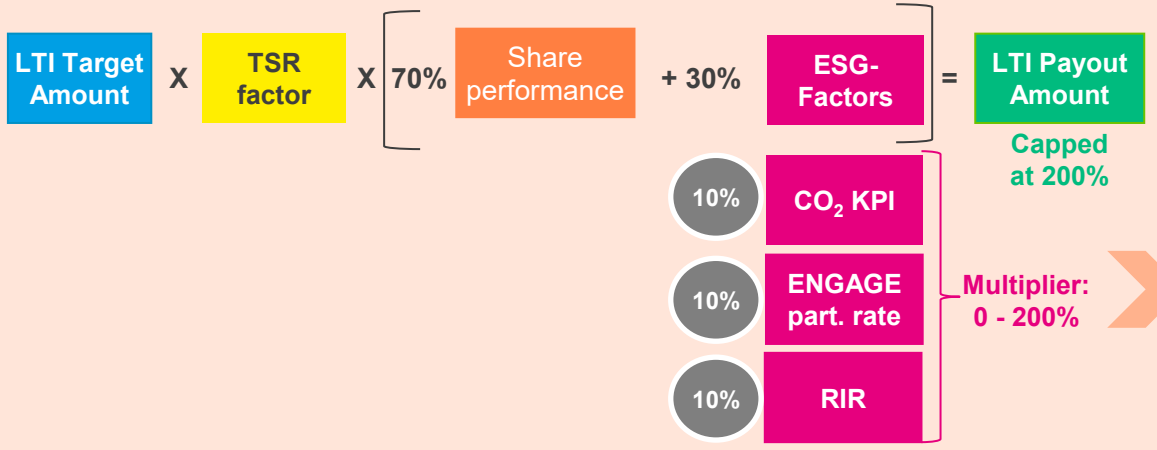
Notes: PSP = Profit Sharing Plan, common reward system for all employees incl. BoM
* Circuit breaker is applied as soon as cost of capital is not earned

Adjusted LTI System since 2025

Remuneration systems for the BoM members

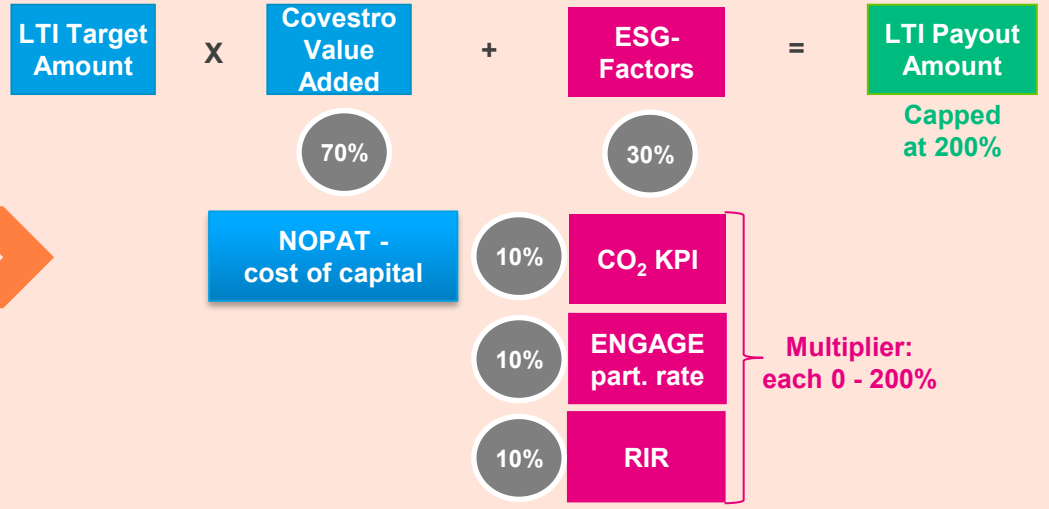
BOARD OF MANAGEMENT LTI

- Past LTI system



- Significantly reduced free float of shares (<5%)
- Future share price driven by speculation of further ADNOC share purchases and a possible squeeze-out scenario
- Share price development based LTI system therefore not suitable for measurement of company performance

- New LTI system 2025-2028



- "CVA" similar to "Economic Value Added"
- CVA: (EBIT–taxes) – (average capital employed[(1)]x WACC)

Notes:

(1) average capital employed = difference between current and non-current operating assets and non-interest-bearing liabilities
NOPAT = net operating profit after taxes

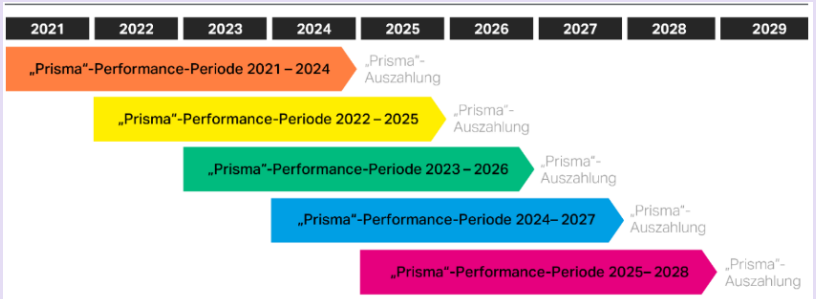
Long-term incentive plan linked to value addition and ESG basket

Covestro long-term incentive plan since 2025 eliminating share price development

KEY FEATURES “PRISMA”

- Cash settled plan with four-year performance periods
- Globally consistent program for all eligible employees
- Target amount based on fixed percentage of annual base salary
- Cash payout (capped at 200% of target) based on:
  1. *CVA (Covestro Value Added) as absolute performance criterion*
  2. *ESG Basket: reduction of absolute GHG emissions (CO_2 equivalents, CO_2e), classified in Scope 1&2 + RIR + Employee Survey*

“Prisma”-Performance Periods



(NOPAT) – (av. capital employed[1] x WACC)	=	**CVA Factor**
(Change in annual CO_2 emissions (scope 1+2) + RIR[2] + „Engage“ employee survey participatio rate	=	**ESG Factor**

Notes: (1) average capital employed = difference between current and non-current operating assets and non-interest-bearing liabilities
(2) Recordable incident rate: mathematical calculation of recordable injuries and illnesses per 200.000 work hours/a (OSHA 1904)
NOPAT = net operating profit after taxes (EBIT-taxes)

ESG basket explanation

Covestro long-term incentive plan since 2024 with enhanced ESG basket

ENGAGE EMPLOYEE SURVEY

ENGAGE established as regular feedback (3 times per y through external provider) of employees about strengths and weaknesses and satisfaction level across four areas:

- Employee Engagement
- Diversity, Equity, Inclusion
- Health and Wellbeing
- Transformation and Change

Important measurable foundation for cultural development at Covestro



RECORDABLE INCIDENT RATE

"Nothing is worth getting hurt for"

- Our employees are our greatest assets and should always go home unharmed
- Ensured by standardized and systematic safety procedures established globally
- Accidents despite these efforts are recorded, measured in the Recordable Incident Rate* (incident rate per 200,000 work hours) and analyzed to prevent repetition
- Basis for payout is RIR for Covestro employees and contractors during the last calendar year of the Performance Period.

Paid for financial and environmental performance

Compensation system for Board of Management (1/2)

COMPONENT	2024 SYSTEM	2024 DETERMINATION BASE	2025 CHANGES
Fixed annual compensation **~30%**	• Annual benchmark: horizontally against DAX/MDAX and vertically against all German employees • Annual adjustments determined by Supervisory Board in line with German consumer price index	• 2022 values: CEO €1.2m; CFO €0.8m; CCO/CTO €0.6m	• 2025e values adjusted under consideration of German consumer price index
Short-term variable compensation (STI, “PSP”) **~30%**	• Target value: 100% of respective annual base salary • Payout between 0 and 250% of target • Key performance indicators, each weighted 1/3: growth, liquidity and profitability • Supervisory Board reserves the right to cancel PSP for a given year if ROCE is below WACC	• Performance targets fixed for the three years of 2022-2024 • Key performance indicators: EBITDA (growth), FOCF (liquidity) and ROCE above WACC (profitability) and GHG emissions on scope 1 + 2 (sustainability)	• 50% one-year KPI (EBITDA) • 50% Key performance indicators: EBITDA (growth), FOCF (liquidity) and ROCE above WACC (profitability) and GHG emissions on scope 1 + 2 (sustainability)

Long-term variable compensation (LTI, “Prisma”)
~40%
	• Target value: 130% of respective annual base salary
	• Payout between 0 and 200% of target
	• Key performance indicators, linked by multiplication:
	  ○ Total shareholder return (TSR factor)
	  ○ Outperformance factor
	  ○ CO_2 factor
	• Rolling performance periods of four years
		• Performance period 2021-2024
		• Key performance indicators, linked by multiplication:
		  ○ TSR factor
		  ○ Relative share price development, 75%
		  ○ Reduction of absolute scope 1+2 GHG emissions, 25%
			• Key performance indicators, linked by addition:
			  ○ Value addition: EBITDA or ROCE, 70%
			  ○ ESG basket of GHG emission (scope 1+2), Recordable Incident Rate and participation rate of internal “Engage” survey, 30%

Share ownership guidelines	• Obligation to purchase Covestro shares equivalent in value to 100% of the fixed annual compensation within three years • Hold shares for the duration of Board membership	• Voluntary disclosure of individual shareholdings in Annual Report	• No ownership guideline due to ADNOC take-over offer supported by BoM

Fully fixed compensation system for Supervisory Board

Responsible governance with transparent board compensation system

Component	Determination base and parameters
Fixed compensation 100%	• Fixed annual compensation of €120,000 • Chairperson's fixed annual compensation of €360,000, also covering committee memberships • Vice chairperson's fixed annual compensation of €240,000, also covering committee memberships • Additional compensation for committee memberships – Audit Committee: €90,000 for the chairperson and €25,000 for all other members – Other committees: €60,000 for the chairpersons and €30,000 for all other members – Nominations Committee: €30,000 for the chairperson and €15,000 for each other member – In case of multiple committee memberships, compensation limited to the two functions with the highest compensation
Attendance fee	• €1,000 for each person or virtual attendance of a board or committee meeting • In case of multiple meetings on one day, only one attendance fee is paid
Reimbursements	• Reimbursement of expenses incurred through the exercise of their office, including value-added tax payable on their compensation and on the reimbursement of their expenses • The Company may take out liability insurance for the benefit of the members of the Supervisory Board to cover the legal liability arising from their activities as members of the Supervisory Board

OVERVIEW OF COVESTRO'S SET OF NON-FINANCIAL KPIs AND GOALS

Comprehensive set of KPIs and goals

Covestro non-financial disclosures

ESG basket of KPIs including CO_2e reduction, RIR rate and Engage survey participation rate for all managerial employees incl. BoM	LTI remuneration	STI remuneration	Addition of non-financial sustainability KPI for all employees endorsed in AGM 2022
Covestro adopted reporting according to CSRD standard since FY2024 even before conversion into national law to enable full transparency	CSRD reporting	Scope 3 GHG emissions	Disclosure since 2021 in annual report 2021, target announced with annual report 2023 with climate neutrality in 2050 and 30% reduction in 2035
Reporting according to TCFD standard published for FY 2025	TCFD report 2025	EU Taxonomy	Disclosure according to Non-Financial Reporting Directive (NFRD) in FY 2025 reporting
Company steering KPI comprises non-financial sustainability KPI for 2025 including but not limited to GHG emission	Core KPIs	Climate neutrality target	Absolute CO_2e reduction targets: Scope 1&2 Climate neutrality in 2035 and 60% reduction in 2030 Scope 3 Climate neutrality in 2050 and 30% reduction in 2035

Find more information online

Useful links and sources

Topics related to Environment, Social and Governance

Circular and climate-neutral economy
- Alternative raw materials
- Renewable energy
- Business models
- Recyclability and end of life solutions
- Green house gas emissions

Solutions contributing to UN SDGs
- Sustainable innovation portfolio
- UN SDG conform product portfolio
- Inclusive business

Corporate culture
- Employer attractiveness
- Diversity, equity and inclusion

Environmental impact of own Operations
- Air quality
- Waste
- Water and wastewater

Health and safety
- Health and safety of workforce
- Process and plant safety
- Product safety

Responsible business practices
- Community engagement
- Compliance
- Human rights due diligence
- Sustainability in sourcing
- Transparency and trust

Responsible governance
- Corporate Governance
- Board of Management
- Supervisory Board
- Board compensation system
- Tax transparency
- Compliance hotline

- Annual Report 2025
- PAI and additional ESG KPIs
- TCFD disclosure (index)
- CDP disclosure (index)
- Covestro non-financial goals
- ESG ratings and indices