

CORPORATE GOVERNANCE

Covestro's corporate governance is characterized by a sense of responsibility as well as ethical principles. Covestro places great importance on responsible corporate governance. This promise to shareholders, business partners, and employees is based on our commitment to the German Corporate Governance Code (GCGC) and the Articles of Incorporation that reflect these standards. In pursuing our business activities, we follow company principles that exceed the requirements of the law and the German Corporate Governance Code. A key concern is combining business success with environmental and social goals, so when making any business decision, we always consider the three dimensions of sustainability – people, planet, profit. The principles guiding our actions, which are also based on these dimensions, are documented in six policies applicable throughout the Group. These provide our employees with guidance in the areas of value creation, sustainability, innovation, human resources, HSEQ (Health, Safety, Environment, Energy, and Quality) and compliance. The standards contained in these policies are mandatory for all employees worldwide.

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

The Board of Management and Supervisory Board issued the current Declaration of Conformity with the GCGC pursuant to Section 161 of the German Stock Corporation Act (AktG) in December 2020. In this Declaration, Covestro AG affirms that it fulfills all of the recommendations of the GCGC in the December 16, 2019, version applicable in the fiscal year under review. The Board of Management and Supervisory Board provide information pertaining to corporate governance in the sections that follow, including a Declaration on Corporate Governance for Covestro AG pursuant to Section 289f and for the Covestro Group pursuant to Section 315d of the German Commercial Code (HGB). Pursuant to Section 317, Paragraph 2, Sentence 6 HGB, the disclosures in the Declaration on Corporate Governance are not included in the audit. Corporate governance disclosures and supplementary information on the Board of Management and Supervisory Board, along with prior-year declarations of conformity with the GCGC are published on our website.

➤ Additional information is available at: www.covestro.com/en/company/management/corporate-governance

Declaration on Corporate Governance

The Board of Management and Supervisory Board issued a Declaration of Conformity in December 2020 that is posted on Covestro's website.

In the year under review, Covestro AG was in compliance with all recommendations of the Government Commission on the German Corporate Governance Code as published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger), and will remain so in the future.

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

The recommendations of the Commission of the German Corporate Governance Code, as amended on 7 February 2017, published by the Federal Ministry of Justice and Consumer Protection on 24 April 2017 in the official part of the Federal Gazette, have been complied with since the last declaration of compliance was issued in October 2019.

The recommendations of the Commission of the German Corporate Governance Code, as amended on 16 December 2019, published by the Federal Ministry of Justice and Consumer Protection on 20 March 2020 in the official part of the Federal Gazette, are being complied with. Covestro AG will continue to comply with them in the future.

Leverkusen, December 2020

For the Board of Management

Dr. Markus Steilemann

For the Supervisory Board

Dr. Richard Pott

Composition, duties and activities of the Board of Management and Supervisory Board

Board of Management

Duties and activities of the Board of Management

The Board of Management runs the company on its own responsibility with the goal of sustainably increasing the company's enterprise value and achieving defined corporate objectives. In doing so, it takes into account the interests of shareholders, employees, and other stakeholders. The Board of Management performs its duties according to the law, the Articles of Incorporation, the Board of Management's rules of procedure, and the recommendations of the GCGC as stated in the Declaration of Conformity. It ensures compliance with the law and internal company policies, and works with the company's other governance bodies in a spirit of trust.

+ The current rules of procedure of the Board of Management are available at:
www.covestro.com/en/company/management/corporate-governance

The Board of Management defines the long-term goals and strategies for the company and sets forth the principles and policies for the resulting corporate policies. Furthermore, it coordinates and monitors the most important activities, defines the company's portfolio, develops and deploys managerial staff, allocates resources, and decides on the financial steering and reporting of the Covestro Group.

The members of the Board of Management bear joint responsibility for running the business as a whole. However, the individual members manage the areas assigned to them on their own responsibility within the framework of the decisions made by the full Board. The allocation of duties among the members of the Board of Management is defined in a written schedule appended to its rules of procedure.

The full Board of Management makes decisions on all matters of fundamental importance and in cases where a decision of the full Board is prescribed by law or otherwise mandatory. The rules of procedure of the Board of Management contain a list of topics that must be dealt with and resolved by the full Board.

Board of Management meetings are held regularly and are convened by the Chair of the Board of Management. Any member of the Board of Management may also request that a meeting be convened, notifying the other members of the matter for discussion. The Board of Management makes decisions by a simple majority of the votes cast, except where unanimity is required by law. In the event of a tie, the Chair casts the deciding vote.

According to the Board of Management's rules of procedure and schedule of duties, the Chair bears particular responsibility for coordinating all Board of Management areas. The Chair represents the Board of Management as well as Covestro AG and the Group in dealings with the public and other third parties.

Composition of the Board of Management

Under the schedule of duties, each Board member is assigned responsibility for particular duties and areas. The Board of Management members manage the areas assigned to them on their own responsibility within the framework of the decisions made by the full Board. The Chair of the Board of Management is appointed by the Supervisory Board. The Board of Management currently has no committees.

Areas of responsibility¹

Name	Position	Areas of responsibility	Memberships on supervisory boards and memberships in comparable supervising bodies of German or foreign corporations
Dr. Markus Steilemann	Chief Executive Officer	• Communications • Corporate Audit • Human Resources • Strategy • Sustainability	
Sucheta Govil	Chief Commercial Officer	• Polyurethanes • Polycarbonates • Coatings, Adhesives, Specialties • Central Marketing • Innovation Management & Commercial Services • Supply Chain Center EMLA • Supply Chain Center NAFTA • Supply Chain Center APAC	Independent non-executive director of Eurocell plc (United Kingdom)
Dr. Klaus Schäfer	Chief Technology Officer	• Global Project Engineering • Health, Safety, Environment & Quality • Production & Technology • Procurement • Site Management NRW • Site Management Baytown • Site Management Shanghai	Member of the Supervisory Board of TÜV Rheinland AG
Dr. Thomas Toepfer	Chief Financial Officer Labor Director	• Accounting • Controlling • Finance • Information Technology • Investor Relations • Law, Intellectual Property & Compliance • Portfolio Development • Taxes	

¹ As of December 31, 2020.

Objectives and concept for the composition of the Board of Management

Assisted by the Human Resources Committee and the Board of Management, the Supervisory Board arranges long-term succession planning for individual Board of Management members. It conducts a systematic process for selecting candidates for the Board of Management, while following the recommendations of the GCGC. In accordance with Covestro's corporate values, it also observes the diversity principle, i.e., balancing the Board's composition in terms of age, educational and professional background as well as a balanced ratio of male and female members. For instance, Board of Management members will generally not be appointed if they are over the age of 63. The Board of Management as a whole should represent a variety of backgrounds and possess extensive experience in corporate strategy, innovation, production and technology, marketing and sales, finance, leadership and sustainability management.

When filling specific Board of Management positions, the Supervisory Board also develops a skills profile that is based on the diversity criteria and used to evaluate candidates from within and outside the company. Decisions are made in the company's interest and taking into account all of the circumstances of each individual case.

Implementation status of the objectives

Covestro AG's Board of Management currently has four members. The goals regarding age structure and function-specific expertise were generally met in fiscal 2020. The Board of Management additionally meets the education and professional background requirements. The Board of Management's members ranged in age from 48 to 58 in fiscal 2020. As a whole, the Board of Management features members with a range of different educational backgrounds. In particular, they possess many years of experience in the following areas: engineering, physics and chemistry, business administration, and finance. The members of the Board of Management have extensive professional experience in Germany and abroad as well as in the petroleum and chemical industries. In the course of their careers, they have held leadership positions in marketing and sales,

innovation, corporate strategy, production and technology, and finance, among others, and possess extensive experience in human resources management and project management.

Promotion of equal participation of women and men in leadership positions

The German Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors of May 24, 2015, requires certain companies in Germany to define target quotas for appointing women to their Supervisory Boards, and Boards of Management and the two management levels below, and to establish dates by which this quota is to be achieved in each case.

In accordance with Section 96, Paragraph 2 AktG, the Supervisory Board of a company which is both listed and subject to codetermination rules should be composed of at least 30% women and at least 30% men. As of December 31, 2020, the Supervisory Board of Covestro AG comprised five women and seven men. The minimum legal requirement has thus been met.

At the end of the first target attainment period on June 30, 2017, the Supervisory Board decided on a target quota of at least 40% for women on the Board of Management of Covestro AG and an implementation period through June 30, 2022. As of December 31, 2020, one woman and three men served on the Board of Management. Women therefore made up 25% of the Board of Management.

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

Targets for Covestro AG and the Covestro Group

	Covestro AG		Covestro Group	
	Status quo (Dec. 31, 2020)	Target (by June 30, 2022)	Status quo (Dec. 31, 2020)	Target (by June 30, 2022)
Management level 1 ¹	0%	30%	13%	30%
Management level 2 ²	29%	30%	24%	30%

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

² Direct reports to management level 1 with management responsibilities.

Supervisory Board

Duties and activities of the Supervisory Board

The Supervisory Board advises and oversees the Board of Management. The Supervisory Board is directly involved in decisions on matters of fundamental importance to the company, regularly conferring with the Board of Management on the strategic alignment of Covestro AG and the Covestro Group, and on the implementation status of the business strategy. The Supervisory Board Chair coordinates its work and presides over the meetings. The Chair also represents the Supervisory Board outside the company and, in this capacity, is generally prepared to conduct Supervisory Board-specific discussions with investors. In accordance with the Articles of Incorporation, the Supervisory Board has issued rules of procedure governing its activity. These rules of procedure are applicable to the Supervisory Board as a whole as well as to individual Supervisory Board committees. They also include rules concerning the composition and work of the committees.

+ Rules of Procedure for the Supervisory Board are available at:
www.covestro.com/en/company/management/corporate-governance

In fiscal 2020, the Supervisory Board discussed at length the results of its effectiveness and efficiency review performed as a self-evaluation based on a written questionnaire answered by Supervisory Board members. The main topics covered were the Supervisory Board meeting process; cooperation with the Board of Management; the provision of information to the Supervisory Board; the responsibilities, composition and work of the committees; and cooperation with the shareholder and employee representatives. On the whole, the Supervisory Board's activity was evaluated and found to be efficient by its members.

The Board of Management informs the Supervisory Board about business policy, corporate planning, and strategy in regular and open discussions. The Supervisory Board approves the annual budget and financing framework. It also approves the financial statements of Covestro AG and the consolidated financial statements of the Covestro Group, along with the Group management report, taking into account the auditor's reports and

explanations. The Supervisory Board also regularly meets without the Board of Management in attendance. Employee representatives often hold discussions with members of the Board of Management prior to Supervisory Board meetings.

Composition of the Supervisory Board

The Supervisory Board has 12 members, half of whom are shareholder representatives and half employee representatives pursuant to the German Codetermination Act. The six members representing employees comprise four Covestro employees and two union representatives. The shareholder representatives are elected individually by the Annual General Meeting. The term of office of the six shareholder representatives on Covestro AG's Supervisory Board ended at the conclusion of the Annual General Meeting on July 30, 2020. The shareholder representatives were newly elected or reelected at the 2020 Annual General Meeting.

The Supervisory Board discussed the requirements stipulated by Section 100, Paragraph 5 AktG. Based on its composition, the Supervisory Board as a whole has in-depth industry expertise in the chemical and polymer sector in which Covestro operates. This industry knowledge was acquired by the members either through their jobs or the requisite continuing education.

Supervisory Board

Name/function	Membership on the Supervisory Board	Position	Memberships on other supervisory boards and memberships in comparable supervising bodies of German or foreign corporations
Dr. Richard Pott (Chair)	Member of the Supervisory Board since August 2015	• Member of various supervisory boards	• Chair of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of Freudenberg SE • Member of the Supervisory Board of SCHOTT AG
Petra Kronen (Vice Chair)	Member of the Supervisory Board since October 2015	• Chair of the Works Council of Covestro at the Uerdingen site • Chair of the General Works Council of Covestro	• Vice Chair of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of Bayer Beistandskasse VVaG
Ferdinando Falco Beccalli	Member of the Supervisory Board since October 2015	• Vice Chair of Covestro-European Forum • Employee of Covestro Deutschland AG	• Member of the Supervisory Board of Covestro Deutschland AG
Dr. Christine Bortenlänger	Member of the Supervisory Board since October 2015	• Executive Member of the Board of Deutsches Aktieninstitut e.V.	• Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of MTU Aero Engines AG • Member of the Supervisory Board of OSRAM GmbH (until February 2021) • Member of the Supervisory Board of OSRAM Licht AG (until February 2021) • Member of the Supervisory Board of TÜV SÜD AG • Member of the Supervisory Board of Siemens Energy AG (since September 2020) • Member of the Supervisory Board of Siemens Energy Management GmbH (since September 2020)
Johannes Dietsch	Member of the Supervisory Board until July 2020	• Member of the Board of Management of thyssenkrupp AG (until March 2020)	• Member of the Supervisory Board of Covestro Deutschland AG
Irena Küstner	Member of the Supervisory Board since October 2015	• Chair of the Works Council of Covestro at the Leverkusen site • Chair of the Group Works Council of Covestro • Vice Chair of the General Works Council of Covestro • Employee of Covestro Deutschland AG	• Member of the Supervisory Board of Covestro Deutschland AG
Dr. Ulrich Liman	Member of the Supervisory Board since January 2018	• Chair of the Managerial Employees' Committee of Covestro Deutschland AG • Manager of Covestro Deutschland AG	• Member of the Supervisory Board of Covestro Deutschland AG

Supervisory Board

Name/function	Membership on the Supervisory Board	Position	Memberships on other supervisory boards and memberships in comparable supervising bodies of German or foreign corporations
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board since August 2015	• Member of various supervisory boards	• Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of Continental AG • Member of the Supervisory Board of ProSiebenSat.1 Media SE
Petra Reinbold-Knape	Member of the Supervisory Board since January 2020	• Member of the Executive Committee of the German Mining, Chemical and Energy Industrial Union (IG BCE)	• Member of the Supervisory Board of Covestro Deutschland AG (since January 2020) • Member of the Supervisory Board of Bayer AG • Vice Chair of the Supervisory Board of Lausitz Energie Kraftwerke AG (until July 2020) • Vice Chair of the Supervisory Board of Lausitz Energie Bergbau AG (until July 2020)
Regine Stachelhaus	Member of the Supervisory Board since October 2015	• Member of various supervisory boards	• Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of CECONOMY AG • Member of the Supervisory Board of Leoni AG • Member of the Supervisory Board of SPIE Deutschland und Zentraleuropa GmbH • Director of SPIE SA, France
Marc Stothfang	Member of the Supervisory Board since February 2017	• Chair of the Works Council of Covestro at the Brunsbüttel site • Chair of Covestro-European Forum • Employee of Covestro Deutschland AG	
Patrick W. Thomas	Member of the Supervisory Board since July 2020	• Member of various supervisory boards • Former Chair of the Board of Management of Covestro AG (until May 2018)	• Member of the Supervisory Board of Covestro Deutschland AG • Non-Executive Director (Chair) of Johnson Matthey plc, United Kingdom • Non-Executive Director of Akzo Nobel N.V., Netherlands
Frank Werth	Member of the Supervisory Board since September 2016	• District Manager of the German Mining, Chemical and Energy Industrial Union (IG BCE) – district Leverkusen	• Member of the Supervisory Board of Covestro Deutschland AG

Committees of the Supervisory Board

Following the election of the new shareholder representatives to the Supervisory Board at the Annual General Meeting on July 30, 2020, the members of the Supervisory Board's committees and their chairs were newly elected at the constitutive meeting of the Supervisory Board on the same day. The Supervisory Board currently has the following committees:

Presidial Committee: The Presidial Committee comprises the Supervisory Board Chair and Vice Chair along with an additional shareholder representative and an additional employee representative. The Presidial Committee serves primarily as the mediation committee pursuant to the German Codetermination Act. It has the task of submitting proposals to the Supervisory Board on the appointment of members of the Board of Management if the necessary two-thirds majority is not achieved in the first vote at a plenary meeting. Certain decision-making powers in connection with capital measures, including the power to amend the Articles of Incorporation, have also been delegated to this committee.

Members: Dr. Richard Pott (Chair), Petra Kronen, Petra Reinbold-Knape (since February 2020), and Regine Stachelhaus

Audit Committee: The Audit Committee comprises three shareholder representatives and three employee representatives. The Chair of the Audit Committee in the reporting year, Prof. Dr. Rolf Nonnenmacher, satisfies the statutory requirements concerning expertise in the field of accounting or auditing that at least one member of the Supervisory Board and the Audit Committee is required to possess, and is independent pursuant to GCGC. The Audit Committee meets four times a year. Its main responsibilities include auditing the accounts; monitoring the accounting and financial reporting process; monitoring the effectiveness of the internal control system, the risk management system, and the internal audit system; financial statement audits; and compliance. The

accounting comprises in particular the consolidated financial statements and the Group Management Report (including sustainability reporting). The Audit Committee is responsible for examining the financial statements, consolidated financial statements and management reports, and for discussing the quarterly and half-yearly reporting with the Board of Management. On the basis of the auditor's report, the Audit Committee develops proposals for resolutions by the Supervisory Board relating to the confirmation of the financial statements, the approval of the consolidated financial statements, and the use of the distributable profit.

The Audit Committee is also responsible for the company's relationship with the external auditor. It submits a proposal to the full Supervisory Board concerning the auditor's appointment and may award the audit contract to the audit firm appointed on behalf of the Supervisory Board and agree the auditor's remuneration. It also suggests areas of focus for the audit and monitors the quality of the audit as well as the independence and qualifications of the auditor. To this end, the Audit Committee has obtained a statement of independence from the auditor. The auditor is required to immediately inform the Audit Committee about all possible grounds for exclusion or lack of impartiality arising during the audit or review, and all findings and incidents material to the Supervisory Board's responsibilities, particularly suspected accounting irregularities. Moreover, the Audit Committee has requested that the auditor inform the Committee and make a note in the audit report if facts are identified during the financial statement audit process that indicate an error in the Declaration of Conformity with the German Corporate Governance Code submitted by the Board of Management and Supervisory Board.

Members: Prof. Dr. Rolf Nonnenmacher (Chair), Christine Bortenlänger (since July 2020), Johannes Dietsch (until July 2020), Petra Kronen, Irena Küstner, Dr. Richard Pott (until July 2020), Petra Reinbold-Knape (since January 2020), and Patrick W. Thomas (since July 2020)

Human Resources Committee: On the Human Resources Committee, too, there is parity of representation between shareholders and employees. It consists of the Supervisory Board Chair and three other members. The Committee prepares the personnel decisions of the full Supervisory Board, which resolves on appointments or dismissals of members of the Board of Management. The Human Resources Committee resolves on behalf of the Supervisory Board on the service contracts of the members of the Board of Management. However, it is the responsibility of the full Supervisory Board, based on the recommendations submitted by the Human Resources Committee, to resolve on the total compensation of the individual members of the Board of Management and the respective compensation components, as well as to regularly review the compensation system. The Human Resources Committee also discusses the long-term succession planning for the Board of Management.

Members: Dr. Richard Pott (Chair), Johannes Dietsch (until July 2020), Petra Kronen, Dr. Ulrich Liman, and Regine Stachelhaus (since July 2020)

Nominations Committee: This committee carries out preparatory work when an election of shareholder representatives to the Supervisory Board is to be held. It suggests suitable candidates for the Supervisory Board to propose to the Annual General Meeting for election. The Nominations Committee comprises the Supervisory Board Chair, another shareholder representative on the Presidial Committee, and an elected shareholder representative.

Members: Dr. Richard Pott (Chair), Ferdinando Falco Beccalli, and Regine Stachelhaus

Special committee: A special committee was formed temporarily in fiscal 2020 to monitor and approve preparations for and performance of the capital increase for the planned acquisition of the Resins & Functional Materials (RFM) business of the Dutch company Koninklijke DSM N.V. This special committee solely met twice on October 13, 2020.

Members: Dr. Richard Pott (Chair), Petra Kronen, Prof. Dr. Rolf Nonnenmacher, and Petra Reinbold-Knape

Details on the Supervisory Board's activities and its committees are provided by the Supervisory Board in its Report.

[+ See "Report of the Supervisory Board."](#)

Objectives for the composition of the Supervisory Board and diversity concept

The composition of the Supervisory Board should be such that its members jointly possess the necessary expertise, skills, and professional experience to properly perform their duties, and are sufficiently independent. The Supervisory Board assesses the independence of its members according to the recommendation contained in the GCGC.

Covestro AG's Supervisory Board has agreed the following specific goals for its composition that align with the recommendations of the GCGC and at the same time provide for diversity in terms of age, independence, and professional experience:

- The Supervisory Board has resolved that 75% of its members and more than half of the shareholder representatives on the Supervisory Board are to be independent.
- Absent of special circumstances, a Supervisory Board member shall not serve more than three full terms of office and shall not hold office beyond the end of the next Annual General Meeting following his or her 72nd birthday.
- The Supervisory Board shall not include more than two former members of the company's Board of Management. Supervisory Board members may not perform executive functions or consulting activities for major competitors of the company or any Group company, and they must not be exposed to other significant conflicts of interest.
- At least two Supervisory Board members must have function-specific knowledge in each of the following areas:
 - Accounting and/or auditing
 - Strategy, mergers and acquisitions, capital markets
 - Marketing, sales, supply chain
 - Research and development, innovation
 - Sustainability, circular economy and new technologies
 - Digitalization
 - Human resources, change management
 - Corporate governance, compliance
- The Supervisory Board must have at least two members with experience in industries, sales markets, and/or divisions of importance to Covestro, e.g., (polymer) chemistry, production, and technology.
- Taking into account the specific situation and international operations of Covestro and its affiliated companies, the Supervisory Board strives to ensure sufficient diversity among its members. Moreover, at least three members should have managerial experience in an international enterprise and/or experience serving on other supervisory boards or supervisory bodies.

The objectives described refer to the Supervisory Board as a whole unless resolved otherwise. However, since the Supervisory Board can only nominate candidates for election as shareholder representatives, it can only consider the objectives in making these nominations.

Implementation status of the objectives

The Supervisory Board has several members with international business experience and an international background. The objectives pertaining to age limits, length of service, and independence are being met. To ensure continued compliance with these requirements, Ferdinando Falco Becalli was reelected to the Supervisory Board only until he reaches the stipulated age limit. In the opinion of the Supervisory Board, the shareholder representatives Dr. Richard Pott, Ferdinando Falco Beccalli, Dr. Christine Bortenlänger, Prof. Dr. Rolf Nonnenmacher, Regine Stachelhaus, and Patrick W. Thomas are independent pursuant to the GCGC. The requirements for function-specific knowledge are generally being met, but the specific goal of having at least two shareholder representatives per field of expertise is not fulfilled in all areas.

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

Shareholdings and reportable securities transactions by members of the Board of Management or Supervisory Board

In the year under review, members of the Board of Management and Supervisory Board and their close relatives are legally required to disclose all transactions involving the purchase or sale of Covestro AG securities where such transactions total €20,000 or more in a calendar year no later than three business days after the date of the transaction. Covestro publishes the details of reportable transactions in suitable media in the European Union and on its website without delay, but no later than three business days after the date of the transaction, and also provides this information to the company register for archiving.

+ Additional information on securities transactions by members of the Board of Management or Supervisory Board is available at: www.covestro.com/en/investors/stock-details/disclosure-of-securities-transactions

Systematic risk management

Covestro's enterprise risk management system ensures early identification of any financial or nonfinancial risks. We attempt to avoid or mitigate identified risks, or to transfer them to third parties (such as insurers) to the extent possible and economically acceptable.

The internal control system (ICS) for accounting and financial reporting enables the timely monitoring of risks to prevent or correct potential errors in accounting for business transactions. It thus ensures the availability of reliable data on the company's financial situation.

However, the control and risk management system cannot provide absolute protection against losses arising from business risks or fraudulent actions.

☐ See "Opportunities and risks report."

Detailed reporting

We provide regular and timely information on the Covestro Group's position and significant changes in business activities to shareholders, financial analysts, shareholders' associations, the media, and the general public to maximize transparency. Four times a year we report to our shareholders about the company's business performance, its net assets, financial position, and results of operations, and the risks it faces. Covestro's reporting thus complies with the provisions of the GCGC.

In line with statutory requirements, the members of the company's Board of Management provide assurance that, to the best of their knowledge, the financial statements of Covestro AG, the consolidated financial statements of the Covestro Group, and the Combined Management Report provide a true and fair view.

The financial statements of Covestro AG, the consolidated financial statements of the Covestro Group, and the Combined Management Report are published within 90 days following the end of each fiscal year. During the fiscal year, Covestro additionally informs shareholders and other interested parties about developments by means of the half-year financial report and interim reports for the first and third quarters. The half-year financial report is voluntarily subjected to a review by the auditor appointed by the Annual General Meeting.

Covestro also provides information about the current corporate strategy, important growth areas, the financial position and results of operations, and financial targets at regular press conferences and analysts' meetings. The company uses the internet as a platform for the timely disclosure of information, with major publications, such as annual reports, half-year financial reports, and quarterly statements, and the dates of events, such as Annual General Meetings, posted on the Group's website.

In line with the principle of fair disclosure, Covestro treats all shareholders and other key stakeholders equally as regards the communication of valuation-relevant information. All significant new facts are disclosed immediately to the general public. In addition to our regular reporting, we issue ad-hoc statements on developments that otherwise might not become publicly known but have the potential to materially affect the price of Covestro stock.

Shareholders and Annual General Meeting

Covestro's shareholders exercise their rights within the scope provided for by the law and the Articles of Incorporation at the Annual General Meeting and there exercise their right to vote. Each share of Covestro AG confers the same rights and carries one vote at the Annual General Meeting. Shareholders can exercise their voting rights by way of a proxy, e.g., a credit institution, a shareholders' association, or another third party. Shareholders can issue and revoke proxies in respect of the company electronically using the company's online proxy system. The company also makes it easier for its shareholders to exercise their personal rights by appointing voting proxies to cast their votes, subject to their instructions. They are also available during the Annual General Meeting. The Board of Management can enable shareholders to take part in the Annual General Meeting without in-person attendance and without a proxy, and exercise all of their rights or individual rights in whole or in part through electronic means of communication. All of the company's shareholders and interested members of the public may watch the opening of the Annual General Meeting by the meeting chair and follow the report of the Board of Management live online. The Annual General Meeting on July 30, 2020, was held virtually due to the coronavirus pandemic. All documents and information on the Annual General Meeting such as the invitation, including the agenda, and the annual report are available on our website as well.

➤ The live feed of the opening of the Annual General Meeting and the report of the Supervisory Board are available at: www.covestro.com/en/investors/financial-calendar/annual-general-meeting

Takeover-Relevant Information

Description pursuant to Section 289a, Paragraph 1 and Section 315a, Paragraph 1 of the German Commercial Code (HGB)

Investments in capital interest held, exceeding 10% of total voting rights

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

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

Board of Management

Appointment and dismissal of members of the Board of Management, changes to the Articles of Incorporation

The appointment and dismissal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act, Section 31 of the German Codetermination Act, and Article 6 of the Articles of Incorporation of Covestro AG. Pursuant to Section 84, Paragraph 1 of the German Stock Corporation Act, the members of the Board of Management are appointed and dismissed by the Supervisory Board. The term of service for a Board of Management member appointed for the first time is generally three years. Since Covestro AG falls within the scope of the German Codetermination Act, the appointment or dismissal of members of the Board of Management requires a majority of two-thirds of the votes of the members of the Supervisory Board on the first ballot pursuant to Section 31, Paragraph 2 of that act. If no such majority is achieved, the appointment is resolved pursuant to Section 31, Paragraph 3 of the Codetermination Act on a second ballot by a simple majority of the votes of the members of the Supervisory Board. If the required majority still is not achieved, a third ballot is held. Here again, a simple majority of the votes of the members suffices, but in this ballot, the Supervisory Board Chair has two votes pursuant to Section 31, Paragraph 4 of the Codetermination Act. Under Article 6, Paragraph 1 of the Articles of Incorporation, the number of members of the Board of Management is determined by the Supervisory Board but must be at least two. The Supervisory Board may appoint one member of the Board of Management to be its Chair and one member to be the Vice Chair pursuant to Section 84, Paragraph 2 of the German Stock Corporation Act and Article 6, Paragraph 1 of the Articles of Incorporation.

Any amendments to the Articles of Incorporation are made pursuant to Section 179 of the German Stock Corporation Act and Articles 10 and 17 of the Articles of Incorporation. Under Section 179, Paragraph 1 of the German Stock Corporation Act, amendments to the Articles of Incorporation require a resolution of the Annual General Meeting. Pursuant to Section 179, Paragraph 2 of the German Stock Corporation Act, this resolution must be passed by a majority of three-quarters of the voting capital represented at the meeting, unless the Articles of Incorporation provide for a different majority. However, where an amendment relates to a change in the object of the company, the Articles of Incorporation may only specify a larger majority. Article 17, Paragraph 2 of the Articles of Incorporation utilizes the scope for deviation pursuant to Section 179, Paragraph 2 of the German Stock Corporation Act and provides that resolutions may be passed by a simple majority of the votes cast or, where a capital majority is required, by a simple majority of the capital represented. Pursuant to Article 10, Paragraph 9 of the Articles of Incorporation, the Supervisory Board may resolve on amendments to the Articles of Incorporation that relate solely to their wording.

Capital

Composition of the capital stock

The capital stock of Covestro AG amounted to €193,200,000 as of December 31, 2020, and is composed of 193,200,000 no-par value bearer shares. Each share confers equal rights and one vote at the Annual General Meeting.

Board of Management's authorizations to issue shares

The Annual General Meeting (AGM) passed a resolution on July 30, 2020, authorizing the Board of Management to increase the capital stock by up to €73,200,000 in the period up to July 29, 2025, with the approval of the Supervisory Board, by issuing new, no-par value bearer shares against cash contributions and/or contributions in kind (Authorized Capital 2020).

On October 13, 2020, the Board of Management, with the approval of the Supervisory Board, partially utilized the Authorized Capital 2020 created by resolution of the AGM on July 30, 2020, to increase the company's capital stock by €10,200,000 by issuing 10,200,000 new, no-par value bearer shares with a proportionate interest in the capital stock of €1.00 each against cash contributions, while disapplying the subscription rights of shareholders.

The Authorized Capital 2020 amounts to €63,000,000 after this partial utilization.

On July 30, 2020, the AGM additionally authorized the Board of Management to issue bonds with conversion or exchange rights or warrants, or with conversion obligations, or a combination of these instruments on up to 18,300,000 no-par value bearer shares of Covestro AG. Based on this authorization, convertible/warrant bonds can be issued up to a total nominal value of €2,000,000,000 by the company or a Group company in the period up to July 29, 2025. The 2020 AGM also resolved to conditionally increase the capital stock by up to €18,300,000 by issuing up to 18,300,000 no-par value bearer shares to grant shares to the holders or creditors of such convertible/warrant bonds (Conditional Capital 2020). New shares from Authorized Capital 2020 and the aforementioned bonds can be issued against cash contributions or contributions in kind. They must generally be offered to the shareholders for subscription. The Board of Management is authorized, with the approval of the Supervisory Board, to disapply shareholders' subscription rights when instruments are issued against contributions in kind. When issuing instruments against cash contributions, subscription rights can be disappplied with the approval of the Supervisory Board in the following cases:

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

Additional restrictions, which are described in greater detail in the respective authorization, may apply to the new shares issued or to be issued against cash contributions or contributions in kind while disapplying the subscription rights of shareholders. In addition, the Board of Management declared in a Corporate Commitment ending no later than July 29, 2025, that it will not increase the company's capital stock from Authorized Capital 2020 and Conditional Capital 2020 by a total of more than 10% of the amount of capital stock at the time of the AGM on July 30, 2020, insofar as capital increases are implemented from Authorized Capital 2020 against cash contributions or contributions in kind while disapplying subscription rights, or for the purpose of servicing convertible/warrant bonds issued under the authorization resolved on July 30, 2020, while disapplying subscription rights.

Acquisition and use of treasury shares

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

1. Authorization granted to the Board of Management to acquire and use treasury shares

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

The acquisition may only take place via the stock exchange or by means of a public purchase offer and must satisfy the principle of the equal treatment of shareholders (Section 53a of the German Stock Corporation Act). If the acquisition takes place via the stock exchange, the purchase price paid by the

company (excluding transaction costs) may neither exceed, nor be lower than, the company's share price as determined by the opening auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day, by more than 10%. If the acquisition takes place by means of a public purchase offer, the offer price paid by the company (excluding transaction costs) may neither exceed, nor be lower than, the company's share price as determined by the closing auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the publication of the purchase offer, by more than 10%. If the total number of the shares tendered in response to a public purchase offer exceeds the offer volume, purchases may be made in proportion to the number of shares tendered (tender ratios); in addition, preferential acceptance of small numbers of shares (up to 50 shares per stockholder), as well as rounding in accordance with commercial principles to avoid notional share fractions, may be provided for. Any further shareholder tender rights are disappplied to this extent.

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

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

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

- 1.6 The Board of Management is authorized to use the treasury shares acquired under the above or an earlier authorization to pay a scrip dividend.
- 1.7 The Board of Management may only use the authorizations in 1.3, 1.4, and 1.6 with the approval of the Supervisory Board. Moreover, the Supervisory Board may determine that the measures taken by the Board of Management on the basis of this resolution by the Annual General Meeting may only be implemented with its approval.
- 1.8 Overall, the above authorizations governing the use of shares may be utilized on one or several occasions, individually or together, in relation to partial volumes of the treasury shares, or all treasury shares held in total.
- 2. Authorization for acquisition using derivatives**
- 2.1 Treasury shares being acquired as part of the authorization under 1.1 may also be acquired using put or call options. In this case, the option transactions must be entered into with a credit institution, or a company which operates in accordance with Section 53, Paragraph 1, Sentence 1 or Section 53b, Paragraph 1, Sentence 1 or Paragraph 7 of the German Banking Act, that is independent of the company (financial institution), provided that this financial institution, when the option is exercised, only delivers shares which were previously acquired via the stock exchange at a market-driven price in compliance with the principle of equal treatment.
- 2.2 The acquisition of shares using put or call options is limited to a maximum of 5% of the capital stock in existence either at the date of the resolution by the Annual General Meeting or, if this amount is lower, at the date the authorization is exercised.
- 2.3 The option premium paid by the company in the case of call options may not be materially higher and the option premium received in the case of put options may not be materially lower than the theoretical fair value of the options concerned calculated using accepted financial valuation methods. The exercise price agreed in the option transaction (in each case not including transaction costs, but taking into account the option premium received or paid) may not be more than 10% higher or lower than the price of the company's shares as determined by the opening auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day on which the option transaction was entered into.
- 2.4 The term of the individual derivatives may not, in each case, exceed 18 months; it must end at the latest on April 11, 2024, and must be selected so that the shares are not acquired using derivatives after April 11, 2024.
- 2.5 The provisions under 1. also apply to the use of company shares acquired on the basis of the authorization under 2. using derivatives.

Material conditional agreements

Some debt financing instruments contain clauses that refer to cases of change of control. Such clauses grant the respective investor additional rights of termination, which may be restricted by additional conditions – such as a rating being downgraded. Our syndicated credit line and our bonds, for example, are governed by change-of-control agreements.

In the event of a takeover offer for Covestro AG, these agreements stipulate that payments promised in the event of early termination of the service contract of a Board of Management member due to a change of control are subject to the severance cap set out in the German Corporate Governance Code as amended on December 16, 2019, and may not exceed compensation for the remaining term of the contract.

Compliance

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

Culture and targets

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

+ Additional information is available at:

www.covestro.com/-/media/covestro/country-sites/global/documents/company/compliance/1_10_ccp_policy_en.pdf?la=en

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

 See "Corporate commitments."

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

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

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

 See "Internal control system to ensure compliance."

Organization

At Covestro, the Chief Compliance Officer oversees compliance activities and reports in this capacity directly to the Board of Management. The Compliance corporate function is the single point of contact that coordinates Group-wide activities. Chaired by the CFO of Covestro, the Compliance Committee is the Group's top-level decision-making body on these issues. The Committee's responsibilities include the following: exercising a Group-wide compliance governance function, initiating and approving compliance-related regulations, and approving the annual training plan. In the reporting period, the Compliance Committee met a total of four times.

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

Communication

Covestro systematically conducts training courses on compliance. Once areas of emphasis have been specified, target groups are defined for each category of course content and the employees who require each type of training are identified.

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

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

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

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

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

📄 See note 28 "Legal risks" in the Notes to the Consolidated Financial Statements.

Compensation Report

The Compensation Report outlines the essential features of the compensation system for the members of the Board of Management and the Supervisory Board of Covestro AG and explains the compensation of the individual members. The report conforms to the requirements of the applicable accounting and reporting regulations for listed companies, the German Commercial Code (HGB), the principles of German Accounting Standard No. 17 (DRS 17), and the International Financial Reporting Standards (IFRSs). It also complies with the recommendations of the German Corporate Governance Code (GCGC) in the version of December 16, 2019, applicable on the reporting date.

Compensation of the Board of Management

Objectives

The compensation system for Covestro AG's Board of Management for the year 2020 remains largely unchanged from the version approved by the Annual General Meeting on May 3, 2016. It is aligned with the corporate strategy and is designed to facilitate a long-term increase in the company's value and responsible corporate governance. We aim to position Covestro as an attractive employer in the competition for highly qualified executives, and, at the same time, ensure statutory and regulatory compliance. Board of Management compensation is in line with the basic principles of the compensation structure and, as a principle, is structured uniformly for the Board of Management as well as for other executives, including managerial employees, in the Covestro Group.

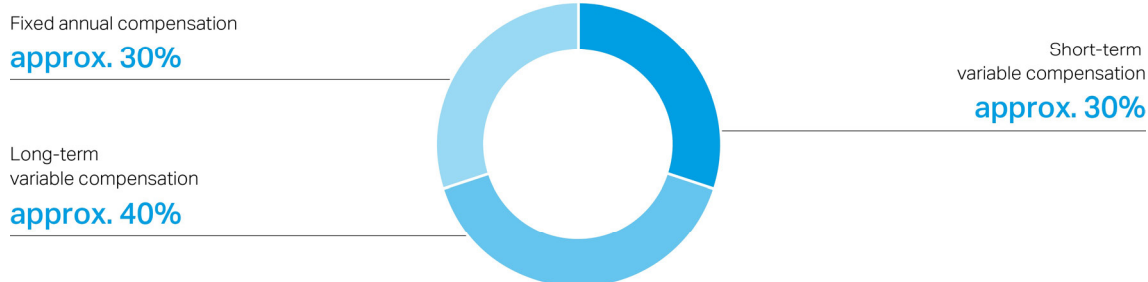
In December 2020, the Supervisory Board resolved to revise the system approved by the Annual General Meeting in 2016 for compensating Board of Management members effective January 1, 2021. The total target compensation remains essentially the same. The changes primarily entail adding a sustainability target to long-term variable compensation, introducing rules for withholding or recovering variable compensation (penalty or clawback), and defining maximum compensation. These modifications were made pursuant to the provisions of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of December 12, 2019, and the GCGC as amended on December 16, 2019. The company pension scheme will be adjusted as well. A detailed explanation of the revised compensation system will be published when the 2021 Annual General Meeting (AGM) is convened. It will be presented to the AGM for approval at that time.

The amount and appropriateness of the compensation of the Board of Management in view of both company and external standards are regularly reviewed by the Supervisory Board and the compensation adjusted, if necessary. The Supervisory Board used the services of an independent, third-party compensation consultant to determine appropriateness. As a rule, adjustments are in line with the increase in the consumer price index in Germany. If the need for a larger adjustment is ascertained, this is discussed in detail by the Human Resources Committee in view of the appropriate background information, and a resolution is proposed to the Supervisory Board as a whole. Covestro's external peer group comprises the companies listed on the DAX and MDAX (not including banks and insurance companies due to limited comparability). Covestro is compared with these companies to determine, in particular, whether Covestro's relative position within this group in terms of revenue, employees, and market capitalization is in line with the relative positioning of Board of Management compensation. An internal comparison also takes into account the compensation of senior leadership in Germany, i.e., the employees with management responsibilities at management levels 1 and 2 below the Board of Management, as well as the compensation of all employees in Germany. The Supervisory Board then votes on the proposed adjustment.

Compensation structure

The compensation comprises a non-performance-related component, an annual incentive, and a long-term stock-based component. The Covestro Group's compensation structure, based on average total annual compensation for a Board of Management member at 100% target attainment, is as follows:

Board of Management compensation structure (German Commercial Code)¹



¹ Excluding fringe benefits and pension entitlements.

The non-performance-related compensation comprises the fixed annual compensation, which reflects the responsibilities and performance of the Board of Management members, along with fringe benefits. The performance-related compensation comprises a short-term variable component, which depends on the attainment of the corporate performance targets, and the long-term variable compensation, i.e., the stock-based compensation program Prisma. This is linked directly to changes in Covestro's share price.

The members of the Board of Management also receive pension entitlements for themselves and their surviving dependents. Furthermore, Covestro AG has purchased liability insurance for the members of the Board of Management to cover their legally required personal liability arising from their service on the Board of Management. The deductible amounts to 10% of the loss up to a maximum of 1.5 times the fixed annual compensation of the respective Board of Management member, and is in line with the current requirements of the German Stock Corporation Act (AktG).

Non-performance-related components

Fixed annual compensation

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

Fringe benefits

Fringe benefits mainly comprise a vehicle allowance (or company cars limited to the term of existing vehicle leases), use of the company carpool, payments toward the cost of security equipment, and reimbursement of the cost of annual health screening examinations. Due to her family's place of residence in England and her British citizenship, Sucheta Govil also receives assistance from an external advisor in preparing her tax returns. Fringe benefits are reported at cost or the amount of the pecuniary advantage gained.

Performance-related components

Short-term variable compensation

The target value of the short-term variable compensation is 100% of the fixed annual compensation. This amount is adjusted in line with the company's performance.

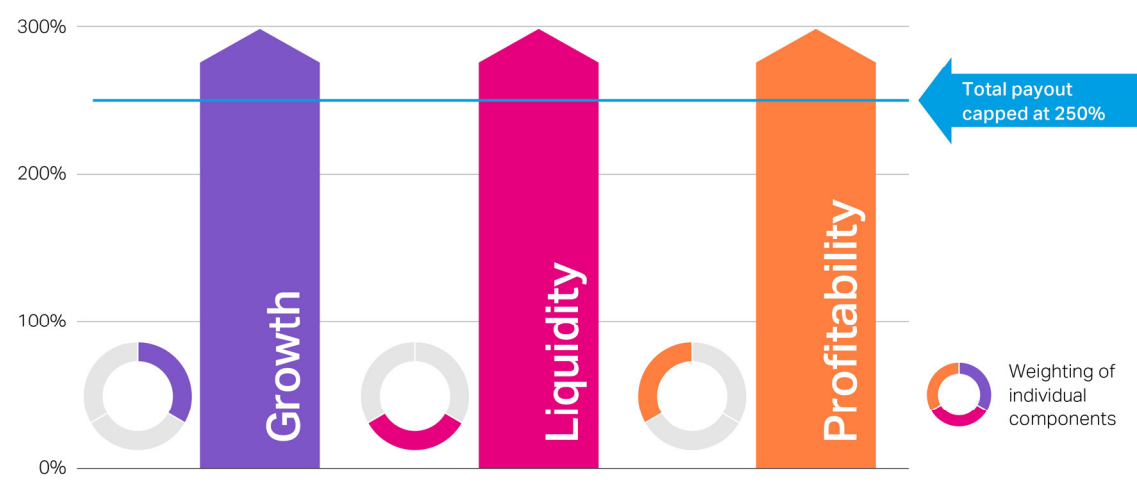
The members of the Board of Management participate in the Group-wide Covestro Profit Sharing Plan (Covestro PSP). It consists of a short-term variable compensation based solely on the company's business performance. The system is based on the same performance indicators used to manage the company. The payout is based on performance in the areas of growth (core volume growth), liquidity (free operating cash flow, FOCF), and profitability (return on capital employed, ROCE), with each counting for one-third. In the year 2018, the Supervisory Board defined the global values for the threshold, 100% achievement, and the maximum amount for each performance indicator, which are applied for the three-year period from 2019 to 2021. These targets will not be adjusted after the fact. Between these values, linear interpolation is used to determine the payout.

Components of the Covestro Profit Sharing Plan 2019–2021

	Growth: Core volume growth	Liquidity: FOCF	Profitability: ROCE
Threshold (0%)	+1.5%	Cash inflow of €400 million	ROCE = WACC
100% target attainment	+4.0%	Cash inflow of €800 million	8% points above WACC
Ceiling (300%)	+9.0%	Cash inflow of €1,600 million	24% points above WACC

For each individual performance indicator, the payout can be between zero (failure to meet minimum requirements) and three times the target value. However, the maximum payout for all three components combined is limited to 250% of the target value. The maximum payout is therefore 2.5 times the fixed annual compensation.

Components of short-term variable compensation



If a Board of Management member's term begins or ends in the middle of a fiscal year, their PSP entitlement is prorated based on calendar days. The PSP entitlement for the fiscal year in which a Board of Management member leaves the company is forfeited in the event the member steps down (unless this occurs for good cause for which the member is not responsible) and in cases where the Board of Management member is terminated by the company for good cause.

The Supervisory Board is entitled to reduce the PSP payout to below the calculated amount or resolve to eliminate it entirely to the extent that target attainment falls far short of expectations (e.g., when the Covestro Group's profitability, measured as ROCE, comes in below the weighted average cost of capital (WACC)), or if an incident occurs at one of Covestro's plants resulting in death or a large-scale discharge of chemicals that affects the surrounding areas.

Long-term compensation

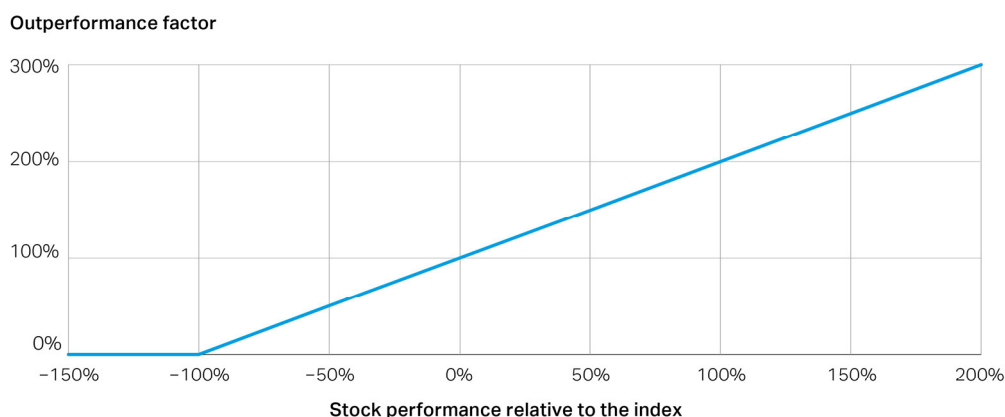
Prisma

The members of the Board of Management are eligible to participate in the Prisma compensation program as long as they are employed by the Covestro Group and fulfill the share ownership guidelines applicable to them. This program is based on a target opportunity set at 130% of the fixed annual compensation. When a member of the Board of Management retires, current tranches may be shortened, thus reducing their value.

The payout is determined by calculating two factors: The total shareholder return (TSR) factor is the return generated by a stock expressed as a percentage (total of the final price of the share and all dividends distributed per share during the four-year performance period, or tranche, divided by the initial price). The outperformance factor is based on the performance of Covestro stock during the performance period relative to the performance of the STOXX Europe 600 Chemicals index. If Covestro's stock performance (in %) matches the performance of the index (in %), the outperformance factor is 100%. If the performance of Covestro stock (in %) underperforms the index by 100 percentage points or more, the outperformance factor is 0%. The outperformance factor

increases in proportion with the deviation if Covestro's stock performance falls within ± 100 percentage points of the performance of the index. The same is true if it outperforms the index by more than 100 percentage points.

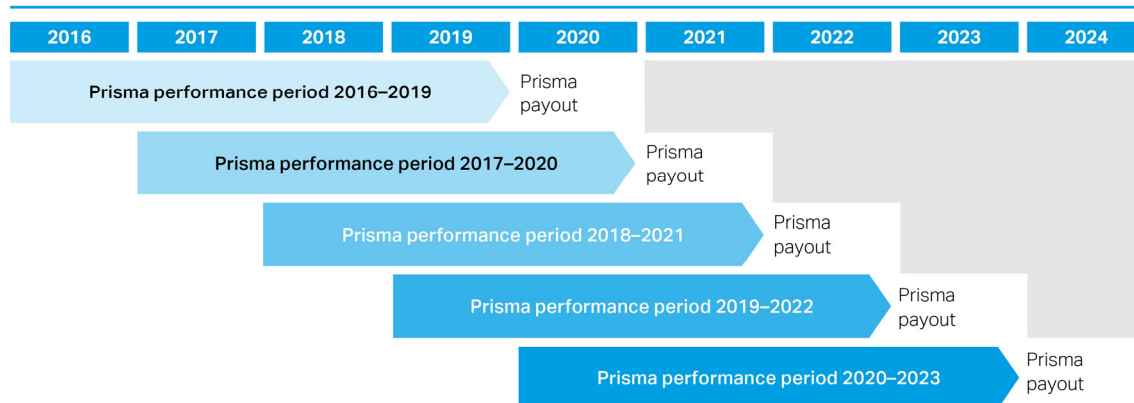
Relationship between the outperformance factor and Covestro's stock performance



The Prisma target opportunity of each participant is multiplied by the TSR factor and the outperformance factor to arrive at the total distribution figure. The total distribution is limited to no more than 200% of the target opportunity. The maximum payout is therefore 260% of the fixed annual compensation.

If a Board of Management member's term begins or ends in the middle of the first year of a performance period, their Prisma claim is prorated based on calendar days in that year. Tranches awarded for previous years remain in effect if members leave the company. Prisma claims for the tranches still in effect when a Board of Management member leaves the company are forfeited in the event the member steps down (unless this occurs for good cause for which the member is not responsible) and in cases where the Board of Management member is terminated by the company for good cause.

Prisma performance periods



Share ownership guidelines

The members of the Board of Management are contractually obligated to acquire Covestro shares equivalent to half of the Prisma target value (65% of the fixed compensation) on their own account within three years of their initial appointment and to hold these shares for the duration of their service on the Board of Management. In the revised compensation system, this obligation was increased to 100% of the fixed annual compensation and is already written into the contracts of Sucheta Govil and Dr. Thomas Toefer in this amount.

Pension entitlements (retirement and surviving dependents' pensions)

The members of the Board of Management are entitled to receive a lifelong company pension after leaving the Covestro Group, though generally not before the age of 62. These pension payments will be made monthly. The arrangements for surviving dependents basically provide for a widow's/widower's pension amounting to 60% of

the member's pension entitlement, and an orphan's pension amounting to 12% of the member's pension entitlement for each child.

The annual pension entitlement is based on defined contributions. From September 1, 2015, onward, Covestro has provided a hypothetical benefit amounting to 33% of the respective fixed compensation beyond the relevant income threshold in the statutory pension plan. This percentage comprises a 6% basic contribution and a matching contribution of up to 27% – three times the member's maximum personal contribution of 9%. The total annual contribution is converted into a pension module according to the annuity table for the applicable tariff of the Rheinische Pensionskasse VVaG pension fund. The annual pension entitlement upon retirement is the total amount of the accumulated pension modules, including an investment bonus.

For their fixed compensation up to the statutory contribution ceiling, the members of the Board of Management, like all entitled employees, remain subject to the rules governing the basic company pension and are regular members in the respective pension plan.

Dr. Klaus Schäfer has additionally been granted a vested entitlement to a fixed annual pension of €126,750.

The actual pension entitlement cannot be precisely determined in advance. It depends on the development of the member's compensation, the number of years of service on the Board of Management, and the return on the assets contributed to the Rheinische Pensionskasse VVaG. Certain assets are administered under a contractual trust agreement (CTA), providing additional insolvency protection for pension entitlements resulting from direct commitments for the members of the Board of Management in Germany. As a rule, future pension payments are adjusted by at least 1% per year. Depending on the pension obligation, an additional adjustment may be made if the investment bonus of the Rheinische Pensionskasse VVaG or the consumer price index exceeds 1% per year.

Cap on compensation

The individual performance-related components are capped at the grant date. To comply with the recommendation of the GCGC, a cap has also been agreed for the compensation as a whole. In 2018, the Supervisory Board resolved to include company pension expenditures above and beyond the components already taken into account (fixed annual compensation and variable components) in calculating total target compensation, i.e., the total of the individual components in the case of 100% target attainment of the variable components.

The cap was set at 1.9 times the respective target compensation. This value was chosen to ensure that compensation will not have to be reduced even if both short-term and long-term compensation reach the maximum possible cap. In the event of such a scenario, it can therefore be expected that the total compensation accrued will not exceed the permitted cap, even when fringe benefits are added, the amount of which cannot be precisely determined in advance. A sample calculation is presented below using the compensation of the Chair of the Board of Management serving as of December 31, 2020.

Sample calculation of compensation cap based on the compensation of the Chair of the Board of Management

€ thousand	Target value	Achievable value upon maximum payout of both variable compensation components
Fixed annual compensation	1,210	1,210
Short-term variable compensation ¹	1,210	3,025
Long-term variable compensation ²	1,573	3,146
Pension service cost ³	567	567
Target compensation	4,560	7,948
Fringe benefits ⁴		100
Total		8,048
Limited to 1.9 times the target compensation		8,664

¹ Target value: 100% of fixed annual compensation.

² Target value: 130% of fixed annual compensation.

³ Pension service cost (HGB).

⁴ Hypothetical assumptions/example.

Benefits upon termination of service on the Board of Management

Post-contractual noncompete agreements

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

Change of control

Agreements exist with the members of the Board of Management providing for severance payments to be made in certain circumstances in the event of a change in control. The amount of the severance payments, including any ancillary benefits in the case of early termination of service on the Board of Management as a result of a change in control amounts to 2.5 times the contractual fixed annual compensation and is limited to the compensation payable for the remaining term of the service contract.

Early termination of service on the Board of Management

The amount of the payments, including any ancillary benefits, made upon early termination of service on the Board of Management is limited to the value of two years' compensation in line with the recommendation in the GCGC.

Unfitness for work

In the event of temporary unfitness for work, members of the Board of Management continue to receive the contractually agreed compensation. Covestro AG may terminate the service contract early if the member has been continuously unfit for work for at least 18 months and is likely to be permanently incapable of fully performing his or her duties (permanent incapacity to work). A disability pension is paid in the event of contract termination before the age of 60 due to permanent incapacity to work. The amount of this disability pension corresponds to the entitlement accrued on the date of contract termination, plus, where applicable, a fictitious period of service from that date to the member's 55th birthday where applicable.

Compensation of the Board of Management for the fiscal year

The following section reports the compensation of the Board of Management of Covestro AG for fiscal 2020. The members of the Board of Management of Covestro AG are the same as the members of the Board of Management of Covestro Deutschland AG, which became a subsidiary of Covestro AG on September 1, 2015. Compensation is not paid for the members' work on the Board of Management of Covestro Deutschland AG.

In the 2020 reporting period, the aggregate compensation for the members of the Board of Management of Covestro AG amounted to €6,947 thousand (previous year: €6,274 thousand). This amount comprised €3,285 thousand (previous year: €3,001 thousand) in non-performance-related components and €3,662 thousand (previous year: €3,273 thousand) in performance-related components.

The following table shows the total compensation of the individual members of the Board of Management who served in the years 2020 and/or 2019 according to the HGB.

Total Board of Management compensation (HGB)

€ thousand	Non-performance-related compensation				Performance-related compensation					
	Fixed annual compensation		Fringe benefits		Short-term variable compensation		Long-term variable compensation ¹		Aggregate compensation	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Dr. Markus Steilemann (Chair)	1,192	1,210	33	27	236	120	1,171	1,279	2,632	2,636
Sucheta Govil ²	250	609	20	24	50	60	247	644	567	1,337
Dr. Klaus Schäfer	600	609	36	30	119	60	590	644	1,345	1,343
Dr. Thomas Toepfer	729	740	141	36	144	73	716	782	1,730	1,631
Total	2,771	3,168	230	117	549	313	2,724	3,349	6,274	6,947

¹ Fair value when granted.

² Member of the Board of Management since August 2019.

Fixed annual compensation

The fixed compensation of Board of Management members was increased as of January 1, 2020, based on the change in the previous year's consumer price index (1.53% from November 2018 to October 2019). The Board of Management members took a pay cut totaling 15% of their fixed compensation from June to November 2020 as part of a Group-wide show of solidarity during the coronavirus pandemic. However, because the economic situation in the second half of fiscal 2020 proved to be more positive than could be expected during the year, employees worldwide received a one-time gross payment to compensate for their participation in the solidarity initiative. Based on a clause in the waiver signed by the Board of Management, members were reimbursed in December 2020 for the compensation withheld.

The fixed compensation of all members of the Board of Management in the 2020 reporting period totaled €3,168 thousand (previous year: €2,771 thousand).

Short-term variable compensation

In the year 2020, the short-term variable compensation for all Board of Management members totaled €313 thousand (previous year: €549 thousand) after deduction of the solidarity contribution which is explained below. This was based on a payout of 10.8% of the respective target value whose calculation is presented in the table below. The solidarity contribution is made by all employees of the companies covered by the respective agreements with the employee representatives to help safeguard jobs at the German sites. For the 2020 reporting period, the contribution amounted to 8.44% of each employee's Covestro PSP award. By resolution of the Supervisory Board, this contribution is also withheld from the Board of Management.

Payout of the Covestro Profit Sharing Plan for the year 2020

	Growth: Core volume growth	Liquidity: FOCF	Profitability: ROCE
Achieved value	-5.6%	Cash inflow of €530 million	0.0% points above WACC
Resulting payout	0.0%	+32.5%	0.0%
Total payout (averaged)	10.8%		

Long-term compensation (Prisma)

The total compensation according to the HGB includes long-term stock-based compensation (Prisma) with a fair value when granted of €3,349 thousand (previous year: €2,724 thousand).

As of December 31, 2020, provisions of €4,585 thousand (previous year: €10,570 thousand) had been accrued for long-term compensation payable to members of the Board of Management; former members of the Board of Management accounted for €1,015 thousand (previous year: €6,027 thousand) of this figure.

Long-term compensation (IFRSs)

€ thousand	Board of Management members serving as of Dec. 31, 2020								Former Board of Management members					
	Dr. Markus Steilemann (Chair)		Sucheta Govil (Innovation, Marketing and Sales)		Dr. Klaus Schäfer (Production and Technology)		Dr. Thomas Toepfer (Finance and Labor Director)		Frank H. Lutz		Patrick W. Thomas		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total expenses in the reporting period for long-term compensation	772	977	22	293	668	582	151	591	148	20	1,066	338	2,827	2,801

Shareholdings

The following table lists the number of Covestro shares held by currently serving Board of Management members as of the reporting date.

Number of shares held by Board of Management members at reporting date

Board of Management member	Number of Covestro shares held
Dr. Markus Steilemann	23,100
Sucheta Govil	4,070
Dr. Klaus Schäfer	5,101
Dr. Thomas Toepfer	5,500

Pension obligations

The pension service cost recognized for the members of the Board of Management in the reporting year was €1,208 thousand (previous year: €956 thousand) according to the HGB, while the current service cost for pension entitlements recognized according to IFRSs was €1,443 thousand (previous year: €1,351 thousand). Pension obligations are shown in the following table.

Pension entitlements (HGB and IFRSs)

€ thousand	HGB				IFRSs			
	Pension service cost ¹		Settlement value of pension obligation as of Dec. 31 ²		Service cost for pension entitlements earned in the respective year		Present value of defined pension obligation as of Dec. 31	
	2019	2020	2019	2020	2019	2020	2019	2020
Dr. Markus Steilemann	489	567	2,329	3,160	705	700	3,661	4,839
Sucheta Govil ³	59	160	65	201	78	174	92	277
Dr. Klaus Schäfer	222	258	3,823	4,416	291	285	5,393	6,106
Dr. Thomas Toepfer	186	223	409	555	277	284	672	873
Total	956	1,208	6,626	8,332	1,351	1,443	9,818	12,095

¹ Including company contribution to Bayer Pensionskasse VVaG or Rheinische Pensionskasse VVaG.

² Includes direct and indirect pension obligations.

³ Member of the Board of Management since August 2019.

The pension service cost differs on account of the different principles applied in measuring the settlement value of pension obligations in accordance with the HGB and the present value of defined benefit pension obligations in accordance with IFRSs.

Disclosures pursuant to the recommendations of the German Corporate Governance Code

The amended GCGC no longer provides recommendations on reporting Board of Management compensation using the sample tables included in the version dated February 7, 2017. However, for purposes of improved comparability, the following tables continue to show the compensation and fringe benefits paid for the reporting period (2020) or the prior-year period, including the minimum and maximum achievable variable compensation, and the allocation of compensation for the reporting period or the prior-year period.

Compensation and benefits granted for the reporting period

€ thousand	Dr. Markus Steilemann (Chair)				Sucheta Govil (Innovation, Marketing and Sales)				Dr. Klaus Schäfer (Production and Technology)				Dr. Thomas Toepfer (Finance and Labor Director)			
	Joined August 20, 2015				Joined August 1, 2019				Joined August 20, 2015				Joined April 1, 2018			
	Target value 2019	Target value 2020	Min. 2020	Max. ² 2020	Target value 2019	Target value 2020	Min. 2020	Max. ² 2020	Target value 2019	Target value 2020	Min. 2020	Max. ² 2020	Target value 2019	Target value 2020	Min. 2020	Max. ² 2020
Fixed annual compensation	1,192	1,210	1,210	1,210	250	609	609	609	600	609	609	609	729	740	740	740
Fringe benefits	33	27	27	27	20	24	24	24	36	30	30	30	141	36	36	36
Total	1,225	1,237	1,237	1,237	270	633	633	633	636	639	639	639	870	776	776	776
Short-term variable compensation	1,192	1,210	–	3,025	252	609	–	1,523	600	609	–	1,523	729	740	–	1,850
Long-term stock-based compensation (2019–2022 Prisma tranche) ¹	1,171	–	–	–	247	–	–	–	590	–	–	–	716	–	–	–
Long-term stock-based compensation (2020–2023 Prisma tranche) ¹	–	1,279	–	3,146	–	644	–	1,583	–	644	–	1,583	–	782	–	1,924
Total	3,588	3,726	1,237	7,408	769	1,886	633	3,739	1,826	1,892	639	3,745	2,315	2,298	776	4,550
Benefit expense	705	700	700	700	78	174	174	174	291	285	285	285	277	284	284	284
Total compensation	4,293	4,426	1,937	8,108	847	2,060	807	3,913	2,117	2,177	924	4,030	2,592	2,582	1,060	4,834

¹ Fair value when granted.

² Applicable caps have not yet been taken into account in the total maximum amounts. The payout in a single year is limited to 1.9 times the target compensation.

Allocation of compensation for the reporting period

€ thousand	Dr. Markus Steilemann (Chair)		Sucheta Govil (Innovation, Marketing and Sales)		Dr. Klaus Schäfer (Production and Technology)		Dr. Thomas Toepfer (Finance and Labor Director)	
	Joined August 20, 2015		Joined August 1, 2019		Joined August 20, 2015		Joined April 1, 2018	
	2019	2020	2019	2020	2019	2020	2019	2020
Fixed annual compensation	1,192	1,210	250	609	600	609	729	740
Fringe benefits	33	27	20	24	36	30	141	36
Total	1,225	1,237	270	633	636	639	870	776
Short-term variable compensation	236	120	50	60	119	60	144	73
2015–2018 Aspire tranche	–	–	–	–	–	–	–	–
2016–2019 Prisma tranche	–	1,707	–	–	–	1,707	–	–
Total	1,461	3,064	320	693	755	2,406	1,014	849
Benefit expense	705	700	78	174	291	285	277	284
Total compensation	2,166	3,764	398	867	1,046	2,691	1,291	1,133

The first tranche of the Prisma long-term compensation program ended at the close of the year 2019. The awards are based on the opening and closing prices of Covestro stock and the STOXX Europe 600 Chemicals index, calculated in each case as the average of the relevant closing prices during the months of November and December in the years 2015 and 2019. For the 2016–2019 tranche, the overall payout factor was 179.1%. The target opportunity for each Board of Management member is determined individually. These figures and the calculation of the distribution amounts and of the factors relevant for the payout (TSR factor and outperformance factor) are presented below as a sample calculation based on the long-term compensation for the current Chair of the Board of Management. The dividend payments for individual years are provided on Covestro's website.

+ Additional information is available at: www.covestro.com/en/investors/stock-performance/dividends

Sample calculation of the 2016–2019 Prisma tranche based on the compensation of the Chair of the Board of Management¹

$$\frac{\text{Closing price} + \text{Cumulative dividends 2016–2019}}{\text{Opening price}} = \text{Total Shareholder Return (TSR) factor (2020)}$$

$$\frac{€43.36 + €6.65}{€32.24} = 155.1\%$$

$$100\% + \left(\text{Change in Covestro share price}^2 - \text{Change in index price}^3 \right) = \text{Outperformance factor (2020)}$$

$$100\% + \left(34.5\% - 19.0\% \right) = 115.5\%$$

$$\left(\text{TSR factor} \times \text{Outperformance factor} \right) \times \text{Prisma target value} = \text{Prisma payout (2020)}$$

$$\left(155.1\% \times 115.5\% \right) \times €953,334 = €1,707,421.19$$

Payout factor:
179.1%

¹ The relevant prices are calculated as the average of the applicable closing prices during the months of November and December in the years 2015 and 2019.

² Percentage change in the closing price of Covestro stock for the year 2019 (€43.36) as compared with the opening price of Covestro stock for 2016 (€32.24).

³ Percentage change in the closing price of the STOXX Europe 600 Chemicals index for the year 2019 (€1,010.32) as compared with the opening price of the STOXX Europe 600 Chemicals index for the year 2016 (€848.97).

In the 2020 reporting period, former Board of Management members Frank H. Lutz and Patrick W. Thomas received €2,111 thousand and €3,260 thousand respectively for the 2016–2019 tranche of the Prisma long-term compensation program. Neither former Board of Management member received any payments from the 2015–2018 Aspire tranche in 2019.

Compensation of former members of the Board of Management

In fiscal 2020, former members of the Board of Management did not receive any compensation (previous year: no compensation). A provision of €8,270 thousand (previous year: €7,818 thousand) is recognized in the consolidated financial statements as of December 31, 2020, for current pensions for former Board of Management members. The settlement value of direct and indirect pension obligations in the financial statements of Covestro AG as of December 31, 2020, amounted to €6,315 thousand (previous year: €5,804 thousand).

Compensation of the Supervisory Board

The compensation of the Supervisory Board, which has not been changed since Covestro AG was founded, is in line with the relevant provisions of the Articles of Incorporation.

The members of the Supervisory Board each receive fixed annual compensation of €100 thousand plus reimbursement of their expenses.

In accordance with the recommendations of the GCGC, additional compensation is paid to the Supervisory Board Chair and Vice Chair, and for chairing and membership in committees. The Supervisory Board Chair receives fixed compensation of €300 thousand, while €150 thousand is paid to the Vice Chair. This compensation includes chairmanship of and membership in committees. The other members of the Supervisory Board are entitled to additional compensation for membership in or chairmanship of committees. The Chair of the Audit Committee receives an additional €50 thousand, the other members of the Audit Committee €25 thousand each. The chairs of the remaining committees receive €30 thousand each, the other members of those committees €20 thousand each. No additional compensation is paid for membership in the Nominations Committee. Work on committees will be considered for no more than two committees. If this cap is exceeded, compensation is paid for the two highest paid positions. If changes are made to the Supervisory Board and/or its committees during the year, members receive compensation on a prorated basis. The members of the Supervisory Board also receive an attendance fee of €1 thousand each time they personally attend a meeting of the Supervisory Board or a committee. The attendance fee is limited to €1 thousand per day. No attendance fees were paid for meetings held virtually due to the coronavirus pandemic.

➤ See "Report of the Supervisory Board."

Compensation of the Supervisory Board for the fiscal year

Like Covestro's Board of Management, the Supervisory Board agreed to participate in a corresponding pay cut. As was the procedure for the Board of Management, this waiver was lifted in December because of the economic recovery. The following table outlines the components of each Covestro AG Supervisory Board member's compensation for the 2020 reporting period and the prior-year period:

Compensation of the members of the Supervisory Board of Covestro AG

€ thousand	Fixed compensation		Attendance fee		Total	
	2019	2020	2019	2020	2019	2020
Ferdinando Falco Beccalli	100	100	6	2	106	102
Dr. Christine Bortenlänger	100	111	6	–	106	111
Johannes Dietsch (until July 2020)	145	84	9	2	154	86
Peter Hausmann (until December 2019)	145	–	8	–	153	–
Petra Kronen (Vice Chair)	150	150	10	2	160	152
Irena Küstner	125	125	9	2	134	127
Dr. Ulrich Liman	120	120	8	1	128	121
Prof. Dr. Rolf Nonnenmacher (Chair of the Audit Committee)	150	150	9	3	159	153
Dr. Richard Pott (Chair)	300	300	9	2	309	302
Petra Reinbold-Knape (since January 2020)	0	139	0	2	0	141
Regine Stachelhaus	120	128	6	1	126	129
Marc Stothfang	100	100	6	1	106	101
Patrick W. Thomas (since July 2020)	0	53	0	–	0	53
Frank Werth	100	100	6	1	106	101
Total	1,655	1,660	92	19	1,747	1,679

In addition to their compensation as members of the Supervisory Board, those employee representatives who are employees of Covestro Group companies receive compensation unrelated to their service on the Supervisory Board. The total amount of such compensation was €652 thousand (previous year: €883 thousand).

No compensation was paid or benefits granted to members of the Supervisory Board for personally performed services such as consulting or agency services. In addition, the company has purchased insurance for the members of the Supervisory Board to cover their personal liability arising from their service on the Supervisory Board, which has included a deductible to date. Since the new version of the GCGC no longer includes such a recommendation, the rules of procedure for the Supervisory Board were amended accordingly, and no deductible will be required in future.

Other information

There were no advances or loans to members of the Board of Management or the Supervisory Board outstanding as of either December 31, 2019, or December 31, 2020.