# FUNDAMENTAL INFORMATION ABOUT THE GROUP

## Company Profile

### Business Model

»ESRS 2.40 (a) i, AR12-AR13 Covestro is one of the leading global suppliers of high-tech polymer materials and application solutions developed for these materials. The company delivers a broad portfolio of products. In its core business, Covestro produces precursors for polyurethane foams and the high-performance plastic polycarbonate as well as precursors for coatings, adhesives, sealants, and specialty products, including films. Other noncore precursors in Covestro's product portfolio include chlorine and by-products like styrene.«

»ESRS 2.40 (a) ii, ESRS2.40 (f), ESRS 2.42 (c), AR15 The company's materials are used in many areas of modern life. Covestro offers its customers innovative and sustainable solutions that enable improved performance and help reduce carbon footprints. Our products are used in many applications ranging from insulation for refrigerators and entire buildings, through laptop and smartphone cases, to medical technology. They are also used to produce scratch-resistant and fast-drying vehicle coatings, film coverings for personal identification cards, and medical equipment. Covestro therefore serves a wide variety of sectors: The company's main customers are from the automotive and transportation; construction; furniture and wood processing; and electrical, electronics, and household appliances industries. Our materials are also used in sectors such as sports and leisure, health, as well as in the chemical industry itself.

Global megatrends play an important role here. Climate change, pollution, population growth, urbanization, new forms of mobility, and the transition to renewable energy are changing the lives of billions of people. Consequently, the polymer industry will also have to develop continuously. The materials produced by companies like Covestro make an important contribution to finding innovative solutions to these global challenges. With its vision of becoming fully circular, Covestro also contributes to developing a climate-neutral, resource-conserving economy. Covestro's aim is to pave the way for and support these trends with its materials. By replacing traditional materials, such as glass, steel, and aluminum, with durable, light, environmentally compatible, and cost-effective materials, Covestro is making contributions in areas such as lightweight construction in the automotive industry. Effective insulating materials increase the energy efficiency of living spaces, while specialty materials promote sustainable energy and improve the shelf-life of food through better insulation along the entire refrigeration chain.«

→ For further information, please refer to: solutions.covestro.com/en/industries

Covestro continuously monitors trends in its sales and consumer markets and orients its activities to support customers' growth. Together with customers as well as with business and scientific partners, the company works continuously to further advance products, technologies, and application solutions.

→ For further information, please refer to: solutions.covestro.com/en/brands

Covestro's main competitors include BASF, Dow Chemical, Huntsman, Mitsubishi, Saudi Basic Industries Corporation (SABIC), and Wanhua Chemical.

Intangible resources, especially our innovative, human, structural, and relational capital, are important to Covestro's business model.

Our innovative capital plays a key role in achieving our vision of becoming fully circular. It is a core element of our Group strategy and of our identity. Through targeted investment in research and development, we create the basis for new products and applications to accelerate the transition to the circular economy, such as chemical recycling or applications of alternative raw materials for our product portfolio. Another key element of our innovative capital are the patents that protect our research results. Innovation is also the driving force of our

digital transformation. By managing innovation across functions throughout the Group, we ensure that our projects and activities satisfy the needs of our customers and the markets.

»ESRS 2.42 (b) With our systematic focus on the development of sustainable applications – ranging from building insulation through light-weight solutions for the automotive industry down to wind energy and water-based coatings and adhesives – we are promoting eco-friendly innovations. These solutions offer tangible benefits not only to our customers, but also to end consumers, local communities, and the natural environment. Our innovation potential and sustainable growth may also be of interest to investors.«

→ For further information, please refer to "Innovation" and "Sustainable Solutions – Sustainable R&D-Based Innovation Portfolio."

Human capital relates to the skills, expertise, and motivation of our employees, who are crucial to our company's success. It enables us to work together to achieve our targets and develop innovative solutions.

→ For further information, please refer to "ESRS S1: Own Workforce."

Our structural capital includes procedures, methods, processes, and systems that support the attainment of our corporate targets. We are working continuously to improve existing structures and processes. This includes organizing the functions of our own business activity as effectively and efficiently as possible and continuously expanding the innovation pipeline. In this way, Covestro is continuing the successful implementation of its Sustainable Future strategy.

Relational capital is based on trust and long-term collaboration with customers, suppliers, and other partners in the value chain. Open dialogue and consideration of all stakeholders' needs are the basis for good business relationships. A regular exchange of information and transparent communication are a solid foundation for sustainable partnerships, and we regularly measure the satisfaction of our customers, for example, using the Net Promoter Score (NPS).

→ For further information, please refer to "ESRS S2: Workers in the Value Chain" and "Value Chain – Marketing and Sales."

# Organization

»ESRS 2.40 (a) iii Covestro AG, headquartered in Leverkusen (Germany), is the parent company of the Covestro Group. It is listed on the stock exchange in Germany and was included in the DAX, Germany's leading index, until December 27, 2024. Covestro AG directly and indirectly holds shares in the consolidated companies and also acts as a strategic management holding company. As of December 31, 2024, the Covestro Group comprised 55 (previous year: 57) consolidated companies in three regions in addition to Covestro AG, and employed 17,503 (previous year: 17,516) people, counted in full-time equivalents (FTEs)*. This corresponds to a total number of own employees of 18,021; of these, 10,540 were in the EMLA region, 4,702 in the APAC region, and 2,779 in the NA region.«

Covestro is divided into two reportable segments: Performance Materials (PM) and Solutions & Specialties (S & S). While the Performance Materials segment forms one separate business entity, the Solutions & Specialties segment is made up of six business entities. These business entities are set up according to their respective success factors and all business-related operations along the value chain are incorporated into these entities. Covestro has thus focused its businesses perfectly on the requirements of individual markets and aligned them with its customers' needs. In addition, central corporate functions work toward the further long-term development of Covestro, such as ensuring the Group's long-term competitiveness, and support efficient corporate governance.

→ For further information, please refer to "Corporate Strategy – Group Strategy."

## Segments

### Performance Materials

»ESRS 2.40 (a) ii, ESRS E5.35 The Performance Materials segment forms a separate business entity comprising the development, production, and supply of high-performance materials such as polyurethanes and polycarbonates, as well as base chemicals. This includes diphenylmethane diisocyanate (MDI), toluene diisocyanate (TDI), long-chain polyols, and polycarbonate resins, among others. These materials are used in sectors such as the furniture and wood processing industry, the construction industry as well as the automotive and transportation industry, for example in roof structures, insulation for buildings and refrigerators, mattresses, and car seats, among other applications. The focus in the Performance Materials segment is on reliably delivering standard products at competitive cost.

### Solutions & Specialties

The Solutions & Specialties segment combines Covestro's solutions and specialties business; it has six business entities: Engineering Plastics; Coatings & Adhesives; Tailored Urethanes; Thermoplastic Polyurethanes; Specialty Films; and Elastomers. In this segment, Covestro combines sophisticated products with a high pace of innovation, complementing its offering with application technology services and customer-specific system solutions. A fast pace of innovation is a key success factor since customer requirements change quickly. Covestro's Solutions & Specialties business comprises a variety of polymer products including polycarbonates, precursors for coatings and adhesives, MDI specialties and polyols, thermoplastic polyurethanes, specialty films, and elastomers. They are used in sectors such as the automotive and transportation industry; the electrical, electronics and household appliances industry; the construction industry; and the healthcare industry. These materials include composite resins for solar panel frames; precursors for coatings and adhesives; high-quality specialty films; laptop cases, floodlights, and electric vehicle batteries.

→ For further information, please refer to "Corporate Strategy – Segment Strategy."

In addition, central corporate functions work toward the further long-term development of Covestro, such as ensuring the Group's long-term competitiveness, and support efficient corporate governance.«

* The number of permanent or temporary employees is stated in full-time equivalents (FTEs). Part-time employees are included on a pro-rated basis in line with their contractual working hours. Board of Management members, employees in vocational training, and interns are not included in this metric because of their special employment relationship.

**Group structure**

COVESTRO
**Board of Management**

| Segments and business entities | Corporate functions |
|---|---|
| **Performance Materials**<br>• Performance Materials | • Strategy<br>• Portfolio Development<br>• Group Innovation & Sustainability<br>• Process Technology<br>• Engineering<br>• Information Technology & Digitalization<br>• Group Health, Safety, Environment & Reliability<br>• Group Procurement<br>• Central administrative functions (Accounting; Communications; Controlling; Corporate Audit; Finance & Insurance; Human Resources; Investor Relations; Law, Intellectual Property & Compliance; Taxes)<br>• Supply Chain & Logistics EMLA, NA, APAC |
| **Solutions & Specialties**<br>• Engineering Plastics<br>• Coatings & Adhesives<br>• Tailored Urethanes<br>• Thermoplastic Polyurethanes<br>• Specialty Films<br>• Elastomers | |

The Board of Management of Covestro AG runs the company on its own responsibility with the goal of sustainably increasing the company's enterprise value, and determines and pursues its corporate objectives. It also defines the company's portfolio, allocates resources, and decides on both the financial and nonfinancial steering and reporting of the Covestro Group. Moreover, the Board of Management defines the long-term goals and strategy for the Group and sets forth the principles and policies for the resulting corporate policies.

Covestro's Chief Executive Officer (CEO) is Dr. Markus Steilemann. His area of responsibility includes the Corporate Strategy; Group Innovation & Sustainability; Corporate Audit; Human Resources; and Communications functions.

Covestro's Chief Financial Officer (CFO) is Christian Baier. He is responsible for the areas of Accounting; Controlling; Finance & Insurance; Information Technology & Digitalization; Investor Relations; Law, Intellectual Property & Compliance; Portfolio Development; and Taxes. He is also responsible for country-specific topics in the United States and China.

Dr. Thorsten Dreier is the company's Chief Technology Officer (CTO). He is responsible for the corporate Process Technology; Engineering; Group Procurement; and Group Health, Safety, Environment, and Reliability functions and coordinates the rollout of, and compliance with, global processes and standards and the rollout of initiatives in Covestro's production network. He is also the company's Labor Director.

Sucheta Govil is Covestro's Chief Commercial Officer (CCO). She is in charge of the seven business entities, including all business-related processes and areas of production, from procurement and application technology to sales. In addition, she is responsible for the three regional Supply Chain & Logistics units, which handle internal and external supply chains worldwide.

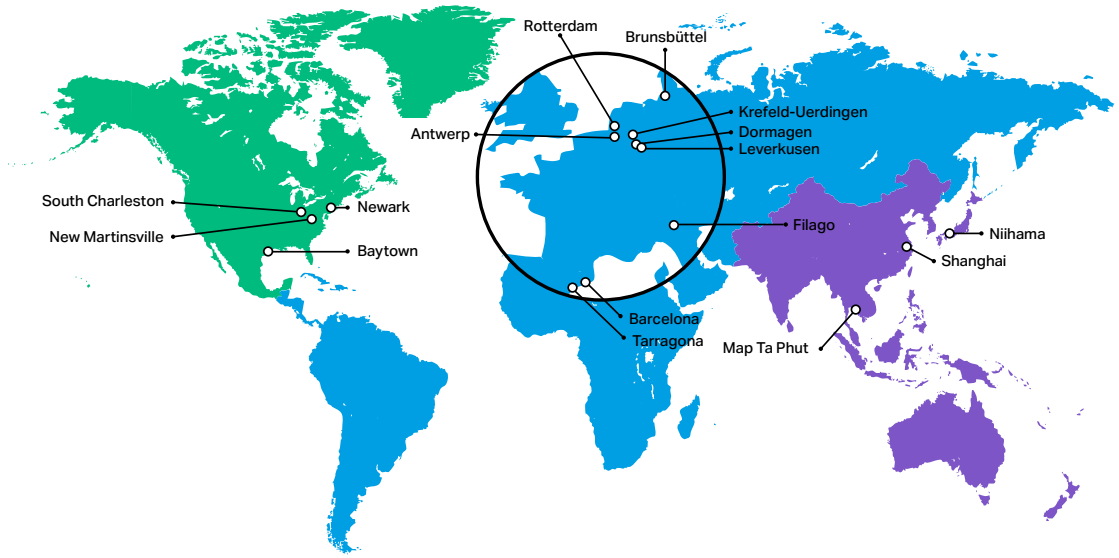
The Supervisory Board oversees and advises the Board of Management. The Supervisory Board has 12 members, half of whom are shareholder representatives and half employee representatives pursuant to the German Codetermination Act. The Chair of the Supervisory Board is Dr. Richard Pott. Petra Kronen was the Deputy Chair of the Supervisory Board until December 31, 2024. She stepped down from this role as of the end of the year. The Supervisory Board will decide on her successor in fiscal 2025.

→ For further information, please refer to the "Declaration on Corporate Governance."

# Sites

Covestro operates production and research and development (R&D) sites for various product groups throughout the world. The following chart shows the geographical distribution of Covestro's 46 production sites and 13 R&D sites in the EMLA, NA, and APAC regions. It does not show locations such as office and warehouse sites or sites of equity investments not included in the scope of consolidation.

### Covestro's production and R&D sites




**NA[1]**

**Mexico**
Santa Clara ● | S&S

**United States**
**Baytown** ● | PM | S&S
**New Martinsville** ● | S&S
**Newark** ● | S&S
**South Charleston** ● | S&S
Channelview ● | PM
East Providence ● | S&S
Elgin ●
Frankfort ● | S&S
Pittsburgh ●
South Deerfield ● | S&S
Wilmington ● | ● | S&S

**EMLA[2]**

**Belgium**
**Antwerp** ● | ● | PM | S&S

**France**
Fos-sur-Mer ● | PM
Romans-sur-Isère ● | S&S

**Germany**
**Brunsbüttel** ● | PM
**Dormagen** ● | ● | PM | S&S
**Krefeld-Uerdingen** ● | ● | PM | S&S
**Leverkusen** ● | ● | S&S
Bomlitz ● | S&S
Meppen ● | S&S

**Italy**
**Filago** ● | S&S

**Netherlands**
**Rotterdam** ● | PM
Geleen ● | ● | S&S
Hoek van Holland ● | S&S
Schoonebeek ● | S&S
Waalwijk ● | ● | S&S
Zwolle ●

**Spain**
**Barcelona** ● | S&S
**Tarragona** ● | PM
Parets ● | S&S
Santa Margarida ● | S&S

**United Kingdom**
Cheadle Hulme ● | S&S

**APAC[3]**

**China**
**Shanghai** ● | ● | PM | S&S
Guangzhou ● | S&S
Kunshan ● | S&S
Qingdao ● | S&S
Shenzhen ● | S&S
Shunde (Foshan) ● | S&S

**India**
Ankleshwar ● | S&S
Cuddalore ● | S&S
Greater Noida ● | S&S

**Japan**
**Niihama** ● | PM | S&S
Amagasaki ●
Sakai ● | S&S
Tsuchiura ● | S&S

**Taiwan, Greater China**
Changhua ● | S&S
Pingtung ● | S&S
Taoyuan City ●
Zhangbin ● | S&S

**Thailand**
**Map Ta Phut** ● | PM | S&S

SITES & FACILITIES: **Main production sites** ● Production site ● R&D site

SEGMENTS: PM Performance Materials S&S Solutions & Specialties

[1] NA: North America region (Canada, Mexico, United States).
[2] EMLA: Europe, Middle East, Latin America (excluding Mexico), Africa region.
[3] APAC: Asia and Pacific region.

In pursuit of our objective to supply customers reliably and efficiently, we make the Performance Materials segment's products at large-capacity production facilities in the respective regions. Additional plants in selected countries manufacture polyurethane precursors and products for the Solutions & Specialties segment. Moreover, we operate production plants in certain countries for customer-specific compounding of polycarbonate resins.

Thanks to the integration of upstream production stages (backward integration), e.g., in its own production of chlorine, Covestro has continuously optimized the value chain. In addition, we have put in place wide-ranging programs and initiatives to ensure plant safety and availability and steadily improve cost efficiency.

Covestro primarily conducts research and development at three major centers in Germany, the United States, and China. Customer-oriented applications are generally developed in the relevant regions, while global, fundamental research and technology development are mainly conducted in Germany. Our global presence allows us to respond to regional trends and customer requirements in the best possible ways.

# Corporate Strategy

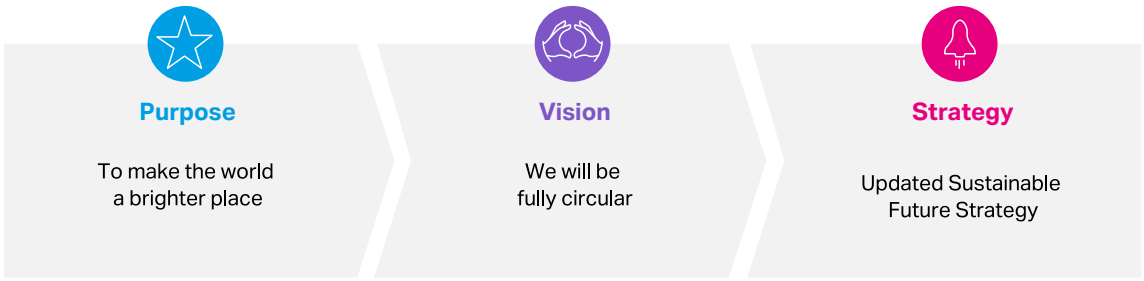
## Purpose and Vision

Covestro's purpose, "To make the world a brighter place," remains the foundation of our actions. In an environment shaped by geopolitical tensions, volatile markets, and economic challenges, Covestro is rigorously determined in the pursuit of its vision of becoming fully circular. This vision forms the basis of our Group's Sustainable Future strategy and is aligned with the global challenges we have to face: Advancing climate change, rising environmental pollution, the growth of the global population, increasing urbanization, as well as new forms of mobility and the transition to renewable energies.

Our high-performance polymer materials can be part of the solution to the global challenges. In pursuing it, we rely on technologies that reduce energy usage and emissions in our production processes. The products and solutions we develop are replacing traditional materials such as glass and metal, which are manufactured less sustainably or have a less sustainable life cycle. They also enable entirely new sustainable applications. We are convinced that our long-term strategy of pursuing a circular economy will bring us closer to achieving our purpose to make the world a brighter place.

Our vision of becoming fully circular is the ultimate goal for our Group's Sustainable Future strategy. Our vision therefore sets a clear direction for our company's future development.

**Purpose, vision, and strategy**




Our corporate values and corporate culture are major factors in putting our purpose, vision, and strategy into action.

→ For further information, please refer to https://www.covestro.com/en/company/our-company/our-culture

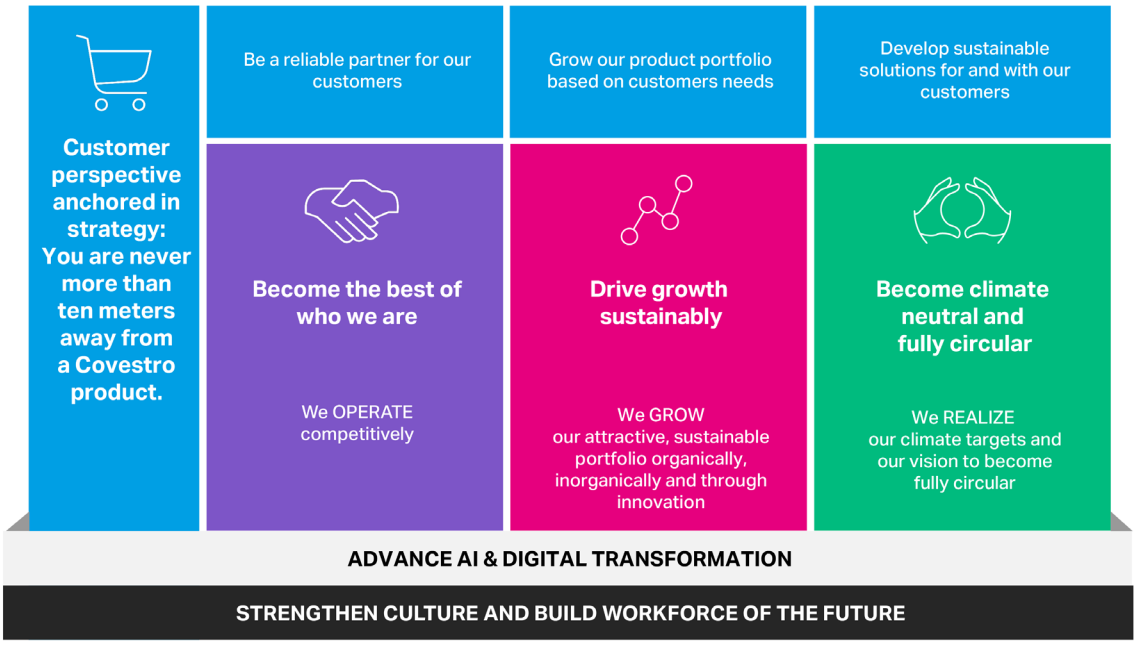
# Group Strategy

## Strategic Goals and Activities

Our Group's Sustainable Future strategy, which we resolved in the year 2020, sets the direction for us always to keep an eye on our overarching goals – derived from our purpose and our vision – even in times of change. »ESRS 2.45 (c) In view of the global developments of recent years and to meet the changing needs of our stakeholders, Covestro revised and updated the Group strategy in this reporting year.«

Our strategy has kept its basic direction and still has three chapters: "Become the best of who we are," "Drive sustainable growth," and "Become fully climate-neutral and circular." Nevertheless, critical adjustments were made in the latest reporting year: We put greater focus on the customer perspective in all three chapters, clearly defined the climate neutrality target, and provided details of the path to sustainable growth. In addition to the digital transformation and a strong corporate culture, artificial intelligence (AI) and a workforce that is fit for the future are now also included as enablers and key success factors. »ESRS 2.45 (c) iii We expect these changes to affect our relations with stakeholders. By sharpening our focus on the customer perspective, we anticipate, e.g., a further increase in customer satisfaction. We anticipate furthermore that our clear commitment to sustainability and innovation will encourage our investors to maintain a positive attitude toward our company.«

**The Group's Sustainable Future strategy**




## "The Customer Perspective is Firmly Embedded in Our Strategy"

The update of our Sustainable Future strategy puts an even sharper focus on our customers. The customer perspective is deeply embedded in our strategy, guided by the motto: "You are never more than ten meters away from a Covestro product." It runs like a thread through all chapters and underscores our goal to be a reliable partner for our customers, to continuously expand our product portfolio, and adapt it to the needs of our customers. Another fixed element of the updated strategy is our aim to drive the development of sustainable products and solutions together with customers and partners. The aim is to attain climate neutrality in a concerted effort with all those involved along the value chain and at the same time to realize our vision of becoming fully circular in the long term. For us, this is centered on customer satisfaction, which is regularly measured using the NPS – a metric that reflects our customers' willingness to recommend our company to others.

### "Become the Best of Who We Are"

We ACT competitively – with the first strategic chapter, we want to become the best of who we are to exploit our full potential, thus creating the basis for sustainable and profitable growth. In this context, we focus even more on the factors that make our core business a success. Key elements of this section are improvements to plant availability, an increase in cost efficiency, and the transition to higher-margin products.

To drive the implementation of the first strategic chapter, we have made enhancing the reliability of our plant a focal topic. In the year 2023, we marked the starting point by launching targeted maintenance projects to make our workflows even more reliable and efficient. In this way we make sure that we always remain a reliable partner for our customers and can guarantee high delivery reliability at any time. The positive impact of these actions to increase efficiency and improve plant availability is showing the first signs of success.

As the second focal topic of the first strategic chapter, we have set ourselves the target of further optimizing our cost position. To this end, we initiated the global "STRONG" program in the reporting year. Given the rapidly changing business environment, STRONG is aimed at accelerating Covestro's successful further development and securing our long-term competitiveness. The program puts the focus on optimizing existing structures and processes, especially in production and administration. By increasing efficiency and promoting digitalization throughout the Group, we aim to harness STRONG to realize annual global savings of €400 million by the end of 2028.

In addition, we continue to target the expansion of our high-margin business entities. Especially in the Solutions & Specialties reporting segment, we are making targeted investments in growth markets such as electromobility, energy-efficient construction, and renewable energy. We are moreover continuously analyzing our existing portfolio to identify possible opportunities to acquire attractive businesses.

→ For further information, please refer to "Value Chain – Marketing and Sales."

### "Drive Sustainable Growth"

We EXPAND our attractive, sustainable portfolio organically, inorganically, and through innovations – with the second strategic chapter, we want to drive sustainable growth at Covestro as a way to combine sustainability and profitability. To realize our vision of a future-proof target portfolio, we invest in market segments that are attractive and sustainable for the long term. This requires a profitable product portfolio in attractive regions that efficiently meets customer needs and in this way harnesses above-average benefits from market growth. The focus of all activities that promote organic and inorganic growth, including investments, acquisitions, research and development (R&D) activities, and our strategic venture capital initiative (Covestro Venture Capital, COVeC), is already heavily geared toward sustainability. A particular focus here is on driving further organic and inorganic growth. External opportunities are to be used, for example, to expand the portfolio of materials, the geographical reach, and/or the technology offering. In order to generate maximum value with the capital invested, we are analyzing and managing our investment portfolio according to profitability and sustainability criteria. We support investment projects with a return on capital employed (ROCE) above certain thresholds that generate the lowest possible GHG emissions or even bring about a reduction.

→ For further information, please refer to "Management System."

→ For further information, please refer to "Sustainable Solutions."

Innovation is another important core element of the second strategic chapter for driving growth. With innovative technologies and processes, Covestro wants to continue to set new sustainability standards. These are based on our extensive research and development activities, in which we also harness the potential of digitalization and AI. Another area that is increasingly gaining importance is digital research and development. This also includes the development of innovations needed to set ourselves apart from the competition and to adapt the portfolio to new requirements and potential. It is critical in this regard to be innovative in all activities and to drive the commercialization of product, technology, and application innovations. Examples are the expansion of our digital R&D activities and collaborations with partners such as Google. Insights provided by data science strengthen the ability of corporate functions to profitably deploy algorithms and machine learning. We systematically promote the development and implementation of these digital products.

→ For further information, please refer to "Innovation."

### "Become Climate-Neutral and Fully Circular"

We REALIZE our climate targets and our vision of becoming fully circular – with the third strategic chapter, we want to make Covestro fully climate-neutral and circular. As part of that, we intend to accelerate transformation to a climate-neutral and resource-conserving economy. We see this orientation as an opportunity for a lucrative transition to circular solutions for our customers throughout the entire value cycle, which will also offer benefits for society and the environment.

In this context, Covestro focuses not only on reducing direct and indirect (Scope 1 and Scope 2) greenhouse gas (GHG) emissions, but also aims to avoid upstream and downstream GHG emissions along the entire value chain (Scope 3). Covestro plans to achieve operational climate neutrality for Scope 1 and Scope 2 by the year 2035. Likewise, the intermediate reduction target for Scope 3 emissions* has been set for the year 2035: –10 million metric tons of $CO_2$ equivalents (–30% compared to the base year of 2021**)

In terms of the circular economy, we consider both the upstream and the downstream value chain while anticipating changes in the availability of raw materials, pending regulatory impacts, and corresponding shifts in market demand. These insights are to serve as a basis for, among other things, preparing and updating business development at Covestro in areas such as innovation, investment planning, procurement, marketing, and sales.

→ For further information, please refer to "ESRS E1: Climate Change."

→ For further information, please refer to "ESRS E5: Resource Use and Circular Economy."

We also want to drive the circular economy by developing and using innovative recycling options. In this context, we consider chemical recycling particularly promising as an effective tool for reclaiming considerable quantities of feedstocks for reuse. It is suitable primarily for materials and waste that cannot be mechanically recycled due to their properties or when the recycling process must produce like-new materials.

We are aware that shifting our production activities and our product portfolio to circular economy is a major, long-term undertaking that we cannot accomplish alone. For this reason, we continue to redouble our efforts to establish partnerships and networks with our customers, suppliers, research institutes, and other solution providers throughout the value cycle.

»ESRS 2.40 (f) The needs of our customers along the entire value chain, specifically in relation to sustainability, are regularly reviewed and analyzed. This analysis indicates to Covestro which Covestro products are particularly relevant for the sustainability targets of its customers.

Examples include mass-balanced products based on our CQ solutions. These $CO_2$-reduced variants of Covestro products help Covestro at the same time to meet its own sustainability targets, such as climate neutrality.«

→ For further information, please refer to "ESRS E5: Resource Use and Circular Economy."

### "Drive Artificial Intelligence and Digital Transformation"

AI and digital transformation are key elements for a solid foundation to pave the way for our Sustainable Future strategy. We are focused on tackling AI and digital transformation and the associated opportunities by implementing an extensive range of measures along the entire value chain, in the corporate functions, and at all points of contact with our customers. This involves Covestro promoting the use of digital technologies and leveraging the potential of AI. At the same time, Covestro encourages an open climate at work that spurs employees to question existing concepts and develop new approaches for our business. Covestro is working on collaborative tools between human intelligence and AI and looking for additional value-creating applications. By making increased use of new technical options and encouraging employees to acquire digital skills, the digital transformation is unlocking further potential to add value, as processes can be optimized in this way, thus supporting the business and the sustainability targets. One example of a case where AI is applied is the use of our AI assistant CoVa (Covestro Virtual Assistant), which can support our employees in their day-to-day work.

* The four relevant categories, "Purchased goods and services," "Fuel- and energy-related activities," "Upstream transportation and distribution," and "End-of-life treatment of sold products," are considered in our Scope 3 reduction targets.

** This figure already includes some growth-related emissions projected up to the year 2035.

### "Strengthen Culture and Build the Workforce of the Future"

Another enabler is our strong "We are 1" corporate culture. It is the starting point for the success of the strategy, which is based on employee engagement and encourages cooperation and commitment. There is, moreover, a need to employ strategic human resources planning to ensure the employees always have the right skills to be trained for the tasks of the future.

## Segment Strategy

### Performance Materials Segment Strategy

The Performance Materials segment comprises mainly polyurethanes and polycarbonates product groups. The segment's standardized products are marketed to outside customers and also transferred to the Solutions & Specialties segment, where many of the products are further processed or sold with additional, customer-focused services. Intersegment transactions are conducted at arm's length and reported separately as intersegment sales.

The Performance Materials segment exclusively manufactures standardized products, aiming mainly to increase efficiency through cost management, high plant availability, and process innovations. In this process, we are focusing on sustainable products, such as renewable toluylene diisocyanate (TDI) and bio-based diphenylmethane diisocyanate (MDI).

In line with expected global megatrends, demand for polyurethanes will grow sharply in the medium to long term. This trend may benefit our company, as we manufacture the precursors for flexible and rigid foams required for the production of polyurethanes. Strategically important sectors include the construction industry and the furniture industry, where we already occupy a strong position, which we want to expand further at least in line with the market. Global efforts to meet the United Nations Sustainable Development Goals (SDGs) are also reflected in short- and long-term demand for our products. For instance, growing calls for energy-efficient living space are expected to increase long-term demand for particularly effective insulation solutions in the construction industry.

The market for standardized polycarbonates is, however, very likely to grow only minimally in the coming years because of a current lack of impetus for increased demand from sectors such as the construction and consumer goods industries. We are therefore working toward passing a growing proportion of our polycarbonate volume on to the Solutions & Specialties segment for further processing and sale in high-growth markets, such as electromobility and 5G infrastructure.

The Performance Materials segment is home to most of our production facilities, and as such is key to implementing our circularity strategy. The focus here is on steps such as continually optimizing our production facilities, procuring and using sustainable energy, procuring alternative raw materials, and developing more sustainable product solutions, e.g., for MDI and TDI. The use of alternative raw materials enables us to produce these diisocyanates with a smaller carbon footprint, which was demonstrated and certified by way of mass balancing and the ISCC PLUS certification for end products of some of our production sites, e.g., Dormagen (Germany) (for TDI) and Krefeld-Uerdingen (Germany) (for MDI).

### Solutions & Specialties Segment Strategy

The Solutions & Specialties segment covers a broad range of customer-specific solutions and specialty products in the following business entities: specialty polycarbonates (Engineering Plastics), precursors for coatings and adhesives (Coatings & Adhesives), polyurethane specialties and solutions (Tailored Urethanes), Thermoplastic Polyurethane, high-quality films (Specialty Films), and specialty elastomers (Elastomers).

We continually update our product portfolio to generate further growth in the Solutions & Specialties segment with a particular focus on sophisticated, sustainable solutions for which there is strong demand in promising applications. These include smart homes, medical technology, holography, and materials for electric vehicles and wind turbines.

The continual development of innovative products and applications with significant customer benefit is therefore a central element of our segment strategy. Other crucial factors for the success of our growth strategy in this segment are the respect and appreciation of our customers for our strong technological competence, standing apart from the competition based on our global leadership in consulting on application technology and carrying out complex projects for customers. In addition, our expertise in chemical formulations and compounding, the efficient expansion of our capacities, customer-focused product development, and the continual improvement of our customer-centric pull supply chain play a critical role in ensuring success in this segment.

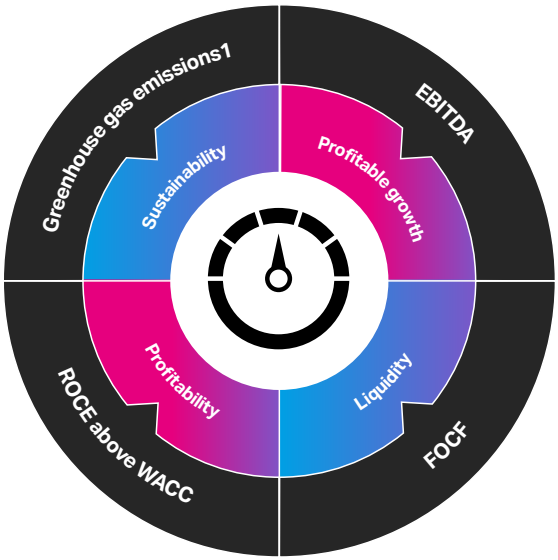
# Management System

Covestro's management system is oriented toward long-term, profitable growth, continuous value creation, and sustainability. The Board of Management is the chief operating decision maker responsible for our global business and approving the planning derived from our Group strategy. In order to plan, manage, and monitor the development of our business, we use key management indicators, which enable the Group's business performance to be evaluated in a comprehensive and holistic manner, while driving its sustainable orientation. The Board of Management manages this orientation on the basis of defined sustainability goals and selected sustainability metrics.

## Key Management Indicators

The Covestro Group assessed its performance in the year under review using the following four elements: profitable growth measured in terms of earnings before interest, taxes, depreciation and amortization (EBITDA), liquidity measured in terms of free operating cash flow (FOCF), profitability measured in terms of return on capital employed (ROCE) above the weighted average cost of capital (WACC), and sustainability measured in terms of the direct and indirect GHG emissions (Scope 1 and Scope 2) of Covestro's main sites.

**Key Management Indicators**




[1] Direct and indirect GHG emissions (Scope 1 and Scope 2), measured in terms of $CO_2$ equivalents, of the main sites.

These key management indicators are incorporated into Covestro's Group-wide bonus system (Covestro Profit Sharing Plan), which applies to almost all Covestro employees worldwide, including the Board of Management; any exceptions are essentially due to collective bargaining arrangements. For fiscal 2024, the four areas (profitable growth, liquidity, profitability, and sustainability) each accounted for one quarter of the calculation formula used to measure target attainment. As a result, employees can share in the company's success.

→ For further information, please refer to the "Compensation of the Board of Management – Short-Term Variable Compensation" section of the Compensation Report.

## EBITDA

EBITDA is used to assess profitable growth of Covestro. It represents EBIT (Earnings before Interest and Taxes) plus amortization and impairment losses on intangible assets, and depreciation and impairment losses on property, plant and equipment, less impairment loss reversals.

## FOCF

The ability to generate a cash surplus is measured by FOCF. FOCF is an indicator of the company's liquidity and ability to finance its activities. It corresponds to cash flows from operating activities less cash outflows for additions to property, plant and equipment and intangible assets. A positive FOCF allows, e.g., dividends and interest to be paid and debt to be repaid.

## ROCE above WACC

The ROCE above WACC key management indicator, which is used to assess profitability, measures the return on the Group's capital employed, less the weighted average cost of capital. If ROCE exceeds WACC, i.e., the minimum return expected by equity and debt capital providers, Covestro has created value. ROCE above WACC is calculated annually at the end of each fiscal year.

ROCE is calculated as the ratio of net operating profit after taxes (NOPAT) to average capital employed. The imputed income taxes are determined by multiplying the imputed tax rate of 25% by EBIT. ROCE is also used as a standalone variable, in addition to ROCE above WACC, to measure Covestro's profitability.

Capital employed, which is relevant to the calculation of ROCE, is the interest-bearing capital required by the Group for its operations. It is calculated from operating noncurrent and current assets less non-interest-bearing liabilities. Non-interest-bearing liabilities include, for example, trade accounts payable, and current provisions. The average capital employed is determined using the capital employed at the beginning and end of the relevant period.

**Calculation of the Return on Capital Employed**

| NOPAT | / | Avg. capital employed | = | **ROCE** |
|---|---|---|---|---|

The weighted average cost of capital (WACC) is relevant to the calculation of ROCE above WACC and reflects the expected return on Covestro's capital comprising both equity and debt. The cost of equity factors used in WACC is calculated by adding the risk-free interest rate to the risk premium for an equity investment. Covestro uses the returns on long-term German government bonds as the risk-free interest rate. We derive this risk premium from capital market information for comparable listed companies. The cost of debt factors is calculated by adding the risk-free interest rate to a risk premium on debt capital that Covestro calculates using the financing costs of comparable companies, and subtracting the tax benefit arising from the legal deductibility of interest on borrowed capital. Calculation of the cost of capital generally has a long-term perspective; short-term fluctuations are evened out. WACC is calculated at the end of the fiscal year for the subsequent fiscal year on the basis of historical capital market data.

## Greenhouse Gas Emissions

Sustainability is assessed using a sustainability component, measured on the basis of direct and indirect GHG emissions (Scope 1 and Scope 2) of Covestro's main sites. From fiscal 2025, it will also include the Scope 1 and Scope 2 GHG emissions of all Covestro's environmentally relevant sites.

# Other Relevant Financial Performance Measures

For its financial reporting, Covestro uses the following further indicators in addition to the key management indicators to assess the business performance of the Group:

### Sales

At Group and segment level, we regard sales as the key driver of EBIT, EBITDA, and ROCE.

### EBIT

EBIT, which corresponds to income after income taxes plus financial result and income taxes, allows us to assess income without the influence of income tax liability and/or various financing activities.

### Net Income

Net income is the income after income taxes attributable to the stockholders of Covestro AG.

### Net Financial Debt

Net financial debt is used to assess the financial position and financing requirements. It equals the sum of all financial debt less cash and cash equivalents, current financial assets, and receivables from financial derivatives.

# Value Chain

»ESRS 2.42 (c) Covestro's value chain covers all essential steps, from the procurement of the raw materials through production down to the delivery of the products to customers. It breaks down into three main areas: the upstream value chain, Covestro's own operations, and the downstream value chain, supplemented by central matters such as sustainability, digitalization, and partnerships.

In the upstream value chain, Covestro purchases petrochemical raw materials such as phenol, benzene, and propylene. In addition, the operation of the facilities requires large amounts of energy, which comes from external sources such as electricity and steam. Sustainability in sourcing is a key concern, which we advocate through supplier assessments and collaboration with the Together for Sustainability initiative.

The core business comprises the production of high-performance polymer materials such as polyurethane precursors, polycarbonate, specialty products, including films. Innovation is key in this process, and Covestro cooperates closely with customers and business and scientific partners.

In the downstream part of the value chain, Covestro maintains a customer-centric pull supply chain and supplies to companies from sectors such as automotive, construction, furniture, and electronics. The products can be found in many areas of daily life, from vehicles to electronic devices.

Key aspects of the value chain are the commitment to becoming fully circular, the use of alternative raw materials, and product recycling. Digitalization enhances customer satisfaction. The global production network in EMLA, NA, and APAC allows market-specific supplies, while partnerships and the safeguarding of human rights are fundamental to our business operations.«

## Procurement

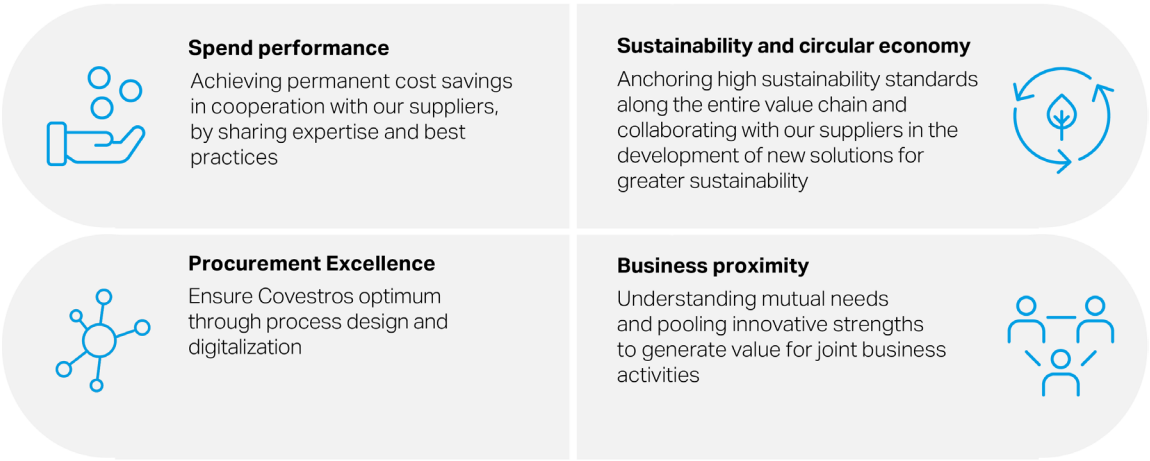
Procurement at Covestro is handled by the corporate Group Procurement function. Group Procurement shares responsibility with the business entities and regional hubs of the corporate Supply Chain & Logistics function for the timely global supply of goods and services to all divisions of the company on the best possible terms and conditions. In fiscal 2024, goods and services were procured from some 15,000 suppliers (previous year: some 15,000) for €12.0 billion (previous year: €11.6 billion). This makes sure that our high quality standards are met. Furthermore, Group Procurement checks whether Covestro's social, ethical, and environmental principles are upheld throughout the entire procurement process. The basic tenets of our procurement policy are set forth in a directive that is binding on all employees throughout the Covestro Group.

→ For further information, please refer to "ESRS S2: Workers in the Value Chain."

→ For further information, please refer to: www.covestro.com/en/company/procurement/sustainability-in-procurement/supplier-code-of-conduct

In a process aimed at creating a competitive advantage for Covestro and making a decisive contribution to overall value, Group Procurement has defined the strategic principles (cost optimization, excellence in procurement, sustainability, circular economy, and business proximity). Group Procurement contributes to realizing Covestro's vision of becoming fully circular by, among other things, purchasing renewable energy and alternative raw materials.

**Strategic principles in procurement**




»ESRS 2.42 (a) i, ESRS E5.30 The most important raw materials for our products are petrochemical substances such as phenol, benzene, propylene/propylene oxide, toluene, and acetone – which collectively account for 35% of our purchasing value (previous year: 32%). Moreover, the operation of our production facilities requires large amounts of energy, which we primarily procure from external sources in the form of power and steam. We endeavor to procure raw materials essential for operations which are difficult for Covestro to obtain from external supply sources from within the Group or through joint ventures. To name just two examples: Covestro produces part of its chlorine in-house and procures propylene oxide through a joint venture. Operations, logistics, and investment projects require technical goods and services in addition to raw materials and energy. Moreover, Covestro is an energy-intensive company and at present still depends to a large extent on gas. It is predominantly used as a source of energy and as process gas in chemical reactions and there is no comprehensive short-term substitute for gas in the production processes. After extreme prices in the year 2022, energy prices came down significantly, although they stabilized around the prior-year level in the year 2024 – still higher than pre-crisis levels. There was low volatility in average monthly prices in the year 2024. Given the nature of the energy markets, it will only be possible to influence this effect in future by switching to other sources of energy. In this context, Group Procurement is making sure that alternative sources of energy are procured and their use is extended, such as green power or steam, and is considering the use of carbon capture and storage. We have thus redoubled our efforts to actively develop new long-term supply plans and signed purchase contracts for renewable energy (particularly electricity).«

→ For further information, please refer to "ESRS E1: Climate Change – Electricity from Renewable Sources."

Upstream GHG emissions in connection with the procurement of raw materials account for the majority of Covestro's indirect GHG emissions (Scope 3 emissions). Group Procurement therefore plays a key role in achieving our Scope 3 reduction target. In the year 2022, we launched our Supplier Engagement Program (SEP), which is aimed at developing joint measures to achieve net-zero emissions in the long term in category 1 "Purchased goods and services" of Scope 3 emissions. To this end, we identified the main sources in this category and, based on a heatmap, started to contact the parties driving these emissions. We discuss the emissions reduction programs and targets jointly with our suppliers and analyze how they impact on our Scope 3 emissions. Under the SEP, we have initiated discussions with suppliers that cover most of our raw materials and are actively gathering their feedback on the supplier-specific product carbon footprint (PCF). In addition, the corporate Group Procurement function promotes the digitalization of purchasing processes and systems in the interest of improving procurement efficiency and effectiveness for Covestro and its suppliers.

→ For further information, please refer to "ESRS E1: Climate Change – Reduction of Suppliers' Scope 1 and Scope 2 Emissions."

# Production

Covestro produces, among other things, precursors for polyurethane foams and the high-performance plastic polycarbonate. We operate a global production network and produce in the EMLA, NA, and APAC regions, in particular for customers within the respective region. We always keep an eye on optimizing the technology used in the plants and processes while focusing on safety, efficiency, and quality in production. With our sustainable technologies and processes, we want to achieve climate neutrality in our own production (Scope 1 emissions) by the year 2035.

→ For further information, please refer to "Company Profile – Sites."

→ For further information, please refer to "ESRS E1: Climate Change."

In addition to optimizing existing production processes, Covestro focuses on developing new process technologies, implementing leading technologies in the process design for new production facilities, and taking the production processes of newly developed products to industrial scale. The most important growth projects in 2024 included the new production facility for polycarbonate copolymers at our site in Antwerp (Belgium). The new platform technology developed by Covestro is based on an innovative, solvent-free melt process in combination with a new reactor concept. This makes polycarbonates with adjustable properties accessible, which have been developed and tested on a laboratory and pilot scale in recent years. In addition, the inauguration of the world's first pilot plant for bio-based aniline in Leverkusen (Germany) contributes to promoting the circular economy. One of the uses of aniline is as a key starting material for insulating foams for buildings and refrigeration appliances. Covestro is moving forward with the implementation of the innovative process for producing the important chemical aniline entirely on the basis of plant biomass instead of petroleum for the first time.

→ For further information, please refer to "Innovation – Process Technology Innovations."

We invest continuously in our global production network in order to maintain our production sites and their infrastructure, to optimize manufacturing processes, and to expand capacities in line with market developments. To do so, Covestro relies on advanced and environmentally friendly production processes and continuously optimizes the technologies it uses.

# Marketing and Sales

To serve our customers' needs as best possible, we have industry-specific marketing and sales teams who are responsible for developing new business, expanding business relationships, and continuously analyzing markets and trends. Each Covestro business entity engages in sales and marketing activities for its own products through its own sales organization as well as through trading houses and local distributors, including for major customers with global operations, who are serviced directly by our key account managers. All activities are conducted in close cooperation between marketing, sales, and application development teams. At Covestro, marketing activities are managed by the business entities. The Covestro Solution Center consolidates all solutions and innovations.

→ For further information, please refer to: www.solutions.covestro.com/en

As part of our Sustainable Future strategy and the Customer Centricity concept described there, we use the NPS to measure our customers' willingness to recommend Covestro. To this end, we conduct an annual survey to which all customers are invited with whom there has been an active business relationship or interaction in the previous 12 months. Central to this is the question of how likely it is that customers would recommend Covestro to their employees or business partners. Covestro uses the NPS score, which ranges between –100 and +100, as a measure of customer satisfaction. An NPS of +42 was measured for fiscal 2024 (previous year: +42). According to those surveyed, the main reasons for this high willingness to recommend Covestro are the company's customer service, product quality, and the good business relationship.

→ For further information, please refer to "Corporate Strategy – The Customer Perspective is Firmly Embedded in Our Strategy."

The corporate Supply Chain & Logistics function with its regional hubs in the EMLA, NA, and APAC regions is responsible for deliveries to customers and efficient order processing. Supply Chain & Logistics owns the process – from order acceptance to site logistics, and from shipping planning to invoicing and complaints handling. Via customer-oriented support within the individual regions, orders can be processed quickly and smoothly. Covestro prioritizes the use of channels such as e-commerce platforms for order entry and processing. Customers can submit and track orders online using the Order@Covestro self-service portal, which is subject to constant refinement. The Covestro Direct Store sales portal allows the company to receive offers and conduct negotiations online.

Covestro operates a global production network and produces in the EMLA, NA, and APAC regions, in particular for customers within the respective region. Our products are transported to the customer by logistics service providers with safety, environmental, and quality criteria being part of awarding the contract. In 2024, we published the Scope-3 targets we had defined and integrated these into our relationships with our suppliers. Delivery reliability is a particularly important factor. By eliminating errors in our processes, we aim to ensure a high level of customer satisfaction, which we measure regularly in a global management system by means of customer satisfaction analyses (NPS). When choosing the transport route, we pay particular attention to resource efficiency and the associated reduction in GHG emissions. Particularly in Europe, intermodal transport, which uses a combination of rail and waterway transportation, is preferred for longer-distance shipments of bulk product. The first projects, with investments by our logistics service providers in drives with alternative sources of energy and in the use of alternative fuels are now being offered and implemented. At the same time, we are driving the continuing automation and digitalization of our business processes and have introduced the first promising AI applications to improve our customer service.

In addition to the NPS and transactional surveys, we use internal metrics on compliance with our delivery promise, product availability, and process adherence to assess our performance. We agree specific performance metrics with our freight forwarders. In addition, we record complaints; in the 2024 reporting year, we had 5.4 (previous year: 5.3) complaints per 1,000 deliveries. We develop corrective actions on the basis of regularly conducted analyses and, if necessary, include discussions with our service providers in this process.

# Innovation

Innovation as a driver of greater sustainability in line with our corporate vision of becoming fully circular is a core element of our Group strategy and an integral part of our identity. It is also a key driver in the digital transformation, thus enabling access to the associated potential. We encourage all employees to promote innovation at Covestro. The aim is to maintain and reinforce our position in the global arena by developing new products, refining established ones, and optimizing manufacturing and processing procedures.

By managing innovation across functions throughout the Group, we ensure that our ongoing and planned activities and projects satisfy the needs of our user industries and consumer markets.

At Covestro, innovation is driven by the business entities and by the corporate Group Innovation & Sustainability and Process Technology functions.

- Business-related research and development (R&D) takes place in the business entities, focusing on specific, market-driven, short- and medium-term R&D issues.
- The corporate Group Innovation & Sustainability (GIS) function works closely with the business entities to implement material and product innovations for medium- and long-term issues relating to digitalization, climate neutrality, the circular economy, and sustainability. GIS is also responsible for providing a globally harmonized R&D infrastructure and for supporting the business entities in research and development through a range of extensive services, e.g., material testing, analytics, and material science.
- The corporate Process Technology function works closely with the business entities and the corporate GIS function to drive R&D projects with a short- or medium-term focus and to optimize existing production processes. It also promotes long-term technological process developments related to sustainability, the circular economy, and digitalization.

The Sustainability & Innovation Governance Body (SI GoB), a Group-wide steering committee chaired by the CEO, integrates and coordinates our innovation activities.

In fiscal 2024, our total R&D expenditure amounted to €392 million (previous year: €374 million). This mainly went toward developing new application solutions for our products and optimizing products and process technologies. As of December 31, 2024, 1,336 people* (previous year: 1,338) were employed in research and development worldwide, most of them at the three major R&D sites in Leverkusen (Germany), Pittsburgh, Pennsylvania (United States), and Shanghai (China).

### Digital Innovation

The digital transformation is a strategic lever that is enabling Covestro to optimize processes, improve customer experience, and strengthen its competitiveness in the long term. In the reporting year, key milestones were achieved thanks to several major projects.

### Modernization of the IT Systems and Process Optimization

The current SAP® software is to be replaced with the modern SAP S/4HANA® software. Interdisciplinary teams are reviewing, optimizing, and innovating business processes in areas ranging from Procurement to Accounting, for example, in respect of sustainability data within the value chain. The go-live is planned for January 2027.

This project is also linked with an initiative that aims to enable integrated planning across the value chain in near real time. By networking all planning processes, it will be possible to take decisions faster and on a sounder basis. In the reporting year, Covestro rolled out the sales and operations planning process – including demand and supply planning – to all business entities.

* The number of permanent or temporary employees is stated in full-time equivalents (FTEs). Part-time employees are included on a pro-rated basis in line with their contractual working hours. The figures do not include employees in vocational training.

This has fostered a link with another project: Covestro is working to streamline its pricing process – from targets and negotiations to implementation via offline and online channels. User-friendly interfaces and modules for all business entities and regions are intended to ensure seamless and efficient processing. They should also provide the basis for future AI models. The project delivered a go-live in the Coatings & Adhesives business entity in the second half of 2024.

### Use of Artificial Intelligence

Thanks to the integration of AI, Covestro can scale up its expertise in various areas and make it more accessible to all employees. This will improve and accelerate our internal workflows and facilitate the development of new skills.

One example is an AI solution that operates a production line in our DSD facility in Dormagen (Germany) entirely autonomously. Once planning has been completed, AI steers the entire process – from production of the product batches to supply of the finished products. Another example is an AI application in one of our facilities in Leverkusen (Germany) and another in Santa Margarida (Spain). Like a navigation system, it proposes the optimal course of action for maximizing the production volume, minimizing the production time, reducing process interruptions, and increasing safety.

Generative AI is allowing Covestro to use AI in more than just specialized applications. Covestro's own AI application (Covestro Virtual Assistant, CoVA) is available to all employees, providing them with the performance of leading large language models for day-to-day use in a secure environment. CoVa is constantly updated with new capabilities and access to the company's knowledge contained in documents or systems. For example, based on current information held in Covestro systems, CoVA can deliver budget and cost data based on valid authorizations, answer questions about deliveries and orders in various languages, and provide context-specific information and solutions using our R&D knowledge base.

The effective and collaborative combination of human intelligence and AI is enabling Covestro to strengthen its position in the industry and fosters effectiveness, efficiency, and innovation.

### Digital Transformation in Research and Development

In addition to the work of the central IT function, we are seeking to advance the digital transformation in all research and development activities. By using modern digital technologies, generating high-quality data, and optimizing research processes, we aim to leverage the full potential of our databases.

In line with this ambition, we have committed to fully digitalizing our R&D processes. We aim to achieve this by implementing a modular cloud-based data management platform for all our research and development activities worldwide. It will serve as a central platform for collecting, storing, and analyzing all relevant experimental data, facilitating seamless collaboration and the sharing of knowledge within our global R&D community. With this approach, we are seeking to improve the user experience of our laboratories around the world when it comes to handling R&D data and to provide our research employees with efficient tools and processes that foster innovation and accelerate the development of new solutions.

## Process Technology Innovations

Covestro is continuing to drive the process engineering development of bio-based raw materials and, following the successful commissioning of a pilot plant in Leverkusen (Germany) in the year 2024, began planning a demonstration plant for the production of bio-based aniline.

We are working continuously on improving the energy efficiency of the processes used to manufacture our products. For example, in the production of HCl using oxygen-depolarized cathode (ODC) technology, electricity consumption was reduced significantly by optimizing the electrolysis cell. In the years ahead, this is to be implemented in all HCl electrolysis cells using ODC technology.

In HDI production, hot phosgene generation is used to increase energy efficiency. This technology was implemented in Leverkusen (Germany), significantly reducing the amount of steam required from external sources.

In polycarbonate production, a new line to manufacture copolymers was commissioned successfully in Antwerp (Belgium). At the same site, a copolymer pilot plant was commissioned to provide product development support.

In a pilot plant, a system based on machine learning was able to identify anomalies in sensor data at an early stage, thus increasing the availability of the production facility. Thanks to its success, this system has now been rolled out to other continuously operated, large-capacity production facilities in Europe. The next step is the planned roll-out to all such production facilities worldwide so that we can increase plant availability thanks to the early identification of anomalies.

### Product Innovations

In our Performance Materials and Solutions & Specialties segments, product innovations are under way for a number of industries, in particular our main customer industries. Current examples of our product innovations can be found in our Solution Center.

→ For further information, please refer to: www.solutions.covestro.com/en

→ For further information, please refer to "Sustainable Solutions."

### Strategic Partnerships and Collaborations

By collaborating with external strategic partners in industry and business, Covestro aims to increase the efficiency and effectiveness of its research and innovation activities. Alliances and collaboration in large, publicly funded consortia characterize our partnerships with research facilities and universities as well as with companies along the value chain.

In fiscal 2024, we continued to collaborate with our established strategic, academic partners, e.g., the CAT Catalytic Center at RWTH Aachen University (Germany), Tongji University in Shanghai (China), CMU in Pittsburgh, Pennsylvania (United States), Google, and large consortia such as CIRCULAR FOAM and LUCRA. We have also strengthened our collaborative network relating to the circular economy by participating in the EU's CORNERSTONE and UNITED CIRCLES projects.

The 16 European partners in the CORNERSTONE consortium are working on the latest technologies and digital solutions for recycling and reusing resources extracted from Europe's industrial water and wastewater streams. The project not only aims to facilitate the recovery of fresh water, energy, and dissolved substances, but also to modernize wastewater treatment in such a way that it complies seamlessly with the principles of the circular economy.

In the UNITED CIRCLES project, also funded by the EU, 45 partners are developing technologies and collaborative concepts for the circular economy. Here, Covestro is working closely with the Fraunhofer Institute for Environmental, Safety and Energy Technology (UMSICHT) to develop a catalytic pyrolysis process to recover a precursor – aniline – from polyisocyanurate insulating materials. Both the pyrolysis process and the separation of aniline from the resulting pyrolysis oil are being demonstrated on a larger development scale. The recycled aniline is reused in place of the fossil raw material in new polyurethane or polyisocyanurate products.

Covestro's digital research and development unit has concluded a joint development agreement with BioBTX B.V., Groningen (Netherlands), to accelerate the transition to intelligent recycling technologies. The goal of this collaboration is to obtain chemical raw materials that can be used in Covestro's value chains. We contribute expertise in computer chemistry and data science to optimize catalysts and process conditions and increase the yield, thus accelerating the transition to a large-scale demonstration facility. This partnership is delivering valuable experience to expand Covestro's expertise in the areas of the circular economy and chemical recycling.