



Investor News

Leverkusen/The
Woodlands,
17 January, 2024

Covestro AG
Investor Relations
51365 Leverkusen
Germany

Contact
Ronald Köhler
Telephone
+49 214 6009 5098
Email
Ronald.koehler
@covestro.com

Contact
Carsten Intveen
Telephone
+49 214 6009 5861
Email
Carsten.intveen
@covestro.com

Contact
Marc Schütze
Telephone
+49 214 6009 5281
Email
Marc.schuetze
@covestro.com

Covestro and Encina reach an agreement for a long-term supply of circular raw materials

- **Encina to supply Covestro with chemically recycled raw materials enabling circular MDI, TDI and polycarbonate starting at the end of 2027**
- **Pioneering milestone for raw materials derived from end-of-life plastics**
- **Recycled feedstock reduces carbon footprint compared to fossil-based counterpart and Scope 3 emissions**

Covestro, a global leader in high performance polymers, and Encina, a US-based producer of ISCC PLUS certified circular chemicals, reached a long-term supply agreement for chemically recycled, circular feedstock derived from post-consumer end-of-life plastic. Specifically, Encina will supply Covestro with benzene and toluene pending the completion of Encina's world-scale production facility, anticipated to come online at the end of 2027.

Building upon previous sustainable sourcing efforts, this marks the first major procurement agreement involving chemically recycled, circular-based raw materials for Covestro, a major step in the company's journey towards full circularity. It also helps reduce scope 3 emissions for Covestro and its customers.

"The ability to source raw materials from used plastics for the manufacture of our products makes a decisive contribution to realizing our vision of a circular economy," said Thorsten Dreier, Chief Technology Officer at Covestro. "This is because such raw materials not only enable the reuse of used plastics, but also have a lower carbon footprint, which leads to more sustainable end products."

Benzene and toluene are important raw materials in Covestro's manufacturing processes used for the production of methylene diphenyl diisocyanate (MDI) and toluene diisocyanate (TDI), respectively. MDI and TDI are critical raw materials used to produce rigid and flexible polyurethane foams, which are used in applications such as household appliance and building insulation as well as furniture and car seats.

Benzene can also be used for the synthesis of phenol and acetone – raw materials for making polycarbonate plastics such as Makrolon®, which are used in high-quality applications for the automotive, electronics, IT and other industries.

Encina's proven proprietary catalytic technology produces circular feedstock with a lower carbon footprint when compared to those based on fossil fuels and an exceptionally high yield.



"Encina is proud to be working with Covestro, a company with a long track record of innovation and commitment to sustainability. This agreement represents the beginning of what we hope to be a long-standing partnership between our companies as we work to create a truly circular economy and realize a future in which nothing is wasted," said David Roesser, Chief Executive Officer of Encina.

Covestro's vision to become fully circular is predicated on four key drivers: the use of alternative raw materials, innovative recycling and renewable energy, as well as engaging in joint solutions. The agreement with Encina represents a pioneering milestone for incorporating innovative recycling technologies, in this case chemical recycling of end-of-life plastic, into Covestro's production.

About Encina Development Group, LLC (Encina):

Encina Development Group produces circular chemicals derived from end-of-life plastics previously destined for landfill or incineration. As a producer of ISCC PLUS circular chemicals, Encina's vision is for a future in which nothing is wasted. Our products provide our customers with the basic chemical building blocks needed to achieve their sustainability goals. Encina's products enable the production, use and re-use of products across a broad range of industries, including consumer products and packaging, pharmaceuticals, construction and materials, and much more. Encina is based in The Woodlands, Texas. For more information, please visit www.encina.com.

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, cosmetics and health, as well as in the chemical industry itself.

The company is committed to becoming fully circular and is striving to become climate neutral by 2035 (scope 1 and 2). Covestro generated sales of EUR 18 billion in fiscal 2022. At the end of 2022, the company had 50 production sites worldwide and employed approximately 18,000 people (calculated as full-time equivalents).

Find more information at the [Covestro IR Website](#).

Read our [Corporate Blog](#).

Follow us on the Covestro Social Media Channels:    

**Forward-looking statements**

This news release may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro's public reports which are available at www.covestro.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.