

Focus on our Strategy

11

POWER PURCHASE AGREEMENTS

per end of 2024

"We Are 1": Our Strength

Our strong [corporate culture](#) is the starting point for the success of our 'Sustainable Future' strategy.

we are 1

Unlocking our full Potential

We want to [become the best of who we are](#). Central to this: improving plant availability, enhancing cost efficiency, and expanding high-margin business areas.

BY
2035
operational
[climate neutrality](#)

Driving sustainable Growth

Combining [sustainability and economic success](#). To achieve this, we are expanding our portfolio both organically and inorganically. Another core element: developing innovative technologies and processes that set new sustainability standards.

10 METERS

[maximum distance](#) to a Covestro product.

A fully circular future

To [become fully circular](#), we are analyzing our value chains, anticipating changes in areas such as procurement, and driving forward innovative recycling technologies. At the same time, we are focusing on strong partnerships to jointly shape sustainable solutions.

7 PERCENT

share of renewable sources in [total energy consumption](#)

BY
2050
complete
[climate neutrality](#)

4 LEVERS

to reach our
[scope-3-reduction target](#)

Our way to Zero

To reduce our [scope-3-emissions](#), we are focusing on four key levers: reducing Scope 1 and 2 emissions with suppliers, selling products based on alternative raw materials, sustainable in-house investments (MAKE projects), and initiatives in areas such as recycling, logistics, energy, and innovation.

3

KEY TOOLS

to engage
[employees at Covestro](#)

On the Path to Climate Neutrality

Our transformation toward [climate neutrality](#) prepares us for the future: We are focusing on energy efficiency, sustainable production processes, climate-neutral energy sources, and moving away from fossil fuels.



Strategy for a Sustainable Future

The world is constantly changing, and staying ahead requires agility and foresight. That's why, in 2020, Covestro launched its corporate strategy "Sustainable Future", designed to guide us toward our overarching goals, even in times of transformation. This year, we revisited and updated our strategy to ensure it remains aligned with global developments and our vision for a sustainable tomorrow.

While the core direction remains unchanged – positioning Covestro optimally, driving sustainable growth, and achieving climate neutrality and a circular economy – we have made key adjustments. These include an even sharper focus on our customers, a clear commitment to climate neutrality, and a more precise path to sustainable growth. We have also highlighted new enablers for success: artificial intelligence, a strong corporate culture, and a future-ready workforce.

At the heart of this updated strategy lies the customer perspective, embedded in every aspect of our approach under the motto: "You are never more than 10 meters away from a Covestro product." This reflects our commitment to being a reliable partner, expanding our portfolio, and delivering solutions tailored to customer needs.

But we are not stopping there. Together with our customers and partners, we aim to accelerate the development of sustainable products and solutions to make our vision of a fully circular economy a reality. A future with Covestro is a future built for sustainability. ■



Learn [more](#)



You are never more than 10 meters away from a Covestro product.

A significant Step

Alongside numerous exciting projects and innovations, 2024 was particularly significant for Covestro for another reason: we have agreed on a strategic partnership with ADNOC.

In October 2024, entities of the Abu Dhabi National Oil Company (ADNOC) group and Covestro signed an investment agreement, thereby laying the foundation for a strong strategic partnership. Our shareholders accepted the takeover offer with a large majority. After receiving the still outstanding required regulatory approvals, this will mark a significant step in our company's history.

The strategic partnership with ADNOC will not only provide Covestro with additional stability in a rapidly changing industry but also strengthen its foundation for sustainable growth. This collaboration allows us to improve our positioning in high-growth future business areas. Key focus will be on our "Sustainable Future" corporate strategy, which we will continue to pursue with ADNOC's full support.

At the same time, Covestro's proven corporate structure remains in place: In the concluded Investment Agreement, having a term until end of 2028, it is agreed that Covestro will continue to operate independently as a stock corporation, with its Board of Management having full responsibility for the company's strategic direction. Furthermore, the established standards for governance and employee rights will be upheld. This balance between continuity and growth opportunity makes this partnership so forward-looking and attractive.



ADNOC and Covestro will shape the chemical industry of tomorrow – responsibly, innovatively, and sustainably.

Ambitious Plans

Covestro and ADNOC share ambitious plans: With ADNOC's support, Covestro aims to accelerate the development of innovative technologies and sustainable solutions while actively driving the global transition to a circular economy. ADNOC views Covestro as a key building block in its journey to becoming one of the top five chemical companies worldwide.

Although significant steps have already been taken, it will still take some time to be able to finalize the transaction. This is because the completion of the transaction is subject to customary closing conditions in relation to merger control, foreign investment control and EU foreign subsidies clearances. We do not expect this process to be completed before the second half of 2025. ■



Learn [more](#)

"Hi, I am the Covestro Virtual Assistant"

The [Covestro Virtual Assistant](#) leverages generative AI to support Covestro employees in their daily work. With access to internal knowledge and continuously expanding capabilities, the Virtual Assistant provides information and solutions for a wide range of tasks.

400

MILLION EUROS

annual global savings by the end of 2028 through the [global program "STRONG"](#)

Focus on our Efficiency

5.8

BILLION EUROS SALES

in the [EMLA region](#)

EUROPE, MIDDLE EAST, LATIN AMERICA (EXCLUDING MEXICO), AFRICA

3.5

BILLION EUROS SALES

in the [North America region](#)

CANADA, MEXICO, USA

4.8

BILLION EUROS SALES

in the [Asia-Pacific region](#)

2027

planned go-live of [SAP S/4 HANA](#)

Into the Future with SAP S/4HANA

Covestro is replacing its current SAP system with [SAP S/4HANA](#). This allows us to optimize our business processes and future-proof our operations.

10

PERCENT

increase in share capital upon [completion of the takeover](#) by ADNOC

Sustainability Firmly Anchored

Covestro relies on a [management system](#) that integrates growth, value creation, and sustainability. Success is measured not only financially but also against ESG criteria, with a focus on greenhouse gas emissions (Scope 1 and 2) from key sites. Starting in 2025, this will include emissions from all environmentally relevant sites.

Opportunities and Risks in Focus

Covestro relies on systematic [opportunity and risk management](#) as the foundation for sustainable success. With internal control systems, compliance, and risk management, risks are minimized, opportunities are leveraged, and informed decisions are made for the future.

Efficiency and Availability

The [Performance Materials](#) segment focuses on efficiency, sustainable products like renewable TDI and bio-based MDI, and high plant availability. Growth priorities include strategic industries such as construction and furniture, where demand for energy-efficient solutions is increasing.

91,58

PERCENT*

of the existing share capital of Covestro achieved by ADNOC as of year-end 2024

*Corresponds to the total number of shares tendered into the public takeover offer (the completion of which is still outstanding) as well as the number of shares acquired outside the takeover offer.

Driving Innovation

The [Solutions & Specialties](#) segment focuses on sustainable, highly specialized solutions for future markets such as smart homes, medical technology, and e-mobility. Key success factors include technological expertise, innovative product development, and a customer-centric supply chain.



Driving the Future



**The message is clear:
Together with AI,
new possibilities are
being created.**

AI and digital technologies are central enablers of Covestro's "Sustainable Future" strategy. They optimize processes, enhance efficiency, and improve customer interactions.

AI: Covestro's Innovation Engine

One example is the AI solution at the Dormagen site, which autonomously manages the operation of a production line in the Desmophen plant – from production to delivery. In Leverkusen (Germany) and Santa Margarida (Spain), AI applications act as "navigation systems," calculating optimal action paths to streamline processes.

But AI is not limited to production. With the Covestro Virtual Assistant, employees have access to innovative technology based on cutting-edge language models. The Virtual Assistant provides real-time insights into budgets, orders, and research data – all in multiple languages. Regular updates continuously enhance its capabilities, enabling the efficient use of internal knowledge.

Synergy Between Humans and AI

The synergy between human intelligence and AI unlocks new potential, improves processes, and accelerates the company's ambitious sustainability goals. By building digital competencies and adopting innovative technologies, Covestro strengthens its position as an industry leader and actively shapes the chemical industry of tomorrow. ■



Learn [more](#)

Keep moving

Change doesn't happen on its own – it must be actively shaped. In 2024, we focused on four strategic levers to lay the foundation for a stable future: increasing the efficiency of our plants, boosting sales and utilization, prioritizing high-margin demand, and maintaining strict cost discipline.

Progress Through Targeted Measures

These efforts have delivered results: We improved the availability of our plants at key sites, enabling us to better meet customer needs and utilize our production capacities more effectively. At the same time, cost efficiency and process adjustments have strengthened our resilience.

In parallel, we continued to invest in innovations to advance the circular economy and achieve climate neutrality.

Covestro is well-positioned to continue actively shaping transformation. The strategic levers that drove progress in 2024 will remain a focus in the coming year. We are committed to developing sustainable solutions that provide real value to our customers and partners while creating long-term value for Covestro and our stakeholders. ■



Learn more



With a solid foundation and clear strategic direction, we will continue to work together toward sustainable growth and a circular future.





20
PERCENT

**improved
energy efficiency
by 2030**

"Safety is the foundation of everything we do. The Safety & Health Day is a great example of how we at Covestro ensure that we never lose sight of our safety and health."

Dr. Thorsten Dreier,
Chief Technology Officer
at Covestro

Plastic Waste becomes circular feedstock

Long-term partnership: Starting at the end of 2027, Encina, a producer of ISCC PLUS-certified circular chemicals, will supply Covestro with chemically recycled raw materials. These materials enable the production of more sustainable products with a reduced carbon footprint.

392
MILLION EUROS

**spent on
Research & Development
in 2024**

More sustainable production processes

We are expanding our capacities with state-of-the-art climate-friendly technologies, focusing on maximum energy efficiency and minimal emissions.



46

PRODUCTION SITES
**worldwide by the
end of 2024**

Focus on our Operations



300
MWH

**self-generated
electricity and steam
from renewable
sources**

"Commitment to sustainability is a non-negotiable part of everything we do, and this alliance with bp allows us to take a further step in our mission to make energy use as efficient and sustainable as possible throughout our value chain."

Andrea Firenze,
General Manager
at Covestro Spain

54
PERCENT

of project costs for R&D allocated to areas that contribute to the UN SDGs.



16,000 t
PER YEAR

**less CO₂ emissions at main
production site in Tarragona,
Spain, through power purchase
agreement with bp**

Maintenance as the Key

Targeted maintenance projects enhance our plant reliability – ensuring maximum delivery performance and strong partnerships.

13

R&D SITES

**worldwide by the
end of 2024**

Rethinking Processes

We continuously improve our process technologies. One example is the hot phosgene generation in Leverkusen, which significantly reduces external steam demand in HDI production and sets new standards in energy efficiency. And we are also working on implementing this technology at our site in Dormagen.

Covestro is stepping up its commitment to a circular economy by investing in BioBTX, a leader in chemical recycling. This strategic partnership will support the construction of the world's first demonstration plant for the BioBTX ICCP technology in the Netherlands, enabling the production of key chemical building blocks like benzene, toluene, and xylene from mixed plastic and organic waste.



A Game changer for Recycling

With a mid-single-digit million euro investment, Covestro is driving the development of a technology that can process 20 kilotons of plastic waste annually. Unlike traditional recycling methods, this approach can handle mixed waste, turning it into valuable raw materials for plastics production. The plant represents a critical step toward industrial-scale application and a sustainable chemical industry.

Expanding the Circular Ecosystem

The investment is part of Covestro's venture capital program, which supports start-ups and scale-ups with innovative solutions. In collaboration with BioBTX, Covestro is also exploring further recycling options for its own products and leveraging digitalization to enhance plant performance.

Scheduled to launch by 2027, this project aligns with Covestro's vision of climate neutrality and circularity, reinforcing its leadership in sustainable innovation. Together with BioBTX, Covestro is shaping the future of recycling and circular economy in Europe. ■



Learn [more](#)

Investment in innovative Recycling Technology

SCHEDULED TO LAUNCH BY



2027



Bio-based Breakthrough

A major leap for sustainable chemistry!

At its Leverkusen site, Covestro has opened a pilot plant for bio-based aniline, replacing petroleum with plant biomass. This groundbreaking process, developed with leading scientific partners, is a milestone in Covestro's push for a circular economy.

Redefining Aniline Production

Aniline, essential among other things for insulating foams in buildings and refrigerators, has long depended on fossil fuels, driving CO₂ emissions. Covestro's innovative method uses plant-based sugars, drastically reducing its carbon footprint. With a seven-digit investment, the pilot plant will refine the technology and prepare it for industrial scale, addressing the growing global demand for aniline.



Harnessing the Power of Biotechnology

A customized microorganism helps convert an industrial sugar extracted from plants into an intermediate product through fermentation. This takes place under milder and thus more environmentally compatible conditions than in conventional processes. In a second step, chemical catalysis of the intermediate product then creates the aniline with one hundred percent plant-based carbon. This approach is supported by Germany's federal funding and partnerships with leading universities.



Covestro's innovative method uses plant-based sugars, drastically reducing its carbon footprint.

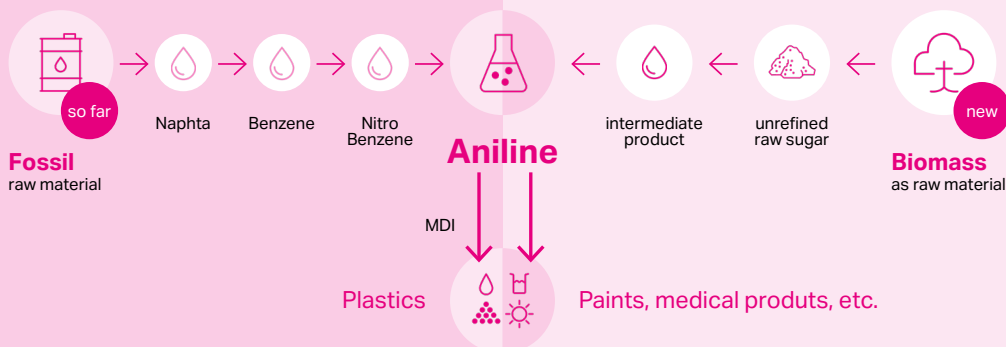
Guests at the launch, including Deputy Minister President Mona Neubaur, praised the project as a beacon of innovation and collaboration. With this breakthrough, Covestro is strengthening its leadership in sustainable chemistry, proving that innovation and environmental responsibility go hand in hand. ■



Learn [more](#)

Chemistry from Plants

The production of the basic chemical aniline is **now possible without the use of crude oil** or other fossil raw materials – **thanks to a research success by Covestro**



Simplifying Collaboration

We aim to make [access to information](#) easy and collaboration efficient for our customers. That's why Covestro offers the Solution Center for comprehensive insights into solutions and innovations, while the "Covestro Direct Store" provides a digital platform for offers and negotiations.

Covestro Annual Report 2024 Story Highlights Our Impact

+42

IN THE 2024 FISCAL YEAR

the [Net Promoter Score](#) serves Covestro as a measure of customer satisfaction (ranges from -100 to +100).

Covestro's innovative materials play a crucial role in addressing global challenges and [supporting growth markets](#) worldwide. From lightweight solutions in the automotive sector and energy-efficient insulation in construction to specialized materials for renewable energy, our products drive progress and efficiency.

~100

MILLION EUROS

are being invested by Covestro in its [global R&D infrastructure and assets](#)

Focus on our Customers

AT LEAST

25

PERCENT

alternative, non-fossil raw materials are contained in [CQ products](#) from Covestro

From old Tires to new Car Parts

Neste, Borealis, and Covestro demonstrate how end-of-life tires can be converted into high-quality plastics for automotive applications through chemical recycling. The [project agreement](#) advances the circular economy by efficiently utilizing chemical recycling to turn waste materials into high-quality plastics.



polycarbonate production line at Antwerp (Belgium) inaugurated

"Circular solutions must be profitable to be implemented."

Sucheta Govil,
Chief Commercial Officer
at Covestro



that Covestro has already been the main sponsor of [Team Sonnenwagen](#)

UP TO

99

PERCENT*

is how much lower the carbon footprint of [bio-circular MDI](#) is than that of conventional MDI based on fossil raw materials.

*Exact percentage depends on the amount of allocated raw material.

Climate-neutral together

With our [Supplier Engagement Program](#), we are driving the reduction of scope-3-emissions by collaborating with suppliers to develop measures for a net-zero strategy. Additionally, we are digitizing our procurement processes and systems to make purchasing more efficient and effective for both us and our suppliers.

7

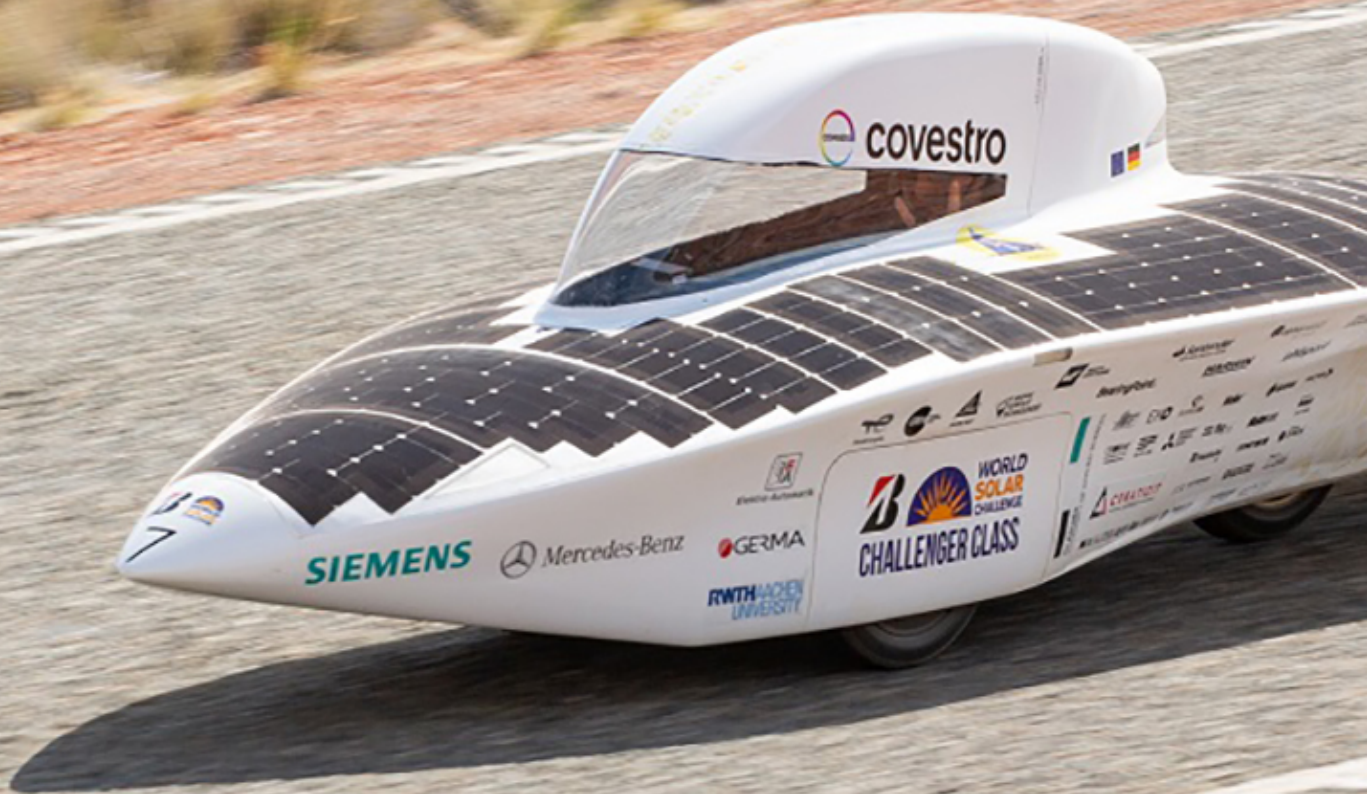
[STRONG BUSINESS ENTITIES](#)

ensure optimal alignment of all activities with market demands and customer needs.

Deepening Connections

Covestro places great importance on [strong relationships](#) with customers, suppliers, and partners across the value chain. Through transparent communication, open dialogue, and industry-specific teams, we build trust and strengthen sustainable partnerships.

Covestro and Team Sonnenwagen





Innovation is central to Covestro, and the partnership with Team Sonnenwagen is a true source of inspiration. For six years, Covestro has supported the Aachen-based team as the main sponsor, but this collaboration is much more than sponsorship: It is a partnership of equals. The students passionately push the boundaries of e-mobility and further inspire Covestro to develop innovative solutions.

Celebrating Success on and off the Track

With the current solar car Covestro Adelie and its predecessor Covestro Photon, the team secured second and third place at the European Championship on the Formula 1 track in Zolder, Belgium. In 2022, the European Championship was celebrated there – a milestone that also energized Covestro employees. In the fall, the team toured Europe, visiting nine Covestro sites.

SONNENWAGEN 5 WILL FEATURE AT LEAST



COVESTRO MATERIALS

Given the success of this partnership, it is being strengthened further. The upcoming Sonnenwagen 5 will feature at least seven Covestro materials, possibly more – a new record! At the World Solar Challenge 2025, Covestro's materials and solutions will face the ultimate test in the Australian Outback. As Vice-European Champions, Team Sonnenwagen is not only a favorite but also a strong brand ambassador for Covestro. ■



Learn more





**Building a
Sustainable
Future
together**



Collaboration is essential for innovation and progress, especially when tackling global challenges like climate change. Covestro has built strong partnerships with industry leaders to advance sustainability and circular solutions across various sectors. But how can these collaborations shape a greener future? Here are some examples from 2024!

More sustainable engineered wood adhesives with Henkel

Henkel and Covestro are advancing engineered wood adhesives with bio-based raw materials. Using the mass balance approach, over 60 percent¹ of certain adhesive components are derived from renewable resources. These adhesives make timber construction more durable and sustainable, reduce the carbon footprint of buildings, and promote the circular economy.



Learn [more](#)



#GreenMagenta with Deutsche Telekom

Covestro collaborated with Deutsche Telekom to produce the housing for the TV box and remote control of their MagentaTV One product using Makrolon® RE, a polycarbonate derived from bio-waste attributed via mass balancing. Compared to fossil-based alternatives, this material has a carbon footprint during production (cradle to gate²) that is reduced by around 80 percent. The partnership demonstrates that sustainable materials can deliver high performance without compromise.



Learn [more](#)



Partnerships like these prove that when companies join forces, the future becomes greener – and more sustainable.

Efficient Insulation with Carlisle

To enhance energy efficiency in buildings, Covestro supplies bio-circular MDI³ for insulation panels to Carlisle. With a CO₂ reduction potential of up to 99 percent⁴ compared to conventional, oil-based products, these materials enable the production of high-performance, low-carbon insulation and support net-zero goals in the construction industry.



Learn [more](#)

- ¹ Share of the organic mass excluding inorganic materials
- ² This takes into account a partial product life cycle from raw material extraction (cradle) to the factory gate (of Covestro), also known as cradle-to-gate assessment. The methodology is based on the ISO 14040 and 14044 standards and has been critically tested by the TÜV Rheinland on plausibility. The calculation takes into account biogenic carbon uptake.
- ³ Bio-circular attributed MDI contains ~60% ISCC PLUS certified feedstock. The calculation is based on Covestro-specific production and supply chain data, replacing fossil raw material with ISCC PLUS certified renewable feedstock via the mass balance approach.
- ⁴ Exact percentage depends on the amount of allocated raw material