

DISCLOSURES ON SUSTAINABILITY REPORTING

Covestro aims to help protect the environment, conserve limited resources, advance society, and create value, all by firmly integrating sustainability into the our Group strategy and management.

Our sustainability reporting is based on recognized standards. We report on material topics and nonfinancial performance indicators pursuant to Section 315 (3) of the German Commercial Code (HGB) in our Group Management Report and supplement this information with additional content, which is additionally required in accordance with the standards of the Global Reporting Initiative (GRI) "Core" option.

Nonfinancial Group Statement

We publish the nonfinancial Group statement pursuant to Sections 315b and 315c in conjunction with Sections 289c through 289e HGB as an integrated part of the Group Management Report. The respective sections include the strategies we pursue in addressing environmental, labor, and social issues as well as protecting human rights and fighting corruption and bribery, including the due diligence processes followed and measures implemented, as well as the outcomes of these strategies.

We applied the GRI standards as a framework for preparing the nonfinancial Group statement.

Key topics relevant to the nonfinancial Group statement are identified in an internal process and in consideration of their significance and implementation within the company. The starting point for this is the materiality assessment and the material sustainability topics identified or updated as a result, i.e., the topics of high or very high relevance for Covestro. The following table provides an overview of the key sustainability topics with an eye to the relevant aspects and contains references to the specific sections in the Group Management Report. In order to identify and address current developments and sustainability-related opportunities and risks at an early stage, we also review whether there are any new findings relevant to opportunity and risk management. No material risks have been identified in connection with Covestro's own business activities, business relationships, or products that have or are very likely to have a severely negative impact on the nonfinancial aspects of the company's business.

 See "Opportunities and Risks Report."

Key sustainability topics of the Group's nonfinancial statement (HGB)

Key topics of the Group's nonfinancial statement (German Commercial Code)	Relevant aspects in accordance with the Group's nonfinancial statement (German Commercial Code)	Section reference in the Group Management Report
Alternative raw materials	Environmental matters, social matters	"Strategy," "Management," "Circular Economy and Climate Neutrality," "Innovation."
Compliance	Environmental matters, fighting corruption and bribery, respect for human rights	"Opportunities and Risks Report," "Compliance."
Diversity, equity, and inclusion	Social matters, employee matters, respect for human rights	"Employees."
Employer attractiveness	Employee matters	"Employees."
Greenhouse gas emissions	Environmental matters	"Management," "Circular Economy and Climate Neutrality."
Health and safety of our workforce	Employee matters	"Integrated Management System for Health, Safety, Environment, Energy, and Quality," "Health and Safety."
Human rights due diligence	Social matters, respect for human rights	"Management," "Social Responsibility."
Inclusive business	Social matters	"Management," "Social Responsibility."
Process and plant safety	Environmental matters, social matters	"Integrated Management System for Health, Safety, Environment, Energy, and Quality," "Health and Safety."
Product safety	Social matters	"Product Stewardship."
Recyclability and end-of-life solutions	Environmental matters	"Strategy," "Circular Economy and Climate Neutrality."
Renewable energy	Environmental matters, social matters	"Strategy," "Circular Economy and Climate Neutrality," "Innovation."
Sustainability in sourcing	Environmental matters, social matters, fighting corruption and bribery, respect for human rights	"Procurement," "Management," "Sustainability in the Supply Chain."
Sustainable product portfolio	Environmental matters, social matters	"Management," "Innovation."
Sustainable R&D-based innovation portfolio	Environmental matters, social matters	"Management," "Innovation."

As an integral part of the Group Management Report, the nonfinancial Group statement was audited by the financial statement auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf (Germany), as part of the audit of the consolidated financial statements based on an expansion of the audit engagement.

A nonfinancial statement or nonfinancial report does not have to be provided at this time for Covestro AG.

EU Taxonomy

The European Union's Taxonomy Regulation 2020/852 (EU Taxonomy), and particularly its delegated acts, are the basis for various current and future initiatives by the European Union (EU) to facilitate sustainable financial reporting. As a company required to submit a nonfinancial statement, Covestro must, in accordance with Article 8(1) of the Taxonomy Regulation, disclose information about how and the extent to which our activities are associated with economic activities which qualify as environmentally sustainable economic activities based on the Taxonomy Regulation. The Taxonomy Regulation introduces key performance indicators (KPIs) to enable and improve performance measurement. In fiscal 2021, our report includes information in line with the Taxonomy Regulation and its delegated acts, two of which were published at the reporting date. One delegated act defines technical screening criteria for determining activities that contribute substantially to the environmental objectives of climate change mitigation and adaptation. The other delegated act spells out the content and presentation of the information to be disclosed.

We have elected to exercise the exemptions permitted in fiscal 2021. These allow us to initially only report on our taxonomy-eligible economic activities in connection with the aforementioned environmental objectives. Reporting on our taxonomy-aligned activities is not required. Some legal concepts in the EU Taxonomy have not been defined conclusively, which has led to uncertainty regarding their interpretation.

Taxonomy-Eligible Economic Activities

In fiscal 2021, we identified the following taxonomy-eligible economic activities as defined in Article 3 of the Taxonomy Regulation relating to the environmental objectives of climate change mitigation and adaptation:

- Manufacture of hydrogen
- Manufacture of chlorine
- Manufacture of organic base chemicals
- Manufacture of nitric acid
- Manufacture of plastics in primary form

Some activities in our portfolio are not covered by the taxonomy (e.g., the manufacture of isocyanates such as MDI, TDI, etc.)

Calculation of Taxonomy KPIs

We calculate taxonomy KPIs and report on the nature of our taxonomy-eligible economic activities in accordance with Article 10(3) and Article 11(3) of Regulation (EU) 2020/852. The KPIs we are required to report the share of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) that are generated by taxonomy-eligible activities. The way in which we define and document these KPIs and run the data queries for the calculations prevents double-counting amounts when allocating turnover, CapEx, and OpEx to our economic activities. Where data could not be definitively allocated, we apply suitable allocation models to appropriately reflect them in the KPI calculation. Controls in our internal control system are used to support accurate calculation of the taxonomy KPIs reported and the underlying processes.

 See "Internal Control System for (Group) Accounting and Financial Reporting."

In accordance with section 1.2.3. of Annex 1 of the delegated act specifying the content and presentation of information to be disclosed, we have elected not to report on the activities of joint ventures.

Turnover

The EU Taxonomy defines turnover as net sales of goods or services, including intangible goods. The share of turnover generated from taxonomy-eligible economic activities is divided by net sales. In order to determine the turnover generated by Covestro from taxonomy-eligible economic activities, we allocated the relevant Covestro products to these activities. The corresponding turnover for the fiscal 2021 was then calculated for the identified products and a ratio derived using Covestro's sales reported in the Income Statement (denominator).

☐ See "Covestro Group Consolidated Income Statement."

Capital Expenditure

Covestro's capital expenditure (CapEx) as defined in the EU Taxonomy includes acquisitions of property, plant and equipment and intangible assets during the fiscal year under review before depreciation/amortization/-impairment losses and remeasurement, including those arising from remeasurement and impairment losses for the relevant fiscal year without changes in fair value. This also includes all property, plant and equipment, and intangible assets resulting from business combinations. The taxonomy-eligible CapEx relates to assets or processes associated with taxonomy-eligible economic activities, or that are part of a plan to expand taxonomy-aligned economic activities or to develop taxonomy-eligible into taxonomy-aligned economic activities, or that relate to the acquisition of products from taxonomy-eligible economic activities and individual measures that enable target activities to be conducted in a low-carbon manner or reduce emissions of greenhouse gases.

Covestro uses the investments in and acquisitions of property, plant and equipment and intangible assets as reported in the Notes to the Consolidated Financial Statements in the Annual Report 2021 (denominator). Of these, the share of taxonomy-eligible CapEx must be determined (numerator). To this end, the products identified as originating from taxonomy-eligible economic activities were allocated to the corresponding CapEx. In addition, individual expenditures from the acquisition of products from taxonomy-eligible economic activities and individual measures implemented to reduce greenhouse gas (GHG) emissions are taken into account. For this KPI, we calculated the ratio of various taxonomy-eligible CapEx to investments in and acquisitions of property, plant and equipment and intangible assets for Covestro as reported in the Annual Report.

☐ See note 13 "Goodwill and Other Intangible Assets" and note 14 "Property, Plant and Equipment" in the Notes to the Consolidated Financial Statements.

Operating Expenditure

Operating expenditure (OpEx) as defined in the EU Taxonomy comprises direct, uncanceled costs relating to research and development, building renovation projects, short-term leases, maintenance and repairs, and all other expenses directly related to the daily maintenance of assets classified as property, plant and equipment that are necessary for ensuring the Group's functioning. The taxonomy-eligible operating expenditure relates to assets or processes associated with taxonomy-eligible economic activities, or that are part of a plan to expand taxonomy-aligned economic activities or to develop taxonomy-eligible into taxonomy-aligned economic activities, or that relate to the acquisition of products from taxonomy-eligible economic activities and individual measures that enable target activities to be conducted in a low-carbon manner or reduce emissions of greenhouse gases, or to individual building renovation projects.

Covestro uses its expenditure on maintenance and repairs, renovations, research and development, and short-term leasing costs (denominator). Of these, the share of taxonomy-eligible OpEx must be determined (numerator). To this end, the products identified as originating from taxonomy-eligible economic activities were allocated to the corresponding OpEx. In addition, individual operating expenses from the acquisition of products from taxonomy-eligible economic activities and individual measures implemented to reduce GHG emissions and renovate buildings were taken into account. This ratio is calculated exclusively for taxonomy reporting.

Reporting of Taxonomy KPIs

The KPIs below were calculated according to the aforementioned methods:

Taxonomy KPIs¹

	Total	Share of taxonomy-eligible economic activities	Share of taxonomy-non-eligible economic activities
	€ million	in %	in %
Turnover	15,903	+32.0	+68.0
Capital Expenditure	2,552	+8.3	+91.7
Operating Expenditure	1,147	+25.6	+74.4

¹ The calculation of the KPIs does not include the activities of the Resins & Functional Materials (RFM) business acquired from Koninklijke DSM N. V., Heerlen (Netherlands), due to the ongoing systems integration process. They are therefore included in the taxonomy-non-eligible share of Covestro's activities. The share attributable to RFM, if available, is included in the denominator of all of these KPIs; RFM is included in full in the denominator for turnover and CapEx. Regarding OpEx, the RFM share of the costs arising from research and development is included in the denominator. In the future, RFM activities will also be integrated completely into the analysis of taxonomy eligibility.

GRI Index

General Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 102 – General Disclosures				
102-1	Name of the organization	• Company Profile – Organization and Business Model		
102-2	Activities, brands, products, and services	• Company Profile – Organization and Business Model		
102-3	Location of headquarters	• Company Profile – Organization and Business Model		
102-4	Location of operations	• Company Profile – Production Sites and R&D Facilities		
102-5	Ownership and legal form	• Company Profile – Organization and Business Model • Covestro on the Capital Market		The Covestro Group has been legally and financially independent since September 1, 2015. Covestro AG, the parent company of the Covestro Group, is headquartered in Leverkusen (Germany), and has been listed on the stock exchange in Germany since October 6, 2015.
102-6	Markets served	• Company Profile – Business Model		
102-7	Scale of the organization	• Company Profile – Production Sites and R&D Facilities • Results of Operations, Financial Position, and Net Assets of the Covestro Group		
102-8	Information on employees and other workers	• Employees – Employees by Division	• Employees – Promoting Diversity, Equity, and Inclusion	Around the world, Covestro has about 500 temporary employees, corresponding to approximately 3,1% of our workforce. In addition, a number of people work for Covestro externally through contracts for work or service agreements. It is not possible to determine the precise number, since performance is defined via trades or in service-level agreements rather than by the number of people or the hours worked.
102-9	Supply chain	• Company Profile – Procurement		
102-10	Significant changes to the organization and its supply chain	• Company Profile – Organization and Business Model • Strategy – Group Strategy • Notes to the Consolidated Financial Statements of the Covestro Group – Changes in the Scope of Consolidation		
102-11	Precautionary Principle or approach	• Health and Safety – Product Stewardship		
102-12	External initiatives	• Social Responsibility – Social Engagement		
102-13	Membership of associations		• Sustainability – Stakeholder Dialogue	
102-14	Statement from senior decision-maker	• Foreword		
102-16	Values, principles, standards, and norms of behavior	• Management – Corporate Policies	• Management – Corporate Policies	

General Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
102-17	Mechanisms for advice and concerns about ethics	Compliance – Compliance Management System		
102-18	Governance structure	Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board	Sustainability – Sustainability Management	
102-19	Delegating authority	Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board	Sustainability – Sustainability Management	
102-20	Executive-level responsibility for economic, environmental, and social topics	Company Profile – Organization and Business Model	Sustainability – Sustainability Management	
102-22	Composition of the highest governance body and its committees	- Company Profile – Organization and Business Model - Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board		
102-23	Chair of the highest governance body	Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board		
102-24	Nominating and selecting the highest governance body	Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board		
102-25	Conflicts of interest	- Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board - Compliance – Compliance Management System		
102-26	Role of highest governance body in setting purpose, values, and strategy	Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board		
102-32	Highest governance body's role in sustainability reporting			The Covestro Management Report and the supplementary information 2021 were approved by the Board of Management and acknowledged by the Supervisory Board.
102-35	Remuneration policies	- Management – Management System - Employees – Compensating Employees Transparently and Competitively - Compensation Report	Employees – Compensating Employees Transparently and Competitively	

General Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
102-40	List of stakeholder groups		• Sustainability – Stakeholder Dialogue	
102-41	Collective bargaining agreements		• Employees – Compensating Employees Transparently and Competitively	
102-42	Identifying and selecting stakeholders		• Sustainability – Stakeholder Dialogue	
102-43	Approach to stakeholder engagement	• Sustainability – Material Sustainability Topics	• Sustainability – Stakeholder Dialogue	
102-44	Key topics and concerns raised	• Sustainability – Material Sustainability Topics		
102-45	Entities included in the consolidated financial statements	• Notes to the Consolidated Financial Statements of the Covestro Group – Changes in the Scope of Consolidation		
102-46	Defining report content and topic Boundaries	• Report Profile – Nonfinancial Reporting • Sustainability – Material Sustainability Topics		
102-47	List of material topics	• Sustainability – Material Sustainability Topics		
102-48	Restatements of information			None.
102-49	Changes in reporting			None.
102-50	Reporting period			This report covers the period from January 1 to December 31, 2021.
102-51	Date of most recent report			The previous Annual Report for fiscal 2020 and the associated GRI supplementary information were published in February 2021.
102-52	Reporting cycle			Covestro's sustainability reporting is carried out annually.
102-53	Contact point for questions regarding the report	• Publishing Information		
102-54	Claims of reporting in accordance with the GRI Standards	• Report Profile – Nonfinancial Reporting		
102-56	External assurance	• Independent Auditor's Report	• Report by the independent auditor on an audit to obtain limited assurance with regard to sustainability information.	

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 200 – Economic topics				
GRI 201 – Economic Performance (2016)				
103-1,2,3	Management Approach	• Strategy – Group Strategy • Management – Management System		
201-1	Direct economic value generated and distributed	• Consolidated Financial Statements and Notes		
GRI 204 – Procurement Practices (2016)				
103-1,2,3	Management Approach	• Company Profile – Procurement • Sustainability – Material Sustainability Topics • Sustainability in Sourcing • Social Responsibility – Human Rights • Opportunities and Risks Report – Opportunities and Risks		
204-1	Proportion of spending on local suppliers		• Sustainability in Sourcing – Procurement of Key Products	Since our locations in Germany, the United States and China cover most of our procurement volume, the sites located in these countries are referred to as main sites within the meaning of the GRI terminology. Local procurement is regarded as purchasing from suppliers located in the same country as the legal entity they supply.
GRI 205 – Anti-corruption (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Compliance – Compliance Management System	• Management – Corporate Policies	
205-1	Operations assessed for risks related to corruption	• Opportunities and Risks Report – Group-wide Opportunities and Risk Management System • Compliance – Compliance Management System		In 2020 a risk analysis was conducted for every country/every company. Risk analysis was not updated in the reporting period. Definition of location of operations as a legal entity.
GRI 206 – Anti-competitive Behavior (2016)				
103-1,2,3	Management Approach	• Opportunities and Risks Report – Opportunities and Risks • Compliance – Compliance Management System	• Management – Corporate Policies	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			No actions were reported through internal reporting in fiscal 2021.

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 207 – Tax (2019)				
103-1,2,3	Management Approach	• Compliance – Tax Compliance		
207-1	Approach to tax	• Compliance – Tax Compliance		
207-2	Tax governance, control, and risk management	• Compliance – Tax Compliance • Opportunities and Risks Report – Group-wide Opportunities and Risk Management System		
207-3	Stakeholder engagement and management of concerns related to tax	• Compliance – Compliance Management System • Compliance – Tax Compliance		
207-4	Country-by-country reporting			A country-by-country report is not currently provided.
GRI 300 – Environmental topics				
GRI 302 – Energy (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Circular Economy and Climate Neutrality – Climate Neutrality • Opportunities and Risks Report – Opportunities and Risks	• Management – Corporate Policies • Circular Economy and Climate Neutrality – Climate Neutrality	
302-1	Energy consumption within the organization	• Circular Economy and Climate Neutrality		Information pertaining to the share of renewable energy was not included in this report.
302-3	Energy intensity	• Circular Economy and Climate Neutrality		
302-4	Reduction of energy consumption	• Circular Economy and Climate Neutrality	• Circular Economy and Climate Neutrality – Climate Neutrality	In 2005, Covestro began to introduce a certified energy management system. This requires that we compare our performance with a designated base year, and that year was 2005.
GRI 303 – Water (2018)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Environmental Impact of Own Operations – Water and Wastewater	• Environmental Impact of Own Operations – Water Usage	
303-1	Interactions with water as a shared resource	• Environmental Impact of Own Operations – Water and Wastewater	• Environmental Impact of Own Operations – Water Usage	
303-2	Management of water discharge-related impacts	• Environmental Impact of Own Operations – Water and Wastewater	• Environmental Impact of Own Operations – Water Usage	The standards to be applied are oriented to local laws.
303-3	Water withdrawal	• Environmental Impact of Own Operations – Water and Wastewater	• Environmental Impact of Own Operations – Water Usage	Water withdrawal is measured in m ³ (cubic meters) since this is the more common approach to measurement. Here, 1 megaliter (ML) corresponds to 1,000 m ³ . Usage of other than fresh water <1,000 mg TDS/l: Pursuant to ISO 14046, Covestro uses no water from sea water sources, thus there is no figure for this in the water balance. At some facilities, it is possible that brackish water >1,000 mg TDS/l is used as cooling water. These amounts are included in the water balance and not reported separately. This water can be returned to the water cycle without further treatment in line with the relevant official permits.

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 305 – Emissions (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Circular Economy and Climate Neutrality – Climate Neutrality • Opportunities and Risks Report – Opportunities and Risks	• Circular Economy and Climate Neutrality – Climate Neutrality	
305-1	Direct (Scope 1) GHG emissions	• Circular Economy and Climate Neutrality – Climate Neutrality		Biogenic CO ₂ emissions are not reported because they are irrelevant.
305-2	Energy indirect (Scope 2) GHG emissions	• Circular Economy and Climate Neutrality – Climate Neutrality		
305-3	Other indirect (Scope 3) GHG emissions		• Circular Economy and Climate Neutrality – Climate Neutrality	
305-4	GHG emissions intensity	• Circular Economy and Climate Neutrality – Climate Neutrality		Disclosure as CO ₂ equivalent of specific GHG. Emissions of sulfur hexafluoride (SF ₆) have been recorded. However, because our chemical production processes do not currently cause any SF ₆ emissions and because Covestro does not use SF ₆ , such emissions do not appear in our reporting.
305-5	Reduction of GHG emissions	• Circular Economy and Climate Neutrality – Climate Neutrality		Greenhouse gas emissions are reported separately for Scopes 1 and 2. When considering GHG reductions, the specific greenhouse gas emissions are calculated using the total emissions for Scopes 1 and 2 because otherwise any shifts between the categories would lessen the informative value of the results.
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		• Environmental Impact of Own Operations – Air Quality	Reporting focuses on significant air emissions; persistent organic pollutants (POPs) and hazardous organic pollutants (HAPs) are not reported. Air emissions are generally measured directly at the source of the emission or are calculated from the stoichiometric determination of the formula mass.
GRI 306 – Waste (2020)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Circular Economy and Climate Neutrality – Circular Economy • Environmental Impact of Own Operations – Waste	• Environmental Impact of Own Operations – Waste and Recycling	
306-1	Waste generation and significant waste-related impacts	• Environmental Impact of Own Operations – Waste	• Environmental Impact of Own Operations – Waste and Recycling	
306-2	Management of significant waste-related impacts	• Circular Economy and Climate Neutrality – Circular Economy • Environmental Impact of Own Operations – Waste	• Environmental Impact of Own Operations – Waste and Recycling	
306-3	Waste generated		• Environmental Impact of Own Operations – Waste and Recycling	
306-5	Waste diverted from disposal		• Environmental Impact of Own Operations – Waste and Recycling	The distinction of hazardous and non-hazardous waste is only drawn for landfill waste; no differentiation is made for other disposal methods.

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 307 – Environmental Compliance (2016)				
103-1,2,3	Management Approach	- Environmental Impact of Own Operations - Opportunities and Risks Report – Opportunities and Risks - Compliance – Compliance Management System		
307-1	Non-compliance with environmental laws and regulations			In fiscal 2021, no significant administrative or court-ordered sanctions (fines, nonmonetary sanctions) for noncompliance with environmental laws and regulations were reported through internal reporting.
GRI 308 – Supplier Environmental Assessment				
103-1,2,3	Management Approach	- Sustainability in the Supply Chain - Opportunities and Risks Report – Opportunities and Risks		
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability in the Supply Chain – Supplier Evaluation Results	Sustainability in the Supply Chain – Detailed Results of the Supplier Evaluations	
GRI 400 – Social topics				
GRI 401 – Employment (2016)				
103-1,2,3	Management Approach	- Management – Corporate Policies - Employees – Human Resources Profile and Focus, Winning Qualified Employees and Promoting Covestro's Employer Brand - Opportunities and Risks Report – Opportunities and Risks		
401-1	New employee hires and employee turnover		Employees – Winning Qualified Employees and Promoting Covestro's Employer Brand	In fiscal 2021, the gender distribution of new hires and the attrition rate was broken down into male and female, as the company was not aware of any employees with other gender identities. Reference is made in the footnote to the small number of employees who did not state their gender. If this should change, the tables will be adjusted accordingly in future.
GRI 403 – Occupational Health and Safety (2018)				
103-1,2,3	Management Approach	- Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality - Employees – Designing Healthy Working Conditions and Work Models - Health and Safety – Occupational Health and Safety - Opportunities and Risks Report – Opportunities and Risks		

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
403-1	Occupational health and safety management system	• Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality • Health and Safety – Occupational Health and Safety; Corporate Security	• Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality • Health and Safety – Corporate Security	A list of the legal requirements has been dispensed with. The integrated management system for occupational health and safety covers all our employees across the Group and in some cases also our contractors, regardless of the type of work environment or activity performed.
403-2	Hazard identification, risk assessment, and incident investigation	• Health and Safety – Occupational Health and Safety; Corporate Security • Compliance – Compliance Management System	• Health and Safety – Corporate Security	Every employee, contractor or – as appropriate – visitor must comply with the applicable occupational safety procedures, rules, and relevant protective measures. Employees are authorized to withdraw from work situations that seem to them to represent a direct and serious threat to their lives or health. They are obligated to report such situations to their supervisors immediately. Employees may not be sanctioned for such actions.
403-3	Occupational health services	• Employees – Designing Healthy Working Conditions and Work Models		Depending on site-specific local circumstances, there are dedicated occupational health staff or occupational health services are provided in conjunction with external parties. A country-specific description of the functions of the occupational health services has been dispensed with.
403-4	Worker participation, consultation, and communication on occupational health and safety	• Health and Safety		Depending on legal requirements, some sites have formal employer-employee committees for occupational health and safety that hold regular meetings. In Germany, for instance, this is the occupational safety and health committee as legally required by Section 11 of the Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists (AsiG). All sites are networked in corresponding regional HSE communities. A country-specific list and a description of the committees has been dispensed with.
403-5	Worker training on occupational health and safety	• Health and Safety		Our employees receive the applicable statutorily required training as well as further training that exceeds these requirements depending on the individual circumstances at our sites. Our contractors receive site-specific safety instructions.
403-6	Promotion of worker health	• Employees – Designing Healthy Working Conditions and Work Models • Health and Safety – Occupational Health and Safety		Voluntary services for the promotion and maintenance of health are made available only to Covestro employees.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality • Health and Safety • Sustainability in Sourcing	• Health and Safety – Corporate Security	
403-9	Work-related injuries	• Health and Safety – Occupational Health and Safety; Corporate Security	• Health and Safety – Corporate Security	We record the most important types and frequency of work-related injuries for all employee groups according to the ASTM standard E2920-14, "Severe Incidents and Fatalities" (A. deaths, B. life-changing/life-altering cases, C. other).

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 404 – Training and Education (2016)				
103-1,2,3	Management Approach	• Management – Corporate Policies • Employees – Promoting and Developing Employees • Opportunities and Risks Report – Opportunities and Risks		
404-2	Programs for upgrading employee skills and transition assistance programs	• Employees – Promoting and Developing Employees	• Employees – Compensating Employees Transparently and Competitively	
GRI 405 – Diversity and Equal Opportunity (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Employees – Promoting Diversity, Equity, and Inclusion • Opportunities and Risks Report – Opportunities and Risks		
405-1	Diversity of governance bodies and employees	• Declaration on Corporate Governance – Composition, duties and activities of the Board of Management and Supervisory Board	• Employees – Promoting Diversity, Equity, and Inclusion	At the end of the year, the Supervisory Board consisted of six women (50%) and six men (50%). The age structure is as follows: 0% are 30-50 years old, and 100% are over 50. Membership in a minority is not recorded for legal reasons. In fiscal 2021, the gender distribution of employees was broken down into male and female, as the company was not aware of any employees with other gender identities. Reference is made in the footnote to the small number of employees who did not state their gender. If this should change, the tables will be adjusted accordingly in future.
GRI 406 – Non-discrimination (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Employees – Promoting Diversity, Equity, and Inclusion • Opportunities and Risks Report – Opportunities and Risks		
406-1	Incidents of discrimination and corrective actions taken			For confidentiality reasons, we do not disclose the type and scope of the incidents reported.
GRI 407 – Freedom of Association and Collective Bargaining				
103-1,2,3	Management Approach	• Sustainability in the Supply Chain • Social Responsibility – Human Rights • Compliance – Compliance Management System		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• Sustainability in the Supply Chain – Supplier Evaluation Results	• Sustainability in the Supply Chain – Detailed Results of the Supplier Evaluations	In fiscal 2021, no significant cases were reported using formal grievance mechanisms. There was no high risk for the sites in the year 2021, as the local heads of Human Resources and the local managing directors are required by internal rules to maintain a regular exchange of information with unions and employee representatives.

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 414 – Supplier Social Assessment (2016)				
103-1,2,3	Management Approach	• Sustainability in the Supply Chain • Opportunities and Risks Report – Opportunities and Risks		
414-2	Negative social impacts in the supply chain and actions taken	• Sustainability in the Supply Chain – Supplier Evaluation Results	• Sustainability in the Supply Chain – Detailed Results of the Supplier Evaluations	
GRI 415 – Public Policy (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics	• Management – Corporate Policies	
415-1	Political contributions		• Management – Corporate Policies	
GRI 416 – Customer Health and Safety (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality • Health and Safety – Product Stewardship • Opportunities and Risks Report – Opportunities and Risks • Compliance – Compliance Management System	• Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	• Health and Safety – Product Stewardship		No significant incidents were reported through internal reporting in fiscal 2021.
GRI 417 – Marketing and Labeling (2016)				
103-1,2,3	Management Approach	• Company Profile – Marketing and Sales • Sustainability – Material Sustainability Topics		
417-1	Requirements for product and service information and labeling	• Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality • Health and Safety – Product Stewardship • Opportunities and Risks Report – Opportunities and Risks • Compliance – Compliance Management System	• Management – Integrated Management System for Health, Safety, Environment, Energy, and Quality	
417-2	Incidents of non-compliance concerning product and service information and labeling	• Health and Safety – Product Stewardship		No significant incidents were reported through internal reporting in fiscal 2021.

Specific Standard Disclosures

Disclosure number	Disclosure title	Section in Annual Report	Section in supplementary information on sustainability	Explanation/omission
GRI 419 – Socioeconomic Compliance (2016)				
103-1,2,3	Management Approach	• Sustainability – Material Sustainability Topics • Opportunities and Risks Report – Opportunities and Risks • Compliance – Compliance Management System	• Management – Corporate Policies	
419-1	Non-compliance with laws and regulations in the social and economic area			In fiscal 2021, no significant administrative or court-ordered sanctions (fines, nonmonetary sanctions) for noncompliance with laws and regulations with respect to the provision and use of products and services were reported through internal reporting.