C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

<table>
<thead>
<tr>
<th>Focus of legislation</th>
<th>Corporate position</th>
<th>Details of engagement</th>
<th>Proposed legislative solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other, please specify (Energy transition - Hydrogen strategy)</td>
<td>Support</td>
<td>Covestro's Chief Technology Officer (CTO) Klaus Schaefer was appointed to the German National Hydrogen Council. Hydrogen is an important building block on the way to climate neutrality and circular economy. This expert committee advises the German Federal Government on the development of the hydrogen economy. The Covestro CTO contributes perspectives from the chemical industry.</td>
<td>Development of hydrogen technologies and infrastructures should be an essential element of the energy transition.</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Support</td>
<td>Covestro’s Chief Commercial Officer (CCO) Sucheta Govil participated in a discussion with Pascal CANFIN (Member of the European Parliament, Chairperson of the Committee on the Environment, Public Health and Food Safety (ENVI) and Kadri SIMSON, Commissioner for Energy, European Commission. The discussion was organized by of the Green Recovery Alliance and focused on making the future renovation wave a success. Covestro has also met with numerous members of the US Congress and trade associations (ACC, NAM, Alliance to Save Energy) on the policy and political aspects of energy efficiency. The company uses these meetings to promote the benefits of efficiency and highlight ways in which our materials can help achieve related goals.</td>
<td>Demonstrate the benefits of energy efficiency particularly in the building and construction sector to push for an increase renovation rate in Europe.</td>
</tr>
<tr>
<td>Climate finance</td>
<td>Support</td>
<td>A Covestro representative was member of the steering committee of the initiative from the German Federal Ministry of Environment (BMU) “Wirtschaft macht Klimaschutz”. A strategy paper was drawn up.</td>
<td>Take into account the needs for transparency and predictability for the long-term investments of the chemical industry in the sustainable finance policies.</td>
</tr>
<tr>
<td>Adaptation or resilience</td>
<td>Support</td>
<td>Covestro representatives actively contributed in the following committees: - Council of economic advisors of the German Christian Democrats (CDU) party Economic dialog of the German Green party</td>
<td>Enable transition of the industry towards a fully circular and climate-neutral economy.</td>
</tr>
<tr>
<td>Other, please specify (Green transition)</td>
<td>Support</td>
<td>Covestro representatives are members of the economic advisory council of the German Green party, sharing with the Green members of the German parliament (Bundestag) the needs of the economy on the way to climate neutrality.</td>
<td>Address quantity, security of supply and cost competitiveness of renewable energy for the chemical industry transformation towards climate neutrality - Reduction of GHG emissions.</td>
</tr>
</tbody>
</table>

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?
Yes
(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

**Trade association**
Cefic (European chemical industry council)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association's position**
Cefic supports the Green Deal and Europe's ambition to become climate neutral by 2050. Proposals: • A sound and detailed definition of climate-neutrality providing a signal for long-term investments; • A level-playing field for industry across the EU through Union-wide GHG emission reduction mechanisms (i.e. the EU ETS); • All sectors of the economy should contribute to the climate-neutrality objective through fair burden-sharing; • Progress on the enabling framework for the transformation of the EU economy, in line with the trajectory for achieving climate-neutrality

**How have you influenced, or are you attempting to influence their position?**
Covestro’s Chief Executive Officer (CEO) Dr. Markus Steilemann is directly involved in relevant policy discussions as member of the Cefic ExCom and Board. Covestro leaders are represented in the relevant committees, notably the Program Councils on Climate and on Industrial Policy.

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**Trade association**
PlasticsEurope

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association's position**
The European plastics industry's approach has since long been driven by the objective of reducing its overall environmental impact, including its GHG emissions. PlasticsEurope members have also strived to improve energy efficiency, notably through the increasing use of Combined Heat and Power (CHP) units, providing both electricity and heat to their production processes Actions: • Increasing the circularity of the plastics value chain • Accelerating the use of renewable resources • Increasing the use of renewable energy and electricity • Developing carbon capture and use technologies Calls for: • Significant technological advances and a comprehensive and well-balanced enabling policy framework will be necessary to ensure that the transformations the industry has already embarked upon become fully effective, at a level that will be a game-changer for achieving the 2050 goal. • Use of plastic products is crucial to reduce GHG emissions

**How have you influenced, or are you attempting to influence their position?**
Covestro’s Chief Executive Officer (CEO) Dr. Markus Steilemann is president of the association. Covestro experts participate in the relevant committee to drive the topics.

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**Trade association**
VCI (German chemical industry)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association's position**
ON THE EU AGENDA VCI supports the EU Green Deal. VCI is committed to the objective of greenhouse gas neutrality by 2050. VCI sees the Green Deal as an opportunity to strengthen Europe’s competitiveness through new business models and innovations and to find a smart, sustainable industrial policy. The Green Deal must become a sustainable deal. Calls for: • Implementation taking the following risks into consideration to ensure the success of the Green Deal: Excessive bureaucracy, European island solutions, one-sided ecological considerations neglecting the social and economic aspects. IN GERMANY VCI supports the political goal of the energy transition (Energiewende) to make energy supplies climate-friendly, reliable and affordable. The industry actively contributes to greenhouse gas cuts. In 2019, it published a study how the German chemical industry can achieve greenhouse gas neutrality by 2050 in technological terms. Calls for: • Reduce the costs of the Energiewende to a minimum. • New laws should not bring further burdens which then necessitate relief measures for energy-intensive plants. The planned CO2 pricing within national emissions trading is a negative example for this. • Compensation for electricity price increase in compliance with state aid legislation: Due to international competitive pressure, the energy-intensive industry responds sensitively to price increases. Regarding the expected cost increase in electricity purchasing due to the coal phase-out the German Federal Government should, therefore, negotiate with the EU Commission a compensation that is compliant with state aid legislation
Trade association
AmChamEU

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
AmCham EU member companies are keen to support the establishment of a well-designed framework that fosters the development of efficient and cost-effective solutions to achieve the EU's goal of climate neutrality. They are already researching, developing and investing in technologies that will be instrumental in reaching this overarching ambition. AmChamEU contributes to inform the policy debate, particularly on key aspects such as the definition of climate neutrality at EU level. AmCham EU recognizes the need for action to achieve a low-carbon economy and mitigate climate change. That is why its members are researching, investing in and developing a wide range of low-carbon technologies in Europe. Three facets of sustainability must be prioritized in order to achieve a low-carbon economy in the EU: environmental, economic and social. By balancing these three aspects, the EU can remain globally competitive and continue to drive innovation and investment necessary for a clean planet for all.

How have you influenced, or are you attempting to influence their position?
Covestro's CEO Dr. Markus Steilemann is member of the VCI board. Covestro CTO Klaus Schaefer is chairman of the Energy, Climate Protection and Raw Materials Committee. Covestro experts are involved in the relevant working groups.

Trade association
VIK (Association of Germany energy intensive businesses)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The VIK Verband der Industriellen Energie- und Kraftwirtschaft e.V. welcomes the fact that the necessary transformation of industry and the massive investments required for this are to be put at the center of the discussion by the EU Commission. The VIK also views positively the approach of seeing the Green Deal as Europe's new growth strategy and thus linking climate protection with economic growth. "Industry is an important partner in climate protection. However, in order for climate protection targets to become a real engine for growth, a careful, targeted design is needed, which, in addition to important investment incentives and concrete financial support, also anchors adequate carbon leakage protection," emphasizes Barbara Minderjahn, Chief Executive of VIK. "The announced harmonization of the Green New Deal with a future EU industrial strategy is an essential building block for the future of Europe as an economic location and must therefore be promoted urgently."

How have you influenced, or are you attempting to influence their position?
Covestro's CTO Klaus Schaefer is member of the Steering Board. Covestro experts are supporting the work in the relevant committees.

Trade association
ACC (American Chemical Council)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
ACC supports policies to modernize and improve the implementation process for EPA ozone standards. ACC welcomes EPA's plan to improve cost-benefit analysis in regulatory decision-making. ACC has adopted a set of principles for reducing worldwide GHG emissions (Recognize U.S. Energy Security, Achieve Meaningful GHG Emissions Reductions, Exempt Non-Emitting Feedstocks, Protect the Competitiveness of U.S. Manufacturing, Support Investment in New Technology and Innovation in New Products, Adopt Market Signals and Administrative Provisions that Send Clear Messages- Transparent, predictable, technology-neutral price signals; Implement a uniform, national policy and track policy) Calls for: The U.S. should develop policies that encourage measurement of the life-cycle GHG emission benefits of products. In order to make the most of America's energy resources and compete with the rest of the world, policymakers must maximize energy efficiency's contribution to the nation's energy portfolio. Given federal and state budget realities, however, public policies must look beyond traditional government subsidies and identify new ways to encourage energy efficiency, such as adopting updated energy efficiency building codes and supporting more combined heat and power at industrial facilities.

How have you influenced, or are you attempting to influence their position?
Covestro experts are working in the relevant committees, in particular the TEC (transport, energy, climate) committee.
Sustainability Strategy Team. Numerous Covestro representatives serve on a variety of committees and working groups below the board level that consider climate-related issues, including the Federal Government Affairs Committee, State Government Affairs Committee, Energy Committee and Environment Committee.

**Trade association**

NAM (US National association of manufacturers)

**Is your position on climate change consistent with theirs?**

Mixed

**Please explain the trade association’s position**

Promote a policy environment that fosters lower GHG emissions through technological advancements and innovation by avoiding overly prescriptive regulations that favor certain technologies and fuels over others. Modernize outdated environmental laws written in the 1960s and 1970s and make them perform better, or require federal agencies to regulate environmental challenges better—or both.

**How have you influenced, or are you attempting to influence their position?**

Covestro LLC Chairman and President Haakan Jonsson serves on the NAM Board. Covestro representatives are active on the association’s committees on sustainability, trade, and energy and environment.

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**C12.3d**

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

**C12.3e**

(C12.3e) Provide details of the other engagement activities that you undertake.

German federal state North Rhine-Westphalia (NRW):

Covestro is active member of IN4Climate, a collaboration platform between industry, science and politics, initiated by the Ministry of Economic Affairs, Innovation, Digitalization and Energy of the German federal state of North Rhine-Westphalia. Key goal is to develop and implement innovative strategies for a climate-neutral industrial sector.

Another collaboration platform Covestro is joining within North Rhine-Westphalia is KlimaDiskus.NRW. Climate and Energy related topics are discussed with ThinkTanks, NGOs, cities of NRW, municipal institutions (e.g., waste & wastewater treatment), financial institutes or registered societies.

GERMANY

In April 2020, Foundation 2° published a statement calling upon politicians on the occasion of the Petersberg Climate Dialogue to combine economic measures to deal with the COVID-19 crisis with ambitious climate policy. Covestro helped develop this paper and co-signed it, together with 67 other large companies.

On December 3, 2014, representatives of the federal government and the leading associations and organizations of German business signed the agreement on the introduction of energy efficiency networks to support German energy efficiency targets. The initiative ended in 2020 but will be continued. The networks of the Energy Efficiency Networks initiative achieve their savings targets by an average of 111 %, according to a result of the current monitoring report on the Energy Efficiency Networks initiative. Covestro CTO Klaus Schaefer is an ambassador of the initiative.

EU