



# UK Tax Strategy

For the year ending 31 December 2023

## Introduction

In accordance with **paragraph 22(2), schedule 19 Finance Act 2016**, the following UK tax strategy applies to **Covestro UK Limited**, which forms part of **Covestro Group**.

Covestro Group is one of the leading global suppliers of high-tech polymer materials and application solutions developed for these materials. Covestro AG, the parent company of the Covestro Group, is headquartered in Leverkusen, Germany. It is listed on the stock exchange in Germany and has been included in the leading German index DAX since March 19, 2018.

The worldwide parent, Covestro AG, is a German incorporated company and the group is a multinational enterprise (MNE) under OECD guidelines.

As a global enterprise, Covestro Group is aware of tax responsibility. Covestro is committed to compliance with all applicable tax laws.

Covestro Group believes that the way it conducts its business is as important as its results and expects directors, officers, employees and suppliers acting on Covestro's behalf to observe the highest standards of ethics. Covestro absolutely emphasize the importance and value of business integrity. It is enshrined in the policies and in the guiding principles for how the business is run. Personnel are also expected to adhere to the Covestro Policies and Commitments which can be found here: [Policies and Commitments](#)

## Approach of the group to risk management and governance arrangements in relation to UK taxation

Covestro's worldwide approach to tax matters includes filing all tax returns accurately and timely. This approach also applies to UK tax matters with relevant precision. To ensure compliance, Covestro operates both in the UK and other territories with a high level of focus on internal controls processes



which are used to identify, assess, monitor and manage risk (including tax risk) across all of its businesses and there is an expectation of strict adherence to these systems by all Covestro personnel.

The internal control environment is designed to guarantee timely, uniform and accurate accounting for all business processes and transactions on applicable statutory regulations, accounting and financial reporting standards, and the internal Group regulations that are binding on all companies of the Covestro Group. Any material risks identified are escalated to and considered by the Group's Audit Committee.

Ultimately the responsibility for Covestro UK Tax Strategy and compliance rests with UK Managing Director.

### **Attitude of the group towards UK tax planning**

Covestro Group organizes its affairs to be compliant with all applicable UK laws including those pertaining to taxation. The Group does not engage in artificial tax arrangements.

Tax work is driven by commercial and economic activity within the business lines and the UK tax team's role is to advise on business transactions based on commercial needs as appropriate. The UK tax team seeks external professional advice on an ad-hoc basis where the tax interpretation of legislation may be uncertain or if the law is particularly complex to apply.

### **Level of risk in relation to UK taxation that the group is prepared to accept**

The company has an overall global framework in which there are rigid levels for the acceptance of risk and the group as a whole has very strict approach to the level of tax risk. Local tax legislation is always strictly requested to be followed by all relevant personnel.

Tax risk management controls are in place and reviewed periodically as required under global controls processes in order to ensure full compliance with statutory and internal requirements.

### **Approach of the group towards its dealings with HMRC**



Covestro files its tax returns and pays the taxes due in a timely and accurate manner. Any inadvertent errors in submissions are fully disclosed to HMRC as soon as practical after they are identified.

Covestro's policy is to be open and transparent with HMRC. We are committed to promptly disclose material matters to HMRC and to openly discuss issues where the law may be new or where differing interpretations may be apparent.

UK Tax Strategy is consistent with the wider Covestro business strategy, and aligned with the business objectives of Covestro's subsidiaries. Covestro regards the publication of this document as complying with the duty under Schedule 19 of the Finance Act 2016 to publish its tax strategy in the current financial year.

**Stephen Gormley**  
Managing Director

September 2023