Press Release

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Covestro AG
Communications
51365 Leverkusen,
Germany

Contact
Dr. Frank Rothbarth
Telephone
+49 175 30 25363
E-mail
frank.rothbarth
@covestro.com

Contact
Svenja Paul
Telephone
+49 173 3056862
E-mail
svenja.paul
@covestro.com

Contact
Richard Fu
Telephone
+86 21 8020 8452
E-Mail
richard.fu
@covestro.com

Climate-neutral* solutions to meet climate and sustainability goals

Covestro starts offering the world's first climate-neutral* polycarbonate

- **Selected Makrolon® RE grades are climate-neutral* from cradle to gate**
- **Drop-in solution with constant product quality**
- **A major step towards meeting climate and sustainability targets**

Materials manufacturer Covestro has started supplying the world´s first climate-neutral* polycarbonate from its Uerdingen site in Germany, delivering on its promise to introduce these products by the end of 2021. These Makrolon® polycarbonate grades are climate-neutral from cradle to gate*, thanks to the usage of renewable electricity for Covestro production processes and the introduction of raw materials coming from mass-balanced bio-waste and residues.

Since receiving the ISCC Plus mass balance certification for two of its European sites at the end of last year, Covestro has been supplying polycarbonates partly sourced from renewable feedstock. They are attributed via the mass balance approach and lead to a significant carbon footprint reduction. Now, the company has acquired Guarantee of Origin certificates from unsubsidized photovoltaic renewable electricity plants located in Germany for its Uerdingen plant. They are allocated to the specific electricity needs of selected mass-balanced products for both chlorine electrolysis – essential to the production of polycarbonate – and other process steps. As a result, selected Makrolon® RE grades become

* Climate neutal is the result of an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate, also referred to as cradle to gate assessment. The methodology of our Life Cycle Assessment is based on the ISO 14040 standard, critically reviewed by TÜV Rheinland on the basis of a plausibility check. The calculation considers biogenic carbon sequestration based on preliminary supply chain data and replacing electricity grid mix with renewable electricity used for the manufacturing process. No offsetting measures have been applied.

climate-neutral*. These products are to be shown at the Consumer Electronics Show in Las Vegas in January 2022.

Sucheta Govil, Chief Commercial Officer of Covestro: "I am very proud of the launch of this climate-neutral product and its presentation at this important trade fair. This is another milestone in pursuing our sustainability vision: We are accompanying our customers in accelerating the transition to the circular economy, as well as helping to build an industrial ecology that favors circularity."

"This is an important milestone towards our vision to be fully circular," says Lily Wang, Head of the Engineering Plastics segment at Covestro. "We have taken a big step forward to help our customers meet their sustainability targets, by offering a climate-neutral product that is at the same time a drop-in solution to speed up the transformation towards a circular future."

Drop-in solutions to accelerate the transition to a circular economy

"Our climate-neutral Makrolon® RE portfolio is a material of choice for customers looking for lower-carbon-footprint alternative raw materials. What's more, they have the same good quality and performance as fossil-based polycarbonates, and are a drop-in replacement without the need to modify existing processes or workflows," adds Jimena Ruesta, Venture Manager, Sustainability Solutions at Covestro's Engineering Plastics segment.

The company is gradually converting to alternative raw material sources including renewables as part of a comprehensive program to drive forward the transition to a circular economy. Integral to this program is the adoption of the mass balance approach, which is a chain of custody method that allows fossil and alternative feedstock to be mixed in production but separated in bookkeeping. It is able to track materials through the value chains and allows attribution of alternative feedstock, like bio-based raw materials, to selected end products.

Through the mass balance approach, alternative raw materials are introduced into the value chain while taking advantage of the existing chemical infrastructure with its high efficiency and economies of scale, accelerating the transition of the industry to a circular economy of plastics.

Commitment to renewable energy investment

Covestro is also stepping up efforts to source more renewable energy to power its sites. In 2019 Covestro signed the world's largest corporate supply contract with Ørsted for offshore wind energy to cover a considerable part of its electricity demand in Germany with wind energy from the North Sea starting 2025. Additionally the company has signed a supply agreement with ENGIE for green

power in Belgium to cover 45 percent of the electricity demand of the Antwerp site from new onshore and wind turbines.

Most recently Covestro's Integrated Site Shanghai has signed a contract to purchase 100 gigawatt-hours per year of solar power from Datang Wuzhong New Energy Co.'s solar farms in northwest China's Ningxia region. These investments are expected to not only reduce Covestro's emissions from production, but also support the company to produce more sustainable products with lower carbon footprint.

About Covestro:
With 2020 sales of EUR 10.7 billion, Covestro is among the world's leading polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative, sustainable solutions for products used in many areas of daily life. In doing so, Covestro is fully committed to the circular economy. The main industries served are the automotive and transportation industries, construction, furniture and wood processing, as well as electrical, electronics, and household appliances industries. Other sectors include sports and leisure, cosmetics, health and the chemical industry itself. At the end of 2020, Covestro has 33 production sites worldwide and employs approximately 16,500 people (calculated as full-time equivalents).