

# LOOKING FORWARD

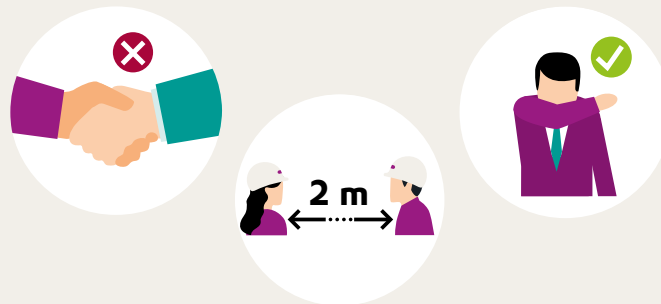
Evonik during the pandemic



# LOOKING FORWARD

## EVONIK DURING THE PANDEMIC

This special section gives you an insight into what Evonik did during the global pandemic in 2020. At the same time, it is important to us to look forward. What changes has this crisis initiated? What will the future bring? The following pages contain interviews with experts on topics such as health protection at Evonik, virtual collaboration, production and supply chains, and the environmental impact of COVID-19.<sup>1</sup>



<sup>1</sup> This special section was outside the scope of the limited assurance review by PwC.



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## HELPING OTHERS DURING THE PANDEMIC

In spring 2020, Evonik produced disinfectants, which it distributed free to local hospitals, firefighters, and physicians. We also participated in the emergency disinfectant platform set up by the German chemical industry association VCI. Our sites in many other countries also provided assistance to local communities, schools, and care homes in many different ways.



Evonik supplied hygiene products and cleaning agents to charities in Argentina and Brazil.



Disinfectants for hospitals and quarantine facilities in Wuhan (China).



Social distancing in the cafeteria at our site in Qingdao (China).



Evonik donated 3,000 liters of disinfectant to the city of Hanau (Germany).



Children in Japan painted rainbows as part of the fight against coronavirus.

In Jhagadia (India), Evonik supported the distribution of food parcels by Jhagadia Industries Association.



# COMBATING THE PANDEMIC REQUIRES DISCIPLINE AND ACCEPTANCE

The campaign to vaccinate people against the coronavirus has started, bringing hopes of an end to the pandemic. Even so, physical distancing, hand washing and sanitization, and wearing a mask are still important, both at work and outside of work.



## OPINION Prof. René Gottschalk

Head of the public health department  
of Frankfurt am Main

**You started your career as an engineer at a chemical company. Do you still have links to the chemical industry?**

I do. I ran training courses in my field for many years, and in spring 2020, I conducted an antibody study with the head of occupational medicine at a company that operates a chemical park.

**You have been working in the field of pandemic planning for many years. What are the most important steps companies can take to protect their employees?**

Authentic and informative communication is the first step. If a company can make sure its employees understand the need for extensive and possibly restrictive measures, it has made a big step in dealing with the pandemic. In the past months, we have seen how difficult it is to get the general public to follow relatively simple measures such as wearing a mask and physical distancing because many people now lack the necessary trust. By contrast, companies can give their employees more focused information and even impose measures if necessary. Nevertheless, it is better if employees can see that the measures make sense. Then they can act as multipliers outside of work.

**How can people's willingness to stick to the rules be improved?**

If people understand why certain rules are necessary, a high proportion will apply them. The problem is that misinformation and fake news have made meaningful pandemic planning virtually impossible. We need to make sure that politicians and public health agencies regain the trust of the majority of the population.

**In Germany, different federal states have different rules. Is our federal system an advantage or a disadvantage when dealing with the pandemic?**

Looking at countries that have a centralized approach to containing the pandemic does provide any evidence that this is a clear advantage. At local level, there are many different structures within our federal states—and the number of people infected also varies greatly. That gives us an advantage because each federal state, and local authority can introduce appropriate measures. What is problematic is that some of the federal states are constantly trying to impose their ideas on others.

**Do you think there have been any positive developments as a result of the pandemic?**

Definitely: our public health organization is now seen as a key factor in dealing with a pandemic.

## CORONAVIRUS SPECIAL

Corporate health protection

### EXPERIENCE FROM EVONIK'S REGIONS

## North America: Working together

"Evonik has operations at 53 locations in North America: 35 production facilities, four laboratory/technical centers, and 14 administrative and sales locations. The differences in the structure of the workforce have been a challenge during the pandemic. A focused, hands-on approach is vital to ensure consistent risk profiling to control and contain the COVID-19 virus. Our approach takes account of Evonik's



The site in Mobile (Alabama, USA) on the Gulf of Mexico.

global, regional, and local guidelines. Thanks to continuous communication within the North America management team, close collaboration with Corporate Medical, and the discipline and determination of our employees, we have been able to do the best for their safety. We therefore managed to keep Evonik's operations running safely and effectively in the region."

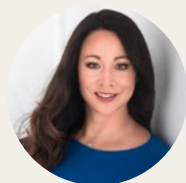
**Susan Pounds**, ESHQ Services North America,  
Manager Occupational Health Medical Affairs, Mobile (Alabama, USA)

### ! EVONIK—LESSONS LEARNED

- **Good preparation is important:** We had pandemic plans ready for use; our sites were prepared.
- **Continuous, clear, and uniform communication** is the key to making sure that employees understand and accept the measures to protect against infection.
- **Support needs to be offered** to help employees address concerns and deal with mental stress (counseling, hotlines, etc.).

## WORKING FROM HOME— AN OPPORTUNITY AND A CHALLENGE

Working from home is an important element in the fight against the coronavirus pandemic and will probably have a big influence on how we work in the future. At the start of the pandemic, the debate was dominated by the time saved by not commuting and improvements in work-life balance. However, as time went on, the disadvantages also became clear. Downside factors include social isolation and the problem of homeschooling children.



### OPINION PROF. YASMIN M. WEISS

Lecturer in personnel and organization,  
Faculty of Business Administration,  
Nuremberg Institute of Technology

#### Can working from home be combined with a good work-life balance in the long term?

Working from home makes some things easier, but it also brings new challenges. Spending less time commuting is an immediate benefit, but it can be harder to keep private and work-related tasks apart.

Overall, working from home can improve work-life balance—provided people have a suitable workplace, the right infrastructure, and enough space.

#### How should companies help employees improve their digital skills?

Employers and employees have a shared responsibility for developing the necessary skills. Both sides need to invest in them. Employers should provide suitable training opportunities during working hours, while employees need to bring mental flexibility, the motivation to learn, and time. Given the disruptive, transitive nature of today's world, learning needs to become a daily ritual that is as natural as cleaning our teeth.

#### How will spending less time in the workplace alter leadership and personnel management?

The challenges here include virtual onboarding of new employees and how they can get to know their new colleagues, tasks, and processes. How can productivity and team spirit be maintained? Besides, leadership involves keeping the trust of all relevant stakeholders, for example, employees, colleagues, suppliers, and customers. Open, transparent, and regular communication is essential for that.

#### How will the increase in digital forms of working impact corporate culture and values in the mid-term?

Our culture and values will gradually change. That will include a shift away from the culture of being seen to a culture of leading by objectives, which will give employees greater freedom to choose when and where to work. Many companies will permanently adopt a "hybrid" working style with a combination of on-site and virtual collaboration.



Virtual meetings  
have become  
central to  
working life.

### CORONAVIRUS SPECIAL

Virtual collaboration

#### ! EXPERIENCE FROM EVONIK'S REGIONS

### Brazil: Working from home



Headquarters of Evonik's  
Central & South America region  
in São Paulo (Brazil).

"Change has always made me anxious. At the beginning of the coronavirus crisis, I found it difficult to adjust to working from home. Making sure I was doing my job efficiently without any reduction in quality was challenging. However, I was able to concentrate well because I have a quiet room at home where I can work. I was constantly in touch with my colleagues via the IT tools Evonik provided. That worked well. And I learned to find a balance between work and my private life. Learning good time management was important for me. Not having to commute was positive.

Overall, working from home has many benefits for me. Despite the pandemic, it has helped me improve my quality of life."

**Livia Minami**, Communications, São Paulo (Brazil)

#### ! EVONIK—LESSONS LEARNED

- Switching to virtual collaboration requires **good meeting structures, discipline, and lively interaction** between participants.
- Personal contact** can be kept alive by sharing virtual coffee breaks and networking via digital platforms.
- Digital formats make it easier to **involve international colleagues**

## DO WE NEED A NEW DEBATE ABOUT GLOBALIZATION?

Much of global production entails global supply chains. Raw materials and intermediates are transported around the world for processing, and the finished products have to be distributed to consumers. The pandemic has disrupted these established networks and processes and has left its mark on supply chain management in many sectors.



### OPINION Angela Titzrath

Chairwoman of the executive board of Hamburger Hafen und Logistik AG; member of Evonik's supervisory board

**Reliability of supply has taken on a new significance since the coronavirus outbreak. What do you think will be different after this crisis?**

The coronavirus crisis is establishing a reality that will lead to a new normal. It is not yet foreseeable how far-reaching the changes will be. However, it is already clear that the pandemic is speeding up economic and social change. We will work together differently, and presumably live more consciously and change our consumption patterns.

**Digitalization of all areas of life has gained new momentum in recent months. How have you experienced it in the logistics sector?**

The logistics sector is also experiencing a sharp rise in digitalization. Cost pressure is continuing to increase, so processes need to become more efficient, both within companies and in the supply chain. Working models have also changed. Not just working from home and digital meetings; supply chain management, customer service, and sales based on digital systems are now normal.

**How is climate change affecting global supply chains?**

Transport-related carbon emissions make a big contribution to climate change. The future of logistics therefore needs to be carbon-free. That is the only way to bring increasing freight traffic into line with the objectives of climate protection.

**Sustainability aims to achieve an acceptable balance between economic, ecological, and social decision-making criteria. Has that become more difficult in this global pandemic?**

The pandemic is having a massive economic impact. Some sectors are fighting to survive. In this situation, striking a balance between economic, ecological, and social requirements is difficult. On the other hand, companies that invest in the sustainability of their business model at this time provide a clear signal.

**What was the most important lesson we can learn from the COVID-19 pandemic?**

The future is unpredictable, but we can shape it by constantly broadening our knowledge and being unafraid of change.

### CORONAVIRUS SPECIAL

Production and supply chains

#### EXPERIENCE FROM EVONIK'S REGIONS

### China: Going the extra mile

"All industrial facilities in Shanghai were supposed to stay closed for longer than usual after the Chinese New Year celebrations in 2020. For one of the plants operated by the Care Solutions business line, that would have meant delays in the delivery of ingredients urgently needed to produce hygiene products. The challenge for us was to obtain a permit to restart production during the shutdown. We had to submit the necessary documents to the local authorities under great time pressure. The production team was also in continuous contact with the medical center at Shanghai Chemical Industry Park to get help in



Evonik's production facility in Shanghai Chemical Industry Park in China.

implementing infection prevention measures at the facility. When we obtained our production permit, we faced another obstacle because the restrictions affected logistics. Our supply chain team worked around the clock to obtain the

necessary raw materials. Thanks to the hard work of everyone involved, we were able to start production during the lockdown."

**Sally Liu**, Supply Chain Management Care Solutions, Asia Pacific, Shanghai (China)

#### EVONIK—LESSONS LEARNED

- **Steering committees and task forces** are the basis for smooth coordination and swift action.
- Procurement needs to maintain **intensive and continuous contact** flexibles Handeln.
- **Intelligent shift solutions in production facilities** reduce the risk of infection and keep production running.

## IS THE PANDEMIC GOOD FOR THE ENVIRONMENT?

Less traffic on the roads, empty offices, and grounded planes: The coronavirus pandemic has altered travel and consumption patterns in Germany. However, working from home has increased data volumes and power consumption in private homes.



### OPINION

**Dr. Stephan Ramesohl**

Co-head of the Digital Transformation Research Unit, Circular Economy Division, Wuppertal Institut für Klima, Umwelt, Energie GmbH

Together with Ernst & Young, your institute in Wuppertal has written a report on the environment and digitalization for the Federal Ministry for the Environment (BMU).

**What was its goal?**

The political framework will determine whether digitalization will fan the flames of social and ecological crises or become a toolbox for a sustainable future. Our project supported the German Environment Ministry in the development of its Digital Policy Agenda for the Environment.

**What positive effects on the environment and the climate did you identify?**

One important finding was that increased teleworking can reduce traffic-related greenhouse gas emissions by up to 5 percent.

**But new digital applications tend to increase energy consumption. Is there a way out of that dilemma?**

Radical energy efficiency and using renewable energy to run

computer centers are the keys to climate protection in digitalization. In addition, more attention is being paid to the raw materials used in digital devices. The decisive factors here are durability, the ability to repair devices, and the systematic circularity of materials. In other words, circularity by design.

**In your report, you show that behavioral change declined as the pandemic-related restrictions were eased. How can we bring about lasting change?**

The central question is how to bring about a stable and motivated change in people's behavior, what we refer to as a change of routine. One precondition is a broad spectrum of alternative digital solutions, supported by a new preference for using what is available locally or regionally. That could encourage new social and ecological innovations.

**What about green IT? Ideally, how would IT operate in the future?**

The only solution is energy-efficient operation using climate-neutral power. Plus, the best possible use of heat emissions from servers and computer centers and holistic optimization of software to prevent unnecessary computing operations and data processing. Optical fiber networks are the most energy-efficient option for data transmission.

### CORONAVIRUS SPECIAL

Environmental impacts of COVID-19

#### ! EXPERIENCE FROM EVONIK'S REGIONS

### South Africa: Fighting the pandemic

"When COVID-19 started in Wuhan (China), it all seemed so far away. But when the pandemic reached the coast of South Africa, the reality hit us with full force. President Cyril Ramaphosa declared a state of emergency and a strict lockdown from March 27, 2020. Our site in



Evonik Peroxide Africa (Pty) Ltd, Umbogintwini (South Africa).

Umbogintwini near Durban produces environment-friendly oxidation agents for food and beverage packaging, paper for hygiene applications, and disinfectants. Therefore, Evonik Peroxide Africa was classified as an essential business. Nevertheless, we needed a special permit to continue producing. Other challenges were travel restrictions, border closures, and delays in the delivery of raw

materials and products. We held virtual information meetings for our employees, organized transportation as an alternative to the public transportation system and named a safety officer for the COVID-19 measures at the site. Thanks to the good collaboration of everyone involved, we managed to keep our business running. Evonik Peroxide Africa also donated food and disinfectants to local schools and communities."

**Surikumari Govender**, ESHQ Manager, Active Oxygens, Durban (South Africa)

#### ! EVONIK—LESSONS LEARNED

- Working from home is effective and positive for the **Evonik Carbon Footprint**.
- Many business trips can be replaced by virtual meetings, which reduces our **CO<sub>2</sub> emissions**.
- More widespread use of digital solutions speeds up **efficiency gains**.



## "WE ACTED QUICKLY AND DECISIVELY"

### Mr. Wessel, Evonik came through the pandemic in 2020 comparatively well. Can you explain how?

We were well-prepared and acted quickly and decisively. There were already pandemic plans at all our sites worldwide. We activated them immediately and established steering committees at Group, regional and site levels. In Germany, we made additional agreements with representatives of our employees, for example, works agreements on dealing with the impact of the coronavirus and the introduction of short-time working. Everyone pulled together during those difficult months, and that enabled us to keep the infection out of the company in most cases.

### How did you ensure stringent communication on COVID-19 around the world?

First of all, we had to make sure that our administrative departments could work online. For instance, IT increased the number of VPN tunnels from around 3,000 to over 16,000 within two weeks. That was a tremendous feat!

Our health & safety, finance/liquidity, and production & supply chain task forces were also very important factors in addressing the constantly changing information. In this way, we ensured a rapid response time and continuous communication. Since I chaired the Evonik Group steering committee, I know from my own experience that our colleagues had to handle an enormous workload—from drafting mandatory global guidelines and pooling all information in a daily COVID-19 forum to running a hotline for employees.

### There was a shortage of disinfectants in spring 2020. How was Evonik able to help quickly and pragmatically?

Evonik does not normally produce hand sanitizers as an end-product; we produce high-quality ingredients and additives. However, at the start of the pandemic, we immediately set up a production line for disinfectants, which we supplied free to local hospitals, firefighters, and physicians. We were also involved in a platform organized by the German chemical industry association VDI to ensure an emergency supply of disinfectants throughout Germany.

### Could Evonik's chemical production facilities continue to operate? Were there supply problems?

We ensured high standards of hygiene in our facilities and introduced smart shift solutions. In this way, we were able to keep production running with almost no interruptions. That was helped by the fact that all technical services and energy and power utilities at our sites functioned smoothly.

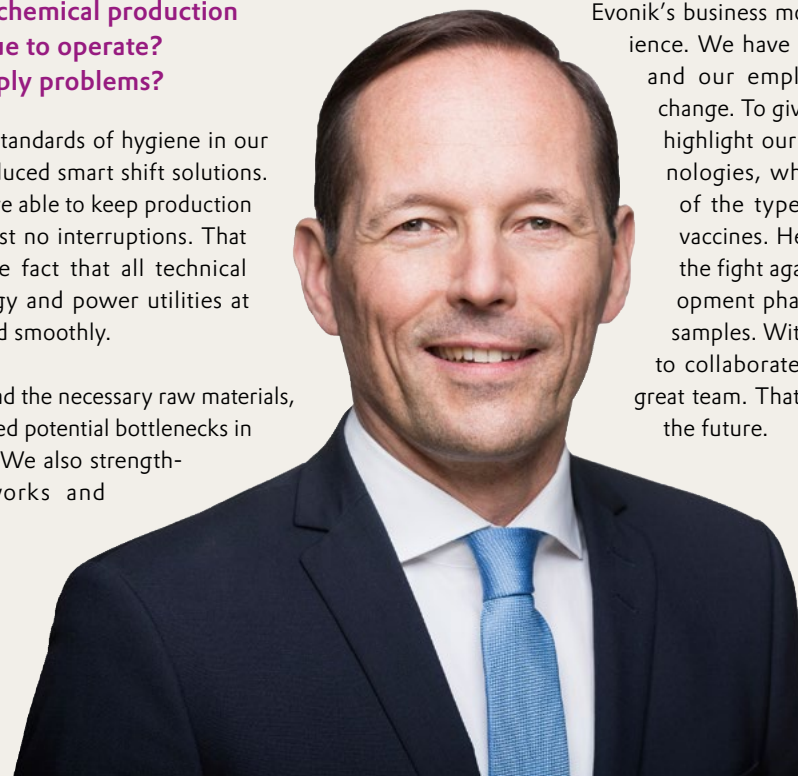
To make sure we had the necessary raw materials, we closely monitored potential bottlenecks in our supply chains. We also strengthened local networks and

strategic partnerships with regional producers. Many of our business processes and the platforms where we interact with our customers and suppliers are digital and internet-based. Together with the use of alternative transportation solutions on the logistics side, that ensured business continuity.

### What conclusions have you drawn from the pandemic in 2020?

The pandemic has brought major changes in the way we work together. We have seen that working from home is effective and that we can collaborate remotely on projects.

Evonik's business model once again showed its resilience. We have enormous innovative capability, and our employees are willing to embrace change. To give you an example, I would like to highlight our expertise in drug delivery technologies, which includes lipid nanoparticles of the type required for the novel mRNA vaccines. Here too, we were able to support the fight against COVID-19—from the development phase to the manufacture of clinical samples. With responsibility and a willingness to collaborate. And most of all: with a really great team. That makes me very optimistic about the future.



THOMAS WESSEL  
Chief Human Resources Officer



# EVONIK IN THE PANDEMIC—DATA, FACTS, FIGURES



## WORKING FROM HOME



<sup>1</sup> Compared with the previous year; see Sustainability Report 2020 p.70, T12.

## EVONIK HELPS OTHERS



**59** metric tons  
→ of hand sanitizer  
were produced and donated to hospitals,  
pharmacies, and firefighters

## REDUCTION IN SCOPE 3 EMISSIONS



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