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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Covestro Group, and the Group Management Report, which has been combined with the Management Report of Covestro AG, includes a fair review of the development and performance of the business and the position of the Covestro Group and Covestro AG, together with a description of the principal opportunities and risks associated with the expected development of the Covestro Group and Covestro AG.

Leverkusen, February 18, 2022

Covestro AG

The Board of Management

Dr. Markus Steilemann
(Chairman)

Sucheta Govil

Dr. Klaus Schäfer

Dr. Thomas Toepfer

Independent Auditor's Report

To Covestro AG, Leverkusen

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Covestro AG, Leverkusen, and its subsidiaries (the Group), which comprise the income statement, the consolidated statement of profit or loss and other comprehensive income of the Covestro Group for the financial year from January 1 to December 31, 2021, the statement of financial position of the Covestro Group as of December 31, 2021, the statement of cash flows and the statement of changes in equity of the Covestro Group for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Covestro AG, which is combined with the management report of the Company, including the Group's non-financial statement pursuant to Section 315b (1) and Section 315c HGB [*Handelsgesetzbuch: German Commercial Code*] and the compensation report, including the related disclosures, included in the "Compensation Report" section of the group management report for the financial year from January 1 to December 31, 2021.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The group management report contains cross-references that are not required by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report. The group management report contains cross-references that are not required by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report..

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group

Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Note on emphasis of matter Inherent risk due to uncertainties regarding the legal conformity of the interpretation of the EU Taxonomy Regulation

Please refer to management's comments in the "EU taxonomy" section of the non-financial statement pursuant to Section 315b (1) HGB contained in the section "Disclosures on sustainability reporting" of the group management report. That section describes that the EU Taxonomy Regulation and the delegated acts issued in this context contain formulations and terms that remain subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Management explains how they have made the necessary interpretations of the EU Taxonomy Regulation and the delegated acts adopted in this context. Due to the inherent risk that abstract legal terms can be interpreted differently, the legal conformity of the interpretation is subject to uncertainties. We have not modified our opinion on the group management report in respect of this matter.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Acquisition of the Resins & Functional Materials (RFM) division from Koninklijke DSM N.V., Heerlen, Netherlands

Please refer to note 3 to the consolidated financial statements for information on the accounting policies applied. Information on the acquisition of RFM can be found under note 5 to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

With effect from April 1, 2021, Covestro completed the acquisition of the Resins & Functional Materials (RFM) business division from Koninklijke DSM N.V., Heerlen, Netherlands. The total consideration transferred equaled EUR 1,544 million. Taking into account the acquired net assets, goodwill amounted to EUR 489 million.

At the acquisition date, the identifiable assets acquired and liabilities assumed were recognized at fair value in accordance with IFRS 3. The identified assets include especially intangible assets such as customer relationships and technologies, as well as property, plant and equipment and inventories. The Company engaged independent experts to identify and measure the identifiable assets acquired and the liabilities assumed.

The identification and measurement of assets acquired and liabilities assumed are complex and based on assumptions of the Management Board that require judgment. In order to identify the intangible assets acquired, assumptions were made regarding the identification criteria, particularly with regard to judging Covestro's right of disposal and separability. The significant assumptions for measurement include revenue and margin performance in the acquired operation's corporate planning, synergy expectations, the cost of capital, royalty rates, maturities, reproduction costs and remaining useful lives.

There is the risk for the consolidated financial statements that the intangible assets acquired are identified improperly and the intangible assets and property, plant and equipment acquired are measured inaccurately. There is also the risk that the disclosures in the notes to the consolidated financial statements are not complete and accurate.

OUR AUDIT APPROACH

We first gained an understanding of the acquisition by consulting Covestro employees of the finance department and by evaluating the relevant agreements. With the involvement of our own valuation specialists, we also assessed the appropriateness of significant assumptions as well as the identification procedures and valuation methods.

We assessed the competency, skills and objectivity of the independent experts engaged by the Company. Furthermore, we assessed the process of identification of assets acquired and liabilities assumed for compliance with the requirements of IFRS 3 based on our knowledge of RFM's business model. We investigated the valuation methods used for their compliance with the accounting policies.

We discussed the fulfillment of the identification criteria for the acquired intangible assets – customer relationships, technologies and trademarks – with external experts consulted by the Company and Covestro employees from the finance department. In addition, we assessed the existence of the necessary identification criteria, in particular Covestro's right of disposal and separability.

We discussed the expected revenue and margin performance with the external experts engaged by the Company as well as with Covestro's finance department. We also examined the consistency of assumptions with external market assessments for peer group companies. The synergy expectations were discussed by the external expert with the Covestro staff responsible for planning, and it was assessed to what extent they could also be realized by regular market participants. We evaluated these assessments and the related reasoning. We validated the assumptions and data underlying the cost of capital, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

The royalty rates and useful lives used to measure intangible assets and the reproduction costs as well as remaining useful lives used to measure property, plant and equipment were examined for their appropriateness by interviewing the external experts and comparison with our own analyses. To assess computational accuracy, we verified selected calculations based on risk criteria and compared these with the results of our own calculations.

Finally, we assessed whether the disclosures in the notes regarding the acquisition of RFM are complete and appropriate.

OUR OBSERVATIONS

The acquired intangible assets have been identified properly using the criteria applied by management and in line with the applicable accounting standards. The calculation methods used for measuring the acquired intangible assets and property, plant and equipment are appropriate and consistent with the applicable accounting standards. The Company's significant assumptions and data used for identifying intangible assets and measuring intangible assets and property, plant and equipment acquired are within an acceptable range and are reasonable overall. They have been completely and properly presented in the notes to the consolidated financial statements.

Changes in segment reporting

For segment reporting, please refer to note 4 to the consolidated financial statements. For information on goodwill, please refer to note 13 to the consolidated financial statements. Further information on the segments is provided in the combined management report in the "Performance of the reportable segments" section.

THE FINANCIAL STATEMENT RISK

The management of Covestro AG changed the internal management and reporting system with effect from July 1, 2021. This had consequences with regard to the reported segments, the carrying amount of the (new) goodwill carrying cash-generating units and the allocation of goodwill to cash-generating units.

The management approach to identifying segments required by IFRS 8, the resulting definition of cash-generating units and the allocation of goodwill to (new) goodwill carrying cash-generating units require a great degree of judgment. In addition, the reorganization of the reporting structure and allocation of carrying amounts to cash-generating units are highly complex.

There is a risk for the financial statements that segment reporting is not properly presented and the effects of (new) goodwill carrying cash-generating units on goodwill impairment testing are not properly implemented.

OUR AUDIT APPROACH

First, during our audit, we assessed, among other things, whether segment reporting from July 1, 2021, is consistent with the internal reporting and management structures as required by the management approach. In particular, we assessed the internal reporting to the Board of Management and, by inspecting minutes of board meetings, verified that the new segment structure is in line with the internal regular reporting to the full Board of Management (Chief Operating Decision Maker).

In addition, with the involvement of IT specialists, we verified the implementation of the new reporting structure in the IT systems and the calculation of comparative figures for the prior year, and assessed the presentation of segment reporting in the notes to the consolidated financial statements and the combined management report.

Furthermore, we considered the definition of the (new) goodwill carrying cash-generating units and assessed whether these are in line with the Company's internal monitoring of goodwill. In addition, we verified that the reallocation of goodwill according to relative fair values was carried out appropriately with the involvement of our own valuation specialists.

OUR OBSERVATIONS

The reorganization of the segment structure and associated changes to segment reporting as well as redefinition of the goodwill carrying cash-generating units are reasonable and appropriate.

Impairment testing of goodwill

Please refer to note 3 to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of goodwill can be found under note 13 to the consolidated financial statements and information on the financial performance of the operating segments can be found in the "Performance of the reportable segments" section of the group management report.

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 757 million as of December 31, 2021, thus representing 4.8% of total assets.

Goodwill is tested for impairment annually, irrespective of any indication of impairment. If impairment triggers arise during the financial year, an indicator-based impairment test is also carried out during the year. For goodwill impairment testing, the carrying amount is compared with the recoverable amount of each cash-generating unit. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and value in use of the cash-generating units. Goodwill was tested for impairment as of October 1, 2021.

Impairment testing at the level of cash-generating units is complex and based on a range of assumptions that require judgment. These include the expected business and earnings performance of the respective cash-generating units over the planning horizon, the assumed long-term growth rates and the discount rate used. This also affects the reallocation of goodwill, as the latter was made on the basis of relative fair value.

There is the risk for the consolidated financial statements that an existing impairment was not identified. There is also the risk that the related disclosures in the notes are not complete and appropriate.

OUR AUDIT APPROACH

First, we obtained an understanding of the process for impairment testing of goodwill through explanations provided by accounting staff, with the involvement of the controlling department, and an assessment of the Company's documentation.

Subsequently, we assessed the appropriateness of significant assumptions and the Company's calculation method used for the reallocation of goodwill as well as indicator-based and annual impairment testing with the involvement of our valuation experts. To this end, we discussed the expected development of business and earnings as well as the assumed long-term growth rates with those responsible for planning. We also reconciled this information with internally available forecasts and with the budget prepared by the Management Board and approved by the Supervisory Board. We also evaluated the consistency of the assumptions using external market assessments. The main sources used were economic reports from recognized industry institutions and assessments by analysts.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations. We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

We verified the Company's calculations to ensure the computational accuracy of the valuation method used.

In order to take account of the existing forecast uncertainty for impairment testing, we examined the effects of possible changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount by calculating comparative figures for alternative scenarios and comparing them with the values stated by the Company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate. This also included an assessment of the appropriateness of disclosures in the notes in accordance with IAS 36.134(f) on sensitivity in the event of a reasonably possible change in key assumptions used for measurement.

OUR OBSERVATIONS

The calculation method used for impairment testing of goodwill is appropriate and in line with the applicable accounting policies. The Company's assumptions and data used for measurement are within an acceptable range and are reasonable overall. The related disclosures in the notes are complete and appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the declaration on corporate governance included in the section of the same name in the group management report,
- the information in the non-financial statement contained in the "Sustainability in the supply chain" section of the group management report and marked as unaudited, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

As part of a separate engagement, we performed an assurance engagement on the supplementary sustainability information. Please refer to our assurance report dated February 21, 2022, for information on the nature, scope and findings of this assurance engagement.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Furthermore, the management and the supervisory board are responsible for the preparation of the remuneration report contained in a separate section of the group management report, including the related disclosures, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the

significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file " „covestroag-2021-12-31-de (2).zip" (SHA256-Hashwert: 6e5d50b8a14af18ec8a6299495ccffc4af6836a25ad733482c78b47862c7e1bc) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021, contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assessment on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on April 16, 2021. We were engaged by the audit committee of the supervisory board on November 4, 2021. We have been the group auditor of Covestro AG without interruption since financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dr. Markus Zeimes.

Düsseldorf, February 21, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Zeimes
Wirtschaftsprüfer
[German Public Auditor]

Schenk
Wirtschaftsprüferin
[German Public Auditor]

Limited Assurance Report of the Independent Auditor regarding the supplementary sustainability information¹

To the Management Board of Covestro AG, Leverkusen

We have performed an independent limited assurance engagement on the separately marked sections for supplementary sustainability information in the "Covestro Annual Report 2021" (hereinafter: "supplementary sustainability information") of Covestro AG, Leverkusen, Germany for the period from January 1 to December 31, 2021.

Management's Responsibility

The legal representatives of the Company are responsible for the preparation of the supplementary sustainability information in accordance with the reporting criteria. Covestro AG applies the principles and standard disclosures specified in the Global Reporting Initiative (GRI) Sustainability Reporting Standards in conjunction with the Corporate Accounting and Reporting Standard (Scope 1 and 2) of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) as reporting criteria (hereinafter: "Reporting Criteria").

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the supplementary sustainability information and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the supplementary sustainability information that is free of – intended or unintended – material misstatements.

Practitioner's Responsibility

It is our responsibility to express a conclusion on the supplementary sustainability information based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB.

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the supplementary sustainability information of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects in accordance with the aforementioned Reporting Criteria. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

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

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Covestro AG

¹ Our engagement applied to the German version of the Covestro Annual Report 2021. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

- A risk analysis, including media research, to identify relevant information on Covestro AG's sustainability performance in the reporting period
- Evaluation of the design and the implementation of systems and processes for identifying, processing, and monitoring sustainability performance data and metrics within the scope of the audit, including the consolidation of data
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Assessment of local data collection, validation, and reporting processes and the reliability of reported data through a sample survey at Dormagen (Germany), Caojing (China), Baytown (USA), Markt Bibart (Germany), Ankleshwar (India), Niihama (Japan), Meppen (Germany), Maasvlakte (Netherlands), and Waalwijk (Netherlands).
- Assessment of the overall presentation of the disclosures

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the separately marked sections for supplementary sustainability information in the "Covestro Annual Report 2021" of Covestro AG for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction of Use/General Engagement Terms

This assurance report is issued for purposes of the Management Board of Covestro AG, Leverkusen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Management Board of Covestro AG, Leverkusen, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained there-in including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Cologne, February 21, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Gerd Krause

ppa. Claudia Dietrich

Glossary

A

ADR / American Depositary Receipt

A depositary receipt issued by U.S. banks that documents ownership of a certain number of deposited shares of a foreign company and is traded on U.S. stock markets as representation of the original shares.

AktG / German Stock Corporation Act

Stipulates the legal provisions pertaining to German stock corporations.

APAC

Comprises all countries in the Asia and Pacific region.

C

Capital Employed

Capital employed is the sum of noncurrent and current assets less non-interest-bearing liabilities such as trade accounts payable.

Carbon Productivity

The value generated per carbon unit used (e.g., in the form of fossil raw materials such as coal, oil and natural gas). Measuring carbon productivity is intended to promote a sustainable and optimal use of carbon.

Circular Economy

A regenerative economic system in which resource input, waste production, emissions, and energy consumption are minimized based on long-lasting and closed material and energy cycles.

Core Volume Growth

Core volume growth refers to the core products in the Performance Materials and Solutions & Specialties. It is calculated as the percentage change in externally sold volumes compared with the

prior year. Covestro also takes advantage of business opportunities outside its core business, for example the sale of precursors and by-products such as hydrochloric acid, sodium hydroxide solution, and styrene. These transactions are not included in core volume growth.

Cost of Capital for Impairment Testing

Weighted average cost of equity and debt that reflects the risk/return profile of the Covestro Group on the one hand and a specific capital structure of comparable companies (Covestro's peer group) on the other. This cost of capital, which is primarily derived from capital market information, is used for impairment testing according to IFRSs.

COVeC approach

Covestro venture capital approach in which Covestro invests in start-ups with innovative products, solutions, or business models. Covestro aims to actively support these new companies wherever they offer value added.

Covestment

Share-based participation program in which 99% of all employees worldwide can acquire Covestro shares at a discount.

D

DRS / German Accounting Standards

Pronouncements of the German Accounting Standards Committee e. V., which substantiate the HGB requirements in reference to the application of the Group accounting principles.

Due Diligence

Information on the processes for identifying, preventing, and mitigating the actual or possible negative impact on nonfinancial factors.

E

EBIT / Earnings Before Interest and Taxes

Income after income taxes plus financial result and income tax expense.

EBITDA / Earnings Before Interest, Taxes, Depreciation and Amortization

EBIT plus depreciation and amortization of property, plant, equipment, and intangible assets.

EcoVadis

Rating agency that evaluates the degree to which supplier business practices are aligned with sustainability principles.

EMLA

Comprises all countries in Europe, the Middle East, Africa and Latin America (excluding Mexico).

EPS / Earnings per Share

Net income divided by the weighted average number of outstanding shares in the reporting period.

EURO STOXX 50

European stock index that reflects the share price performance of the 50 most important and highest revenue companies in Europe.

F

FOCF / Free Operating Cash Flow

Operating cash flows (pursuant to IAS 7) less cash outflows for additions to property, plant, equipment and intangible assets.

G**GCGC / German Corporate Governance Code**

A set of regulations compiled by the Government Commission on the German Corporate Governance Code in respect of responsible corporate governance, which contains recommendations and suggestions for the management and oversight of listed corporations in Germany.

GHG Protocol / Greenhouse Gas Protocol

International accounting system for greenhouse gas emissions developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

GPS / Global Product Strategy

Initiative of the International Council of Chemical Associations (ICCA) with the aim of embedding uniform global standards for product safety in the chemical industry.

GRI / Global Reporting Initiative

Guidelines for the preparation of sustainability reports by companies, governments and non-governmental organizations (NGOs).

H**HDI / Hexamethyldiisocyanate**

A chemical compound from the class of aliphatic isocyanates, primarily used in polyurethane coating systems.

HGB / German Commercial Code

Comprises the majority of German accounting legislation.

HSEQ / Health, Safety, Environment, Energy, and Quality

Health, safety, environment, energy, and quality.

I**IAS / Accounting Standards**

International accounting standards as endorsed by the European Union respectively published by the IASB or the IFRS IC.

IASB / International Accounting Standards Board

The International Accounting Standards Board is an independent, private-sector body that develops and approves the International Financial Reporting Standards (IFRSs).

ICS / Internal Control System

Internal control system to ensure compliance with directives by means of technical and organizational rules.

IDW / Institut der Wirtschaftsprüfer in Deutschland e. V.

A professional association of German Public Auditors and German Public Audit Firms that represents the interests of its members and supports their work.

IFRSs / International Financial Reporting Standards

International accounting standards as endorsed by the European Union respectively published by the IASB or the IFRS IC.

IPDI / isophorone diisocyanate

A chemical compound from the class of aliphatic isocyanates, primarily used in polyurethane coating systems.

L**LGBTIQ**

International abbreviation for lesbian, gay, bisexual, trans, intersex, and queer people.

LoPC / Loss of Primary Containment

Leaks of chemicals in amounts above defined thresholds leaking from their primary containers, such as pipelines, pumps, tanks and drums.

LTRIR

Lost time recordable incident rate.

M**Materiality Analysis**

A materiality analysis enables companies to systematically identify the most important sustainability issues from the internal and external perspective.

MDI / Diphenylmethane**Diisocyanate**

A chemical compound from the class of aromatic isocyanates, primarily used in polyurethane foams.

N**NA**

Region comprising Canada, Mexico, and the United States.

Net Financial Debt

Interest-bearing liabilities (excluding pension obligations) less liquid assets.

Net Income

Income after income taxes that is attributable to Covestro AG shareholders.

NOPAT / Net Operating Profit after Taxes

Operating result (EBIT) after imputed income taxes.

P**PMDI / Polymeric****Diphenylmethane Diisocyanate**

A chemical compound from the class of aromatic isocyanates, primarily used in polyurethane foams.

PO/Propylene Oxide

A chemical compound from the class of epoxies used in the production of polyurethanes.

Prisma

Prisma is a share-based compensation program with a four-year performance period for senior executives and other managerial employees.

PSP/Profit Sharing Plan

Covestro PSP is the Group's short-term variable compensation system. It is based exclusively on the target attainment of the relevant Covestro performance indicators (core volume growth, FOCF, ROCE).

R**REACH Regulation**

REACH stands for Registration, Evaluation, Authorisation, and Restriction of Chemicals. Regulation (EC) No. 1907/2006, which entered into force in 2007, standardizes EU chemicals law.

Responsible Care™ Initiative

Initiative by the German Chemical Industry Association (VCI) aimed at continuously improving health, environmental protection and safety in its member states.

RIR/ Recordable Incident Rate

Total number of recordable workplace accidents and illnesses per 200,000 working hours.

ROCE/ Return on Capital Employed

Ratio of operating result after imputed income taxes to capital employed.

S**Scope 1, Scope 2, Scope 3 Emissions**

The GHG Protocol distinguishes between direct emissions of greenhouse gases (Scope 1), emissions from the generation of externally purchased energy (Scope 2), and all other emissions arising in the value chain either before or after our business activities (Scope 3).

SDGs

The 17 United Nations Sustainable Development Goals were ratified by all UN member states and entered into force on January 1, 2016. Their objective is to combat global poverty, protect the planet, and secure peace and prosperity for all.

Stakeholders

Internal and external interest groups which are directly or indirectly impacted by the company's corporate activities and/or may be so in the future.

STOXX Europe 600 Chemicals

A sector index provided by STOXX. The STOXX Europe 600 is comprised of 600 companies across Europe.

T**TCFD/ Task Force on Climate-related Financial Disclosures**

The TCFD was formed by the Financial Stability Board to develop a uniform framework for reporting on climate-related opportunities and risks.

TDI/ Toluylene Diisocyanate

A chemical compound from the class of aromatic isocyanates, primarily used in polyurethane foams and coating systems.

TfS/ Together for Sustainability

An initiative undertaken by various companies in the chemical industry to standardize supplier assessments globally in order to improve sustainability practices in the supply chain.

U**UN Global Compact**

The world's largest responsible corporate governance initiative. The member companies undertake to implement 10 universal principles and regularly document their progress.

V**Value Contribution**

The difference between the operating result after imputed income taxes and the cost of capital. A positive value contribution means that value has been created.

VCI/ Verband der Chemischen Industrie

German chemical industry association.

W**WACC/ Weighted Average Cost of Capital**

Weighted average cost of capital reflecting the expected return on the company's equity and debt capital. Used for the internal measurement of the absolute value contribution.

Segment and Quarterly Overview

Segment information 4th quarter

	Performance Materials		Solutions & Specialties		Others/Consolidation		Covestro Group	
	4th quarter 2020 ^{1,2}	4th quarter 2021	4th quarter 2020 ^{1,2}	4th quarter 2021	4th quarter 2020 ^{1,2}	4th quarter 2021	4th quarter 2020	4th quarter 2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales (external)	1,594	2,259	1,371	2,005	42	74	3,007	4,338
Intersegment sales	257	596	6	8	(263)	(604)	–	–
Sales (total)	1,851	2,855	1,377	2,013	(221)	(530)	3,007	4,338
Change in sales								
Volume		+0.5%		–3.4%		+75.3%	+4.7%	–0.2%
Price		+37.6%		+25.6%		0.0%	+5.4%	+31.6%
Currency		+3.6%		+4.1%		+0.9%	–4.0%	+3.8%
Portfolio		0.0%		+19.9%		0.0%	–1.1%	+9.1%
Core volume growth³		–0.8%		+13.0%			+1.7%	+4.6%
Sales by region								
EMLA	759	1,039	499	722	30	61	1,288	1,822
NA	340	582	305	457	9	10	654	1,049
APAC	495	638	567	826	3	3	1,065	1,467
EBITDA⁴	465	590	194	112	(22)	(39)	637	663
EBIT ⁴	321	445	133	41	(22)	(41)	432	445
Depreciation, amortization, impairment losses and impairment loss reversals	144	145	61	71	–	2	205	218
Cash flows from operating activities	327	665	284	175	24	(192)	635	648
Cash outflows for additions to property, plant, equipment and intangible assets	169	168	70	122	2	2	241	292
Free operating cash flow	158	497	214	53	22	(194)	394	356
Trade working capital ⁵	970	1,392	978	1,560	1	–	1,949	2,952

¹ Reference information for the segments based on fiscal 2019 is not presented here due to the new organizational structure.

² The values were recalculated retroactively as of October 1, 2021, based on a change in the underlying market prices for compensation for transactions between the Performance Materials and Solutions & Specialties segments and the reference information restated accordingly.

³ Calculated on the basis of the definition of the core business effective March 31, 2021.

⁴ The earnings of the Performance Materials and Solutions & Specialties reportable segments include the effect on earnings of intersegment sales.

⁵ Trade working capital includes inventories plus trade accounts receivable and contract assets, less trade accounts payable, contract liabilities, and refund liabilities as of December 31, 2020/2021.

Segment information full year

	Performance Materials		Solutions & Specialties		Others/ Consolidation		Covestro Group	
	2020 ^{1,2}	2021 ²	2020 ^{1,2}	2021 ²	2020 ^{1,2}	2021 ²	2020	2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales (external)	5,468	8,142	5,060	7,554	178	207	10,706	15,903
Intersegment sales	947	2,195	23	27	(970)	(2,222)	–	–
Sales (total)	6,415	10,337	5,083	7,581	(792)	(2,015)	10,706	15,903
Change in sales								
Volume		+1.6%		+11.8%		+17.0%	–5.1%	+6.5%
Price		+48.1%		+21.3%		0.0%	–5.7%	+34.7%
Currency		–0.8%		–0.9%		–0.7%	–1.6%	–0.8%
Portfolio		0.0%		+17.1%		0.0%	–1.3%	+8.1%
Core volume growth³		+0.3%		+26.0%			–5.6%	+10.0%
Sales by region								
EMLA	2,572	3,878	1,894	2,835	134	163	4,600	6,876
NA	1,347	1,926	1,175	1,594	32	33	2,554	3,553
APAC	1,549	2,338	1,991	3,125	12	11	3,552	5,474
EBITDA⁴	896	2,572	743	751	(167)	(238)	1,472	3,085
EBIT ⁴	323	2,003	545	503	(172)	(244)	696	2,262
Depreciation, amortization, impairment losses and impairment loss reversals	573	569	198	248	5	6	776	823
Cash flows from operating activities	674	1,875	649	418	(89)	(100)	1,234	2,193
Cash outflows for additions to property, plant, equipment and intangible assets	498	488	203	273	3	3	704	764
Free operating cash flow	176	1,387	446	145	(92)	(103)	530	1,429
Trade working capital ⁵	970	1,392	978	1,560	1	–	1,949	2,952

¹ Reference information for the segments based on fiscal 2019 is not presented here due to the new organizational structure.

² The values were recalculated retroactively as of October 1, 2021, based on a change in the underlying market prices for compensation for transactions between the Performance Materials and Solutions & Specialties segments and the reference information restated accordingly.

³ Calculated on the basis of the definition of the core business effective March 31, 2021.

⁴ The earnings of the Performance Materials and Solutions & Specialties reportable segments include the effect on earnings of intersegment sales.

⁵ Trade working capital includes inventories plus trade accounts receivable and contract assets, less trade accounts payable, contract liabilities, and refund liabilities as of December 31, 2020/2021.

Quarterly Overview

	1st quarter 2020 ¹	2nd quarter 2020 ¹	3rd quarter 2020 ¹	4th quarter 2020 ¹	1st quarter 2021 ¹	2nd quarter 2021 ¹	3rd quarter 2021 ¹	4th quarter 2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales (external)	2,783	2,156	2,760	3,007	3,307	3,956	4,302	4,338
Performance Materials	1,383	1,055	1,436	1,594	1,740	1,957	2,186	2,259
Solutions & Specialties	1,341	1,060	1,288	1,371	1,529	1,951	2,069	2,005
Core volume growth²	-4.1%	-22.7%	+2.9%	+1.7%	+5.3%	+35.0%	+0.8%	+4.6%
EBITDA	254	125	456	637	743	817	862	663
Performance Materials ³	115	37	279	465	630	644	708	590
Solutions & Specialties ³	209	123	217	194	181	237	221	112
EBIT	67	(68)	265	432	556	607	654	445
Performance Materials ³	(26)	(107)	135	321	489	502	567	445
Solutions & Specialties ³	165	75	172	133	138	170	154	41
Financial result	(39)	(17)	(22)	(13)	(29)	(18)	(20)	(10)
Income before income taxes	28	(85)	243	419	527	589	634	435
Income after taxes	21	(53)	180	306	395	450	473	301
Net income	20	(52)	179	312	393	449	472	302
Cash flows from operating activities	(110)	171	538	635	428	553	564	648
Cash outflows for additions to property, plant, equipment and intangible assets	139	147	177	241	110	179	183	292
Free operating cash flow	(249)	24	361	394	318	374	381	356

¹ The values were recalculated retroactively as of October 1, 2021, based on a change in the underlying market prices for compensation for transactions between the Performance Materials and Solutions & Specialties segments and the reference information restated accordingly.

² Calculated on the basis of the definition of the core business effective March 31, 2021.

³ The earnings of the Performance Materials and Solutions & Specialties reportable segments include the effect on earnings of intersegment sales.

Five-Year Summary

Five-Year Summary

	2017	2018	2019	2020	2021
	€ million	€ million	€ million	€ million	€ million
Core volume growth¹	+3.4%	+1.5%	+2.0%	-5.6%	+10.0%
Sales (external)	14,138	14,616	12,412	10,706	15,903
Performance Materials ²	7,606	7,757	6,173	5,468	8,142
Solutions & Specialties ²	6,370	6,673	6,069	5,060	7,554
EBITDA	3,435	3,200	1,604	1,472	3,085
EBIT	2,808	2,580	852	696	2,262
Financial result	(150)	(104)	(91)	(91)	(77)
Net income	2,009	1,823	552	459	1,616
Earnings per share (€) ³	9.93	9.46	3.02	2.48	8.37
Operating cash flows	2,361	2,376	1,383	1,234	2,193
Cash outflows for additions to property, plant, equipment and intangible assets	518	707	910	704	764
Free operating cash flow	1,843	1,669	473	530	1,429
Trade working capital ⁴	2,177	2,353	1,965	1,949	2,952
Net financial debt	283	348	989	356	1,405
ROCE	+33.4%	+29.5%	+8.4%	+7.0%	+19.5%
Employees (in FTE)	16,176	16,770	17,201	16,501	17,909

¹ Values calculated retroactively based on the definition of the core business effective March 31 of the respective subsequent year.

² Reference information for the segments for the period from fiscal 2017–2019 are based on unaudited figures due to the new organizational structure.

³ Figures based on weighted average number of voting shares outstanding that were subject to relevant changes resulting from, among other factors, the share buyback program of November 21, 2017, through December 4, 2018, and the capital increase on October 19, 2020.

⁴ Trade working capital includes inventories plus trade accounts receivable and contract assets, less trade accounts payable, contract liabilities, and refund liabilities as of December 31, 2018 to 2021. In the year 2017, trade working capital comprised inventories plus trade accounts receivable, less trade accounts payable. Reference information for 2018 and 2019 was restated accordingly, see note 4 "Change in Presentation of Rebates Granted to Customers and Trade Working Capital" in the Annual Report 2020.