Investor News

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Covestro and bp sign long-term supply agreement for solar power in Spain

- **10-year agreement to supply Covestro with renewable energy from a solar power plant in Spain**
- **Contract boosts Covestro's renewable electricity use in Spain to 30 percent, significantly increasing renewables supply for Tarragona site**
- **The agreement supports Covestro's goal of achieving operational climate neutrality by 2035**

Polymer materials manufacturer Covestro and bp have signed a long-term power purchase agreement (PPA) for renewable energy from a solar power plant in Spain. The 10-year agreement increases the share of renewable energy in Covestro's total electricity consumption in Spain from less than 10 percent to approximately 30 percent. Covestro is thereby taking another important step towards achieving operational climate neutrality by 2035.

The deal builds on Covestro's announcement in 2022 around its three smaller production sites in Spain - in the Zona Franca in Barcelona, Parets del Vallés and Santa Margarida i els Monjos – which started running on 100 percent renewable electricity. With the new agreement, a significant portion of the electricity consumed by the company's main production site in Tarragona can now also be supplied by renewable sources, enabling Covestro to cut its CO_2 emissions by approximately 16,000 tonnes per year[1].

"With the PPA, we are demonstrating that we at Covestro are using every opportunity to consistently increase the proportion of energy from renewable sources at our sites worldwide," says Thorsten Dreier, CTO at Covestro. "Because we are convinced that our vision of a complete focus on the circular economy and climate neutrality is the only way to ensure the long-term success of our company."

Olvido Moraleda, president of bp Energía España, said: "This agreement is a significant milestone for bp in Spain, enabling us to provide renewable energy through a PPA to a key industrial customer. This deal enables bp and Covestro to work together in delivering lower carbon energy to a traditionally hard-to-abate sector, as part of bp's strategy to become an integrated energy company."

[1] Estimate based on a calculation of Scope 2 market-based CO2 emissions user may have had to report if buying the same amount of grey electricity from their current local supplier.

Andrea Firenze, General Manager at Covestro Spain, said: "Commitment to sustainability is a non-negotiable part of everything we do, and this agreement allows us to take a further step in our mission to make energy use as efficient and sustainable as possible throughout our value chain. In the same way, through this alliance with bp, we will continue to promote the strategic positioning of our Tarragona site through a more stable, more predictable and, above all, more sustainable long-term energy supply."

Jason Tate, head of European power trading and origination at bp, said: “This agreement highlights not just bp’s commitment to Spain. It’s an example of how bp is continuing to invest in developing our expertise and capability to support European commercial and industrial customers to help meet their decarbonization goals.”

Under the terms of the power purchase agreement, bp has agreed to supply Covestro with a high double-digit GWh volume of renewable electricity for a period of 10 years, backed by an equivalent volume of Guarantees of Origin (GoO). The current plan is to source the renewable power from an already operational solar photovoltaic (PV) farm, in Teruel, in the Aragon region of eastern Spain, with which bp has an offtake agreement in place.

Covestro aims to convert its production to 100 percent renewable energy as part of its climate goals until the end of 2035. At the end of 2023, Covestro fulfilled approximately 16 percent of its global electricity needs from renewable sources.

bp has been active in the Spanish natural gas market for more than 20 years, through management of their LNG portfolio, and supply to C&I customers. In the power and renewables space, bp manages a portfolio of solar offtake and also supplies renewable power, a key growth area for the bp trading business in Europe.

About Covestro:

Covestro is one of the world’s leading manufacturers of high-quality polymer materials and their components. With its innovative products, processes and methods, the company helps enhance sustainability and the quality of life in many areas. Covestro supplies customers around the world in key industries such as mobility, building and living, as well as the electrical and electronics sector. In addition, polymers from Covestro are also used in sectors such as sports and leisure, telecommunications, and health, as well as in the chemical industry itself.

The company is committed to becoming fully circular. In addition, Covestro aims to achieve climate neutrality for its Scope 1 and Scope 2 emissions by 2035, and the Group’s Scope 3 emissions are also set to be climate neutral by 2050. Covestro generated sales of EUR 14.4 billion in fiscal 2023. At the end of 2023, the company had 48 production sites worldwide and employed approximately 17,500 people (calculated as full-time equivalents).

Covestro in Spain:
In Spain, Covestro has four production sites that currently employ more than 500 people. In Tarragona, it has a production plant for MDI, the precursor needed to produce polyurethane foams; a chlorine and caustic soda production plant; a logistics center for the distribution of hydrochloric acid and caustic soda; its own railway hub; and infrastructures available for other companies in the Chemical Park.

The Barcelona site (Zona Franca) is dedicated to the manufacture of resins for coatings and adhesives, whose final sectors of application are the automotive, textile, wood and construction industries, among others. In Barcelona, Covestro also operates a product development facility for wood coatings and the marketing units of the Coatings & Adhesives and Engineering Plastics divisions. In Parets del Vallès (Barcelona), Covestro has a production, application and research and development plant for acrylic resins and polyurethanes for use in coatings, adhesives and other specialties. In Santa Margarida i Els Monjos (Barcelona) it produces and markets polyester resins (in scales) for use in coatings. These three centers of the coatings and adhesives division in Spain now operate entirely with electricity from renewable sources.

More information on Covestro´s IR Website.
Read our corporate blog.
Follow us on Covestro social media channels:

Forward-looking statements

About bp:

bp's purpose is to reimagine energy for people and our planet. It has set out an ambition to be a net zero company by 2050, or sooner and help the world get to net zero, and a strategy for delivering on that ambition. While today, bp is mostly in oil and gas, we increased the proportion of our global annual investment that went into our lower carbon and other transition businesses from around 3 percent in 2019 to around 23 percent in 2023. For more information visit bp.com.

Present in Spain since 1954, bp is one of the main energy companies operating in our country. It has 750 service stations, a refinery and around 2,400 employees. bp plans to transform its refinery in Castellón into an integrated energy hub, in which the production of biofuels and green hydrogen will be of great importance to contribute not only to the decarbonisation of its own operations but also to industry and mobility in the region."

Cautionary statement bp:

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), bp is providing the following cautionary statement. This press release contains certain forward-looking statements – that is, statements related to future, not past events, and circumstances – which may relate to one or more of the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements are generally, but not always, identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see' or similar expressions. Actual results may differ from those expressed in such statements, depending on a variety of factors including the risk factors set forth in our most recent Annual Report and Form 20-F under "Risk factors" and in any of our more recent public reports.

Our most recent Annual Report and Form 20-F and other period filings are available on our website at www.bp.com, or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at www.sec.gov.