Evonik Industries AG - Water Security 2020

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Evonik is one of the world's leading specialty chemicals companies. Our strengths include the balanced spectrum of our business activities, end-markets, and regions. Around 80 percent of sales come from market-leading positions, which we are systematically expanding. Our strong competitive position is based on close collaboration with customers, high innovative capability, and integrated technology platforms. Our specialty chemicals products make an indispensable contribution

to the benefits of our customers' products, which generate their success in global competition. Close cooperation with our customers enables us to build up a deep knowledge of their business, so we can offer products tailored to their specifications and extensive technical service. Our technology centers and customer competence centers play an important role in this around the world. Market-oriented research and development is a key driver of profitable growth. This is based on our strong innovation culture, which is rooted in our innovation management and management development. As preconditions for Evonik's future viability, sustainable business activities, and responsible conduct are cornerstones of our business model. We drive forward our sustainability activities along the value chain in intensive dialogue with our stakeholders. As well as our own production processes and the products we market, we always consider the supply chain. We have observed rising demand for products that demonstrate a good balance of economic, ecological, and social factors. That opens up a broad spectrum of future-oriented business opportunities for Evonik in attractive markets. Sustainability has long been a growth driver in many of our businesses. In the light of this, we adopted our new Sustainability Strategy 2020+. Key elements are integrating sustainability into strategic management processes, carbon pricing for all investments, and ambitious targets for the reduction of CO2 emissions and the introduction of global water management.

In the reporting period, our specialty chemicals operations were divided into three chemical manufacturing segments. These operate close to their markets, and customers and have a high degree of entrepreneurial independence. They are supported by a Services segment. The Nutrition & Care and Resource Efficiency segments operate principally in attractive markets with above-average growth rates. Both segments offer customers customized, innovationdriven solutions and the aim is for them to achieve aboveaverage, profitable growth through innovations, investments, and acquisitions. The Performance Materials segment is characterized by processes that make intensive use of energy and raw materials. It therefore concentrates on integrated, cost-optimized technology platforms, efficient workflows, and economies of scale. Our strategic goal for this segment is to contribute earnings to finance the growth of the Evonik Group. Investments and, where appropriate, alliances concentrate on securing and extending our good market positions.

Most of our customers are industrial companies that use our products for further processing. The range of markets in which they operate is diverse and balanced. None of these end-markets accounts for more than 20 percent of our sales.

Evonik has a presence in more than 100 countries, and 83 percent of sales are generated outside Germany. We have production facilities in 26 countries on six continents and are therefore close to our markets and our customers. Our largest production sites, for example, Marl, Wesseling, and Rheinfelden (Germany),

Antwerp (Belgium), Mobile (Alabama, USA), Shanghai (China), and Singapore, have integrated technology platforms used by various units.

Forward-Looking Statements:The following answers to the questions of the Carbon Disclosure Project prepared by Evonik include forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Evonik has based these forward-looking statements on its views with respect to future events and financial performance. Actual financial performance could differ materially from that projected. Forward-looking statements represent estimates and assumptions only as of the date that they were made. The information contained in these answers is subject to change without notice and Evonik does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

W-CH0.1a

(W-CH0.1a) Which activities in the chemical sector does your organization engage in?

Specialty organic chemicals
Specialty inorganic chemicals

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2019	December 31 2019

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

Australia
Belgium
Canada
China
France
Germany
Hungary
India
Indonesia
Italy
Japan
Netherlands
New Zealand
Poland
Portugal
Singapore
Slovakia
South Africa
Spain
Sweden
Taiwan, Greater China
Thailand
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
non-consolidated companies	associated companies, joint ventures and companies whose influence on the asset, financial and earnings situation individually and as a whole is of subordinate importance, are not considered.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Evonik mainly uses water for cooling and for process purposes in production facilities, to generate steam in power plants, and for sanitary requirements. No production could take place without sufficient supply of good quality freshwater. To reduce the use of fresh water, we have established integrated supply systems with graduated water qualities. However about 85% of Evonik´s water intake is freshwater. The main use of freshwater within the supply chain is for the production of raw materials. It is ranked as vital because a lack of availability could influence the security of supply. We expect our future dependency in direct and indirect operations to remain the same as freshwater will remain vital for our production and raw material supply.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Not very important	Direct use: We are committed to responsible use of water and want to save water wherever possible in order to achieve a further reduction in our emissions into water. Whereever possible we do use recycled water for cooling purposes (closed cooling cycles) or use seawater instead. We selected "important" as some of our sites are located in water scarce areas. Thus we assume the reuse of water is becoming more important in future. Indirect use: Usually surface or municipal water is used along the value chain e.g. for irrigation in agriculture based raw materials production like sugar for our fermentation processes or chemical processes. Therefore we do consider the availability of non-freshwater as not very important. We expect our future dependency in direct and indirect operations to remain the same as we do expect a comparable water availability situation across our sites as of today based on forecasts and we expect our suppliers to continue using surface or municipal water.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
Water withdrawals – volumes by source	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
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Water discharges – volumes by treatment method	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.

	% of sites/facilities/operations	Please explain
Water discharge quality – by standard effluent parameters	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
Water discharge quality – temperature	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
Water consumption – total volume	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
Water recycled/reused	100%	Our ecological data comprise emissions and consumption data for 96 production sites in 26 countries and cover entire production volume. The data are compiled using sustainability reporting software developed specially for this purpose. According to our materiality analysis, climate change is one of the three most important sustainability issues. Risks and opportunities related to ongoing climate change scenarios need to be monitored and evaluated carefully. Water use reporting and evaluation is one of the most important topics as water is considered as an essential production resource for Evonik. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain, which Evonik classifies as material. These are closely based on the principles of the WBCSD Portfolio Sustainability Assessments.
The provision of fully-functioning, safely managed WASH services to all workers	76-99	Health and safety of our employees are very important aspects. We constantly monitor and assess our HSE performance including the existence of fully-functioning wash services through our internal audits worldwide, according to annual HSE Audit programs. All our production sites provide fully-functioning wash services to all workers, and we estimate these sites to represent over 90% of Evonik´s total water usage. Since our operations include many small sites and audits are conducted on a random basis, we are not able to guarantee 100% coverage.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	534500	Higher	Evonik sourced a total of 534 million m3 of water. Please note: 223 million m3 (42%) of total water withdrawls is sourced from seawater. The increase compared to 2018 (!data correction!: 490200 megaliters) is to a combination of: the divestment of the methacrylates business; a result from demand-driven drop in production volume and affecting the demand of once-throughcooling water; increase in seawater use for cooling purposes at Jurong Island for a second production facility. As Evonik currently plans to substitute a coal-fired power plant at its largest site in Marl (Germany) by a modern IGCC power plant Evonik expects lower water withdrawl volumes in future as cooling water demand for the IGCC is planned to be lower by 90% compared to the coal-fired unit.
Total discharges	522000	Higher	Evonik discharged a total of 522 million m3 of water. The increase compared to 2018 (!data correction!: 478200 megaliters) is mainly due to a combination of: the divestment of the methacrylates business; a result from demand-driven drop in production volume and affecting the demand of once-throughcooling water; increase in seawater use for cooling purposes at Jurong Island for a second production facility. As Evonik currently plans to substitute a coal-fired power plant at its largest site in Marl (Germany) by a modern IGCC power plant Evonik expects lower water discharges volumes in future as cooling water demand for the IGCC is planned to be lower by 90% compared to the coal-fired unit.
Total consumption	12000	About the same	The difference between total water withdrawl and water discharge is due to the use of water, among other things, to produce steam, in production, and to cover evaporation losses. As Evonik currently plans to substitute a coal-fired power plant at its largest site in Marl (Germany) by a modern IGCC power plant Evonik expects lower water consumption volumes in future as evaporation losses based on cooling water demand for the IGCC is planned to be lower by 90% compared to the coal-fired unit.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	Much higher	WRI Aqueduct	Water withdrawl in areas with water stress almost doubled in 2019 compared to 2018 as seawater demand for cooling purposes at Jurong Island increased from 121500 megaliters in 2018 to 226500 megaliters in 2019 due to increased capacity. We would like to emphasize that 2018 the withdrawl of surfacewater decreased by about 15%. To identify the sites in water-scarce regions we have applied the water stress measurement method of the World Resources Institute (WRI) Aqueduct. We analyzed all sites which are considered environmentally relevant and thus monitored in SuRe, the sustainability reporting system of Evonik in 2019 again. We mapped the total water use to each site that was located in a water-scarce region according to the Aqueduct Tool and defined those sites as “large user”, which used more than 0.1% of our total water use. In this process 23 sites were identified which are located in a water-scarce region and are large water users (more than 0.1%) and are thus relevant for us.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	311200	Much lower	Water withdrawal from fresh surface water is relevant as it is essential for cooling purposes and production processes. While consumption of drinking water was unchanged from previous year, there is a considerable drop in the amount of groundwater and surface water used due to the divestment of Evonik´s polymer-business and a lower demand of products. (!Data correction 2018!: 368700 megaliters). As Evonik currently plans to substitute a coal-fired power plant at its largest site in Marl (Germany) by a modern IGCC power plant Evonik expects lower water consumption volumes in future as evaporation losses based on cooling water demand for the IGCC is planned to be lower by 90% compared to the coal-fired unit.
Brackish surface water/Seawater	Relevant	223300	Much higher	Most of the water available on our planet is salt water. Freshwater only accounts for about 3.5 percent of the total and much of it is still bonded in ice and in the soil. As a result, the effective proportion of surface water available for use by people is about 0.3 percent of total freshwater. Whereever possible we do intent to substitute the use of freshwater by seawater. We consider seawater therefore as relevant. In 2018 we used 121500 megaliters of sea water for cooling purposes at the methionine facility in Singapore. Seawater withdrawl increased significantly in 2019 due to the start-up of a second production complex.
Groundwater – renewable	Relevant	66100	Lower	Water withdrawal from ground water is relevant as it is essential for cooling purposes and production processes. Clean water is a limiting factor for our production and therefore considered essential. E.g. if the water has a high concentration of salts, it will not be appropriate for cooling purposes due to its corrosive characteristics to pipes. All our water withdrawal data includes cooling water. In 2019, our water withdrawals from ground water decreased compared to 2018 by about 16% (2018: 78300 megaliters) as divestment of the methacrylates businesses took place. We expect renewable groundwater use to remain at the same level in future.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	As in previous years, non-renewable groundwater is not relevant in 2019 as we do not use non-renewable groundwater in our operations. We do not have any sites in regions with non-renewable groundwater acquifers. Therefore we do expect unchanged "non-relevance" for our operations in future.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	As in previous years, "produced water"is not relevant in 2019 as we do not use produced water in our operations. Therefore we do expect unchanged "non-relevance" for our operations in future.
Third party sources	Relevant	20700	About the same	Water from third party sources is relevant as we withdraw water from third parties for drinking water in most sites. In addition, water from third party sources is used for production. No significant change in demand took place. In future we do not expect significant changes.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	292000	Lower	Water discharges to fresh surface water are relevant where water can be directly returned to the natural water cycle after being tested as environmentally safe. More than 85% of our water withdrawl from surfacewater has been used as cooling water and does not come into contact with products. It can be returned to the water cycle without further treatment according to relevant official permits. Another 10 Percent of the volume has been used as process water and returned to the water cycle after water treatment in line with the relevant official permits. Compared to the year 2018 there is a considerable drop in the amount of groundwater and surface water used due to the divestment of Evonik´s polymer-business and a lower demand of products. Thus the discharge volume was also much lower. Currently we do not see substantial decrease potential in discharge volume.
Brackish surface water/seawater	Relevant	223300	Much higher	Water discharges to sea water are relevant where seawater is used as cooling water. Evonik considers the use of sea water for cooling as a substantial option in decreasing the use of surface water. In 2019 the discharge of used sea cooling water to the sea increased significantly (2018: 121500 megaliters) due to the start-up of a second new production complex for methionine at our site in Singapore. In future new production plants will also be constructed with sea cooling water thus Evonik expects an increase in the use of sea cooling water respectively discharge to the sea.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	We consider discharge volume to ground water as not relevant as no discharge from Evonik to ground water takes place.
Third-party destinations	Relevant	7000	About the same	Water discharges to third-party destinations are relevant as the water is discharged to third parties treatment plants before it can be led back to the environment. All wastewater is subject to strict controls before it is discharged into the various disposal channels. In 2019, the amount of water discharged to third-party destinations stayed at a similar level as the previous year. As water discharge volumes to third parties destinations do amount about 1.5% of total water discharge volume changes in future are not considered as relevant.

W-CH1.3

(W-CH1.3) Do you calculate water intensity for your activities in the chemical sector?

No, but we intend to do so within the next two years

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number
51-75

% of total procurement spend
76-100

Rationale for this coverage
Evonik cannot evaluate all suppliers, thus a selection based on a combination of country, raw material supplied to Evonik and procurement spent to individual suppliers is made. The online assessments are carried out on Evonik's behalf by the service provider EcoVadis. More than 300 sustainability audits with more than 1000 sustainability assessments have been conducted in 2019. The audit criteria include both the specifications of our code of conduct and industry-specific requirements that we have jointly laid out in the industry initiative Together for Sustainability (TfS). The initiative is intended to help standardize the sustainability requirements of suppliers in the chemical industry. Suppliers receive access to trainings and extensive information material, e.g. on responsible use of water, as offered by capability building conferences and information platforms from "Together for Sustainability" (TfS) where Evonik is a member.

Impact of the engagement and measures of success
The information requested includes HSE and sustainability aspects, e.g. water consumption or water reduction programs.The online assessments are analyzed and documented in order to define specific improvement measures in case of unsatisfactory results. In case of critical results, Evonik requests the suppliers to rectify the identified weaknesses within an appropriate period of time based on specific action plans. By requesting water related information from our suppliers, suppliers become more aware of sustainability topics.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
No other supplier engagements

Details of engagement
<Not Applicable>

% of suppliers by number
<Not Applicable>

% of total procurement spend
<Not Applicable>

Rationale for the coverage of your engagement

Impact of the engagement and measures of success
<Not Applicable>

Comment
<Not Applicable>

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?
No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?
No

W3. Procedures

W-CH3.1

(W-CH3.1) How does your organization identify and classify potential water pollutants associated with its activities in the chemical sector that could have a detrimental impact on water ecosystems or human health?

Our Corporate Policy “Responsibility for Environment, Safety, Health and Quality in the Evonik Group” expresses our commitment to protect and use water responsibly within the company and beyond. This policy shows that water is an important aspect for us and therefore is integrated in our risk assessment together with other non-financial risks. As part of our holistic approach to assess financial and non-financial risks, incl. water risks, we have a combination of complementary methods in place: "Evonik Risk and Insurance Services Ltd" is our key company-wide expert team that has been established because it enables the early identification of any adverse developments that are material and/or could endanger the company’s continued existence, thus satisfying the legal requirements regarding an early warning system for corporate risks. As input legislative changes and academic research are monitored worldwide by our HSEQ and Sustainability Managers. Environmental risks are identified and reviewed continuously as part of the HSEQ management system. We also measure and monitor water withdrawals and use at site level in our Evonik reporting system “SuRe” to identify upcoming risks. Concerning our supply chain, we verify our suppliers’ adherence to the Code of Conduct by continuous supplier assessments and audits. This includes water-related supply chain risks. We receive additional results from audits and assessments of our suppliers within “Together for Sustainability” Initiative. Regular conduct of internal audits do ensure compliance with our standards.

W-CH3.1a

(W-CH3.1a) Describe how your organization minimizes adverse impacts of potential water pollutants on water ecosystems or human health. Report up to ten potential pollutants associated with your activities in the chemical sector.

Potential water pollutant	Value chain stage	Description of water pollutant and potential impacts	Management procedures	Please explain
Chemical Oxygen demand	Direct operations	Chemical oxygen demand (COD) accounts for the highest proportion of wastewater loads. This is the concentration of all substances in the wastewater that can be oxidized under certain conditions. A very high concentration COD may lead to a low content of oxygen in the water.	Compliance with effluent quality standards	Production effluent undergoes multi-step chemical and physical treatment in our wastewater treatment facilities. Separate drainage systems prevent production effluent and cooling water becoming mixed. This means that cooling water can be discharged into rivers with rainwater without treatment. We have also built high-performance collector systems as part of our water protection measures. These are used for intermediate storage of peak wastewater loads which could overburden the wastewater treatment facilities. In this way, wastewater can subsequently be fed gradually to the treatment plants. Wastewater discharged from our sites is carefully monitored by regular sampling and continuous measuring equipment.
Nitrogen and phosphorus	Direct operations	Nitrogen and Phosphorus are additional standard effluent parameters. A high concentration may lead to eutrophication i.e. un-controlled growth of water plants	Compliance with effluent quality standards	Production effluent undergoes multi-step chemical and physical treatment in our wastewater treatment facilities. Separate drainage systems prevent production effluent and cooling water becoming mixed. This means that cooling water can be discharged into rivers with rainwater without treatment. We have also built high-performance collector systems as part of our water protection measures. These are used for intermediate storage of peak wastewater loads which could overburden the wastewater treatment facilities. In this way, wastewater can subsequently be fed gradually to the treatment plants. Wastewater discharged from our sites is carefully monitored by regular sampling and continuous measuring equipment.
Hazardous substances	Direct operations	The release of hazardous substances can result in serious impact on the environment e.g. surface water or groundwater	Measures to prevent spillage, leaching, and leakages	We have developed the safety at Evonik initiative into a group-wide management approach to implement a safety culture in all areas of occupational, plant and transportation safety. It defines binding principles of action that give our managers and employees reliable guidance on safety-compliant conduct in their daily work. Together with substance specific hazard analysis measures to prevent any spilling or leaking of hazardous substances are put in place.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
More than once a year

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise Risk Management
International methodologies

Tools and methods used
WRI Aqueduct
Environmental Impact Assessment
Life Cycle Assessment

Comment
Water is integrated into our company-wide risk management process together with other non-financial risks. We assess risks using a long-term perspective, e.g. likelihood of occurrence based on a period of 10 years. Risks are monitored continuously by the risk owners while the risk portfolio is reviewed twice a year by the Evonik Risk Committee. Environmental risks are reviewed as part of the HSEQ management system and internal audits. Water KPIs are monitored in our central site database SuRe.

Supply chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise Risk Management
Databases

Tools and methods used
WRI Aqueduct
COSO Enterprise Risk Management Framework
Regional government databases

Comment
Health, quality, safety, social and environmental topics play a central role in our procurement strategy. Through our procurement volume, we have a not inconsiderable influence on society and the environment. We are aware of the associated responsibility. In 2019, supplier assessments were conducted by a leading web-based service platform (EcoVadis) for sustainability performance monitoring. This allows us to identify water-related supply chain risks. Furthermore Evonik evaluated all relevant waterways for raw material supply as well as outbound logistic with respect to potential low water level risk in 2019. As a result potential risks have been identified for the river Rhine (Germany) and the river Yangtze (China). Alternative infrastructure/logistic startegies have been developed and put in place.

Other stages of the value chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Enterprise Risk Management
Databases

Tools and methods used
COSO Enterprise Risk Management Framework
Regional government databases

Comment
Our Risk management system also includes downstream risks. using the same process and time horizon stated above.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water withdrawals and use incl. quality parameters are measured at site level and monitored regularly in our central Evonik Sustainability reporting System "SuRe" (method: Internal company knowledge). SuRe allows analyses across several dimensions, e.g. water use, withdrawals and discharges by geography or subgroups/sites/Business Units. Additionally, we have identified the sites in water-scarce regions applying the water stress measurement method AWARE and Aqueduct.
Water quality at a basin/catchment level	Relevant, always included	Water withdrawals and use incl. quality parameters are measured at site level and monitored regularly in our central Evonik Sustainability reporting System "SuRe" (method: Internal company knowledge). SuRe allows analyses across several dimensions, e.g. water use, withdrawals and discharges by geography or subgroups/sites/Business Units. Additionally, we have identified the sites in water-scarce regions applying the water stress measurement methods according to AWARE and Aqueduct.
Stakeholder conflicts concerning water resources at a basin/catchment level	Not relevant, included	We consider this issue not relevant as in the last years no relevant stakeholder conflicts concerning water resources at local level have been identified. As we are consciously managing and monitoring our water use and quality parameters at site level, we currently do not expect this issue to become relevant in the future.
Implications of water on your key commodities/raw materials	Relevant, sometimes included	We consider this issue as sometimes relevant depending on the raw material. To the extent possible, we diversify our supplier's portfolio in order to mitigate possible risks (e.g. water related risks such as decrease in water availability). Regarding the supply of raw materials, our Supplier Code of Conduct and our Sustainability Contract Clause are the main strategy to protect us against sustainability related supplier risks, e.g. it contains aspects related to water management and responsible water use.
Water-related regulatory frameworks	Relevant, always included	The regulatory framework and changes in regulation are taken into account by our ESHQ managers (Internal company knowledge). At a local level, these aspects are also factored in our internal assessments at the production sites and included in the environmental audits. At a local level, these aspects are also factored in our internal assessments at the production sites (e.g. in the context of their ISO 14001 certifications) and included in ESH audits.
Status of ecosystems and habitats	Relevant, sometimes included	In principle, the industrial premises used by Evonik do not include any natural habitats (either protected or restored). However, some of our national and international sites are adjacent to conservation areas. To better identify localespecific aspects of biodiversity and any impact of our operations on biodiversity in these areas, we conduct an annual status review of these sites, which are in constant contact with local interest groups. Five sites are adjacent to conservation areas that are protected by the European Union's Directive on the Conservation of Natural Habitats and of Wild Fauna and Flora (Council Directive 92/43/EEC). For example, as part of a project for which authorization was required, a study was conducted in accordance with Directive 92/43/EEC on the Marl Chemical Park to evaluate the potential adverse impact of our activities on the conservation area. Regular review and updating of environmental data is important to ensure that timely action can be taken in the event of any negative impact. Six further sites are adjacent to conservation areas that are regulated by country-specific legislation. Our site in Mobile (Alabama, USA) is close to the Fowl River. The US environmental agency EPA is currently altering the status of this watershed area around this river to a water conservation area. Evonik is a member of the Fowl River Forever steering committee that is working on a management plan to protect and improve the water quality. Recently developed by Evonik´s sustainability experts is GiSSus. GISSus is an abbreviation for Global information system on Sustainability which includes, among others, information on protected areas in the neighborhood of Evonik sites. This information is based on a comparison of the geographical coordinates against internationally recognized protected areas as well as information provided directly by the individual sites.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	ESHQ managers constantly assess our ESHQ performance incl. water related aspects and fully-functioning wash services through our internal standardized audits at our sites worldwide.
Other contextual issues, please specify	Not considered	

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	We consider customers as relevant as they have a significant impact on the success of our business. We include customers in our regulatory and internal assessments e.g. by evaluating possible regulatory and reputational consequences of the occurrence of chemical residues in the water for our product portfolio. The method of our Engagement consists of analysing needs and satisfaction as well as complaints by our customers, and thus foster partnership-based cooperation and dialogue with them. Furthermore,Evonik conducts a comprehensive stakeholder dialog anually where costumers are included. Finally materiality analysis are conducted regularly every two years including customers.
Employees	Relevant, always included	Employees are relevant in water risk assessment as sanitation and hygiene is important for us as mentioned in our ESHQ guideline, therefore we include employees in our regulatory and internal assessments as well as we have several initiatives to create awareness for water use and consumption.The key employee-related risk- factor considered in our water-related risk assessments is a potential decline in employee satisfaction, which we assess through a Group-wide Employee Survey, being conducted about every two years. Our method of Engagement is assessing employees´satisfaction with Evonik as an employer with the help of institutionalized Feedback discussions and a Group-wide Survey about every two years. Furthermore,Evonik conducts a comprehensive stakeholder dialog anually where employees are included. Finally materiality analysis are conducted regularly every two years including employees..
Investors	Relevant, always included	We consider investors as relevant in our risk assessment because water related risk and opportunities could have an impact in their investment decisions. Therefore, we include investors in our regulatory and internal monitoring and assessments and we disclose the relevant information on water topics in our CDP Report and as part of other important sustainability ratings e.g. Dow Jones Sustainability Index. For example, our investor base comprises investors that require Evonik to report on its sustainability performance, incl. topics such as water. Not meeting our investors' expectations could negatively impact their investment decision. We continued our open communication with sustainability-oriented investors. The focus of capital market participants was on business ethics, reputation and the future sustainability strategy. Other important subjects included product stewardship and safety, access to medicines and our responsibility toward the environment, showing the importance of water-related issues, among other environmental topics, for their decisions. We include investors in our internal monitoring and assessments and we disclose the relevant information on water topics in our Annual Report and in our CDP Water Report as well as a part of other important sustainability ratings, e.g. Sustainalytics. Furthermore, we have regular dialogues with investors, analysts and rating agencies, and conduct roadshows and investor conferences as well as stockholder forums. We explain our strategy and implementation of our non financial targets, and provide information on the most important fields of our sustainability activities, including water-related topics. In 2019, our investor relations (IR) activities were centered around providing capital market participants with a continuous flow of information. We took part in a number of conferences last year. Together with our IR-Team experts from corporate sustainablity are always on board.
Local communities	Relevant, always included	We consider local communities as relevant in our risk assessment because the acceptance of the local community is key for the successful operation and the reputation of Evonik. Furthermore, local communities play a decisive role in the success of any investment project. Local communities are one of the groups of stakeholders included in our regulatory and internal assessment. We are working on bei ng recognized everywhere as a reliable partner and attractive employer that is aware of its social responsibility. In the case of investment projects for example, the involvement of the local community plays a decisive role in ensuring their success. In the communities near our production sites in particular, we keep an open dialogue between community members and local management, which is supported by the respective country organization. This dialogue includes personal discussions with citizens' initiatives, representatives of church communities and the regional press. This community dialogue is anchored in a globally valid corporate policy on site management.
NGOs	Relevant, always included	We consider NGOs as relevant in our risk assessment as in specific cases they could have an impact on our reputation and therefore affect our business growth. NGOs are included in our risk assessment for specific topics such as the evaluation criteria of the sustainability performance of our business lines. Here, an exchange among companies and NGOs is taking place in forums and other exchange platforms. Exchange with different NGOs is communicated to the Board of Management and its content is thereby incorporated into our considerations. For example developing our sustainability strategy including several water topics we have had several meetings with NGO´s on corporate level in Essen (Headquarter) to learn about their opinion how sustainability should be definied to make it measureable.
Other water users at a basin/catchment level	Relevant, always included	We consider other water users at a local level as relevant in our risk assessment because they could have an impact on the water quality and quantity in a river basin we are also located in. We include other water users at a local level in our risk assessment and we continuously conduct comprehensive benchmarking and best practice analyses including other companies and competitors to identify risks and opportunities at a global and a local level. They are also included in our water assessment process for our water target. It is essential to us to maintain an open and active dialogue with all our stakeholders, including water users that share the same water source. For example at our largest site in Marl (Germany) we conduct regular meetings with the neighbourhood sharing the same water resources.
Regulators	Relevant, always included	We consider regulators as relevant because regulatory changes can have a significant impact on our business strategy. For example risks considered include a change in withdrawal limits that could pose a risk to our investment decisions or a change in emission limits in wastewater which could result in higher operating costs.The regulatory framework and changes in regulation are included in our risks management as method of engagement based on the analysis made by our ESHQ experts. At a local level, these aspects are also factored in our internal assessments at the production sites and included in the environmental audits. At some sites, we also maintain periodical meetings with the authorities, in order to follow potential changes in regulation.
River basin management authorities	Relevant, always included	We consider river basin management authorities as relevant because they set thresholds for the quantity of water withdrawal and discharge and monitor water quality which is both important for our operations. With water being crucial for our production, a change in water withdrawal-, discharge- and emission limits could pose a RISK for our sites. Our Engagement in this context consists of continous Dialogue with authorities, ministries at local, national and international Level. Furthermore we do participate in specialist Workshops and cooperation projects.
Statutory special interest groups at a local level	Relevant, always included	We consider statutory special interest groups at a local level as relevant because they have statutory risks aligned to ours. Therefore they are included in our regulatory and internal assessments. Our collaboration with these interest groups is important for best practice sharing for water-related issues and for the follow-up of regulations and lobbying activities. In Germany, we actively participate in environmentally related working groups in the German Chemical Industry Association (VCI) as well as in the European Chemical Industry Council (Cefic).
Suppliers	Relevant, always included	We consider suppliers as relevant in our risk assessment because they can strongly impact our operations. Risks considered in our Supplier assessments include their adherence to water-related regulation, for example with regard to discharge parameters and withdrawal limits and reputational aspects. Therefore Evonik aims at ensuring a sustainable supply chain management. Suppliers are included in our risk assessment. They have to comply with the Supplier Code of Conduct that addresses a responsible water management by Evonik´s suppliers. Our method of engagement consists of covering water use, risks and management aspects through our suppliers' sustainability performance monitoring. This monitoring is done through on-site audits by external independent audit partners as well as online assessments carried out by a leading web-based platform for sustainability monitoring (EcoVadis).
Water utilities at a local level	Relevant, always included	We consider water utilities/suppliers at a local level as relevant in our risk assessment because they can strongly impact our operations e.g. through supply bottlenecks or major price fluctuations. As water is a limiting factor for our production, these risks are always factored in to our assessments. Evonik minimizes supplier-related risks through Long-term contracts and active supplier Management. This helps us to ensure smooth production processes. For example our sites are in regular contact with their water suppliers.
Other stakeholder, please specify	Not considered	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

A) We use different methods as part of our holistic approach to assess water risk in our own operations (WBCSD Tool/WRI definition, Stakeholder Check; AWARE Tool; Aqueduct) and in the supply chain (e.g. EcoVadis). To discuss the results of our water scarcity analysis and their relevance for Evonik we also use internal company knowledge and tools. SuRe our sustainablility reporting system is integrated company-wide. SuRe is used to record ESHQ data and is integrated in the sustainability reporting, ensuring data quality and transparency within the company. We also integrate audits and web-based monitoring methods (e.g. EcoVadis) in our supply chain management. EcoVadis offers a standardized assessment method for an extensive scope of suppliers. RiskManagementTool 360° by logistic company DHL helps to stay informed about incidents regarding waterways globally.

B) Tools are applied company-wide. Re-assessing our internal water stress analysis in 2019 results in 23 potentially affected production sites within the next 20years according to the Aqueduct tool. Site specific emergency plans are under development.

C) The risk owners decide on a targeted risk level based on a cost-benefit analysis and define a risk management strategy as well as risk m anagement measures. These include risk avoidance, risk reduction, risk transfer a nd risk acceptance. We address site-level risks e.g. flooding through our local crisi s organization. We have implemented early warning systems, ensure continuous reporting and carry out regular crisis simulation exercises. Business Continuity Management assesses such risks and defines appropriate measures together with the responsible specialist units. Supplier online assessments and audits are analyzed and documented in order to define improvement measures in case of unsatisfactory results.

D) Water is integrated into our risk assessment using a long-term perspective i.e. likelihood of occurence is calculated beased on a period of 10years.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?
No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

SUBSTANTIVE FINANCIAL IMPACT:

Evonik defines risks and opportunities exceeding 100 Mio. € (expected value or following the risk matrix) over a period of three years as substantial. Those risks and opportunities are separately reported within the financial report. Risks with a potential above 500 Mio. € are considered endangering for the existence of the company.

ASSESSMENT

In order to make a meaningful analysis of identified risks possible, the risk must be described appropriately. The cause and effect of the risk are also to be described. A risk owner must be named to ensure that the risk is handled and monitored adequately in the following process steps. The risk owner must have the required authorities and competences. Risks are assessed based on comprehensible and uniform criteria. The purpose of the assessment is to prioritize identified risks and thereby shine a clear light on the most important topics concerning the company's success. A netting of risks and opportunities is not allowed

Risks are assessed according to their net potential impact and likelihood of occurrence after implementation of mitigation actions.

The assessment is done based on the two criteria, probability of occurrence and impact.

Risks can be assessed as point values or ranges and for some exceptions a purely verbal assessment is allowed. As shown in our financial report we classify the probability of occurrence as low (1 – 10%), medium low (11 – 25%), medium (26 - 50%), medium high (51 - 75%) and high (76-100%) and the impact as low (0– 10 Mio. €), medium low (10– 100 Mio. €), medium (100– 250 Mio. €), medium high (250– 500 Mio. €) and high (> 500Mio. €) over a period of three years.

Impact is rated either quantitative or qualitative. The quantitative assessment reflects mainly impact on adj. EBITDA; if adj. EBITDA is no adequate KPI other impacts such as adjustments or taxes are assessed. A qualitative assessment is mainly based on pre-defined criteria (if applicable): attaining company goals, damage to reputation, required management time and obligatory report authorities. For all categories an individual description for each classification from low to high is provided. Hypothetical risks, that is, risks with an extremely low probability of occurrence, are classified as irrelevant, regardless of their potential effect. These include, for example, natural events such as earthquakes that, statistically, occur only once every 100 years. The classification of risks as hypothetical should always be done on the basis of commercial prudence.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Re-assessing earlier conducted water stress analysises considering also substantial divestments like the divestment of the methacrylates businesses in 2019 resulted in 23 potentially affected production sites within the next 10-20years according to the Aqueduct tool globally. However none of the identified risks can have substantive impact on Evonik Industries as defined. Rational: Based on our definition of substantive financial impact/risk we evaluated the water scarcity classes of all 23 sites in combination with EBITDA contribution. Scarcity classes "high" (12 sites) and "extreme"(1 site) were considered as ">50% probability". Site-specific EBITDA contribution calculated on financial figures 2019. Even though no potential substantive financial impact due to water stress could be identified adaptation and mitigation strategies are under development site-specifically to avoid any negative impact on Evonik´s businesses. Through our procurement volume, we have a not inconsiderable influence on society and the environment. We are aware of the associated responsibility. In 2019, supplier assessments were conducted by a leading web-based service platform (EcoVadis) for sustainability performance monitoring. This allows us to identify water-related supply chain risks. No direct rawmaterial based risks e.g. rawmaterial availability could be identified. Furthermore Evonik evaluated all relevant waterways for raw material supply as well as outbound logistic with respect to potential low water level risk in 2019. As a result potential risks have been identified for the river Rhine (Germany) and the river Yangtze (China). Alternative infrastructure/logistic startegies have been developed and put in place.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	The security of supply with raw materials is one of the essential tasks of Evonik´s procurement department. In order to minimize possible risks related to single sourcing strategies regular strategy meetings with the risk management are held based on risk-scorecards. Beside aspects of potential liquidity crisis of suppliers the evaluation of the risk-scorecards do consider potential supply bottleneck due to sole-source, single-source or critical supplier country. Risk analysises are additionally conducted by ERIS i.e. industrial insurances an affiliated company of Evonik Industries AG. ERIS mandated KA Köln Assekuranz Agentur GmbH, an agency of ERGO (Munich Re Group), to carry out a high level global risk evaluation and ranking study and received a “K.A.R.L. Portfolio Analysis” for all production sites worldwide. K.A.R.L. is an expert system developed by KA Köln Assekuranz Agentur GmbH to precisely identify whether and to what extent locations are threatened by natural hazards like hurricans, hailstorm, earthquake and of course water risks and to classify the risks on site by using extensive scientific databases such as NATHAN, Munich Re Globe of Natural Hazards, by using the wind and weather data collected by over 5,000 weather stations worldwide and a digital elevation model spanning the entire world. ERIS is now capable of ranking all Evonik facilities according to their risk category in respect of natural hazards in order to prioritize next steps if necessary. Furthermore Evonik evaluated all relevant waterways for raw material supply as well as outbound logistic with respect to potential low water level risk in 2019. As a result potential risks have been identified for the river Rhine (Germany) and the river Yangtze (China). Alternative infrastructure/logistic startegies have been developed and put in place.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	Evonik sees opportunities for cost savings and increased efficiency waterwise in principle on the operation side e.g. lowering the demand of cooling water. However these topics do not represent potential substantive benefits.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy, but it is not publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitment to water-related innovation Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace	We are committed to responsible use of water and want to save water wherever possible in order to achieve a further reduction in our emissions into water. A good water supply is one of the most important preconditions for smooth production because water is one of the main process auxiliaries used in the chemical industry. Further more we do consider water as a global topic and we judge water as one of our main environmental aspects. The availability of fresh water is a growing concern aroiund the world and thus represents a challenge. Therefore we do consider the responsible use of water within our ESHQ-policy. In place of our previous group-wide target for a reduction in specific water intake we are developing site-specific action plans. to take account of projections for climate change and socio-economic developments we are identifying the site which will be most affected by water stress in the next 20 years. At these sites we want to take specific precautions and measures; for example examing alternative cooling systems and transportation options and the possibility of reducing the volume of process water. Evonik mainly uses water for cooling and for process purposes. Please check pages 56ff evonik_sustainability_report_2019.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Director on board	The highest level of responsibility for water-related issues lies with the member of the Board of Management responsible for Human Resources, Environment, Safety, Health and Quality. As CHRO he carries responsibility for the Group-wide Sustainability Program incl. water-related targets and measures. Reason: Sustainability incl. sustainable water management is part of Evonik´s corporate strategy. Thus board-level oversight was appointed. The CHRO is one of 4 corporate directors on the board. The position was selected to ensure that water-related risks and opportunities are identified at segment level and water-related targets and measures are driven across all relevant sites Evonik-wide. The CHRO is the superior of the Head of Corporate Environment, Safety, Health, Quality and Security. Relevant topics in the field of sustainability incl. water-related topics are discussed during their regular meetings. In addition CHRO and Head of ESHQ are members of the Corporate Responsibility Steering Committee and the Corporate ESHQ Steering Committee, both chaired by the Chief human ressource officer. Relevant topics in the field of sustainability, environment, safety, health and quality including the status and progress of various programs are discussed with the Heads of Evonik´s segments and members of Evonik´s extended board on a quaterly base. CONTRIBUTION OF GOVERNANCE MECHANISMS TO BOARD OVERSIGHT: The governance mechanisms selected ensure that the Board has a comprehensive view on climate-related issues and can ensure a coherent and Group-wide response, if needed.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives	Water-related strategic decisions are brought up in board discussions by the Head of Corporate Environment, Safety, Health and Quality (ESHQ) or the CHRO as needed. The ESHQ Head informs the board about environmental KPIs incl. water-related KPIs and target achievement in the context of the annual Board meeting dedicated to the approval of our Annual Report (AR). The CHRO, the CEO and the COO are informed several times by the AR taskforce during the reporting cycle. The Head of ESHQ monthly reports ESHQ KPIs to the CHRO. The governance mechanisms selected contribute to an informed view of the Board on water-related issues and ensure a coherent and Groupwide response, if needed. e.g. through the reporting of water-related KPIs, the Board can ensure a Group-wide response in case of any deviations of water parameters from the required values. Through the integration of water-related issues in major investment decisions, the regular review of water-related risks, and the integration of water-related issues in the review of strategic decisions or R+D priorities, the Board can ensure e.g. an adequate inclusion of water risks and opportunities in our business, sustainability or risk management strategy. E.g. all significant capital expenditures undergo an ecological assessment.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (C-ESHQ - senior vice president of corporate ESHQ (environment, safety, health and quality) with direct report to the board)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The position was selected for oversight of all climate-related issues to ensure climate-related targets and measures are driven on a Group level to ensure a comprehensive and cohesive approach to climate protection. Relevant topics in the field of sustainability, environment, safety, health and quality including the status and progress of various programs are discussed between CHRO, Head of ESHQ and the Heads of Evonik´s segments and members of Evonik´s extended board on a quaterly base. The Heads of the segments are responsible to implement the strategic aproach decided on group level within their segment. RATIONALE: Sustainability including climate protection is a core element within Evonik´s business strategy and risk management. As the corporate structure of Evonik consists of three different business units supported by a fourth one providing infrastructure services only on corporate level can be assured that an overarching approch takes place with respect to sustainability.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Evonik`s organizational processes are designed to ensure a common approach for all direct and indirect engagement activities, consistent with our policy on sustainable water use - across divisions and geographies. Head of Corporate ESHQ, reports directly to the Chief Human Resource Officer of Evonik Industries. In addition both positions are members of the Corporate Responsibility Steering Committee and the Corporate ESHQ Steering Committee, both chaired by CHRO. Relevant topics in the field of sustainability, environment, safety, health and quality including the status and progress of various programs are discussed between CHRO, Head of Corporate ESHQ and the Heads of Evonik´s segments on a quaterly base. The involvement of these representatives in the Committee mentioned ensures the consideration of our overall climate change strategy in all political activities and the alignment of the activities with our strategy.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)
Evonik_Financial_Report_2019.pdf

Please check pages 50 and 62

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Through the establishment of sustainability goals we included water-related topics into our long-term non-financial business objectives with a special focus on resource efficiency. For instance, we set the target to establish a water management at all sites in water-scarce regions effective 2019 focusing on issues such as water efficiency and alternative technologies. In addition a much broader analysis on sustainability topic including water topics is currently conducted on product level evaluating contributions towards the UN-SDG - Sustainable development Goals. Integrating sustainability into our long-term business objectives, leads to projects with sustainability and business relevance. The development of non-financial goals influenced the awareness of the importance of sustainability within the company for securing Evonik´s license to operate.
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	We have developed the Sustainability Analysis 2.0 to analyse the sustainability opportunities and challenges facing our businesses along their value chains. The findings of our Sustainability Analysis 2.0 are designed to supplement established internal strategic business analyses. Transparent and quantifiable evaluation of sustainability aspects is necessary to include this perspective in business decisions. A sustainability analysis of all Evonik's chemicals businesses is performed at the level of PARCs (= Product-Application-Region Combinations). The core elements of our analysis are sustainability criteria relating to the ecological and social issues along the value chain. These are closely based on the principles and content of the WBCSD Portfolio Sustainability Assessments (PSA). Water use and water availability are two of them. The analysis uses a variety of Group-wide reporting and analysis tools, e.g., CRM systems, controlling, ESHQ, procurement. In addi-tion, we use business-specific information. The results of our Sustainability Analysis 2.0 provide a transparent insight into: • the exposure of our business to issues that are critical for their reputation (e.g., product stewardship, regulatory trends) • the extended possibilities of product development (e.g., the sus-tainability profiles expected by customers and end-markets) • our contribution to reducing our ecological footprint and maximizing our hand print along the various value chains
Financial planning	Yes, water-related issues are integrated	5-10	Water issues are integrated into financial planning, as investment decisions are made by considering ESHQ topics like water use and emissions. Water resource considerations are factored into location planning for new operations impacting our investment decisions. According to Evonik´s guideline for investments all investments to be decided by the board (> €10 million) must be evaluated with regard to their environmental impact by a separate ESHQ-Questionnaire. The assessment includes both a product and process evaluation. The process evaluation assesses the impacts of the new investment projects on the local environment which are specific to the location and the facility (e.g.water use and emissions into water). We are convinced that this extended risk assessment contributes to secure long-term investments. The time-horizon of 5-10 years is in line with Evonik´s investment cost calculations over a period of 10 years.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)
0

Anticipated forward trend for CAPEX (+/- % change)
0

Water-related OPEX (+/- % change)
0

Anticipated forward trend for OPEX (+/- % change)
0

Please explain
We do not see any significant change in water-related CAPEX or OPEX expenditures as cost for water use are of minor importance for Evonik. Even though we have planned to reduce the amount of water for cooling purposes by replacement of a coal-fired plant by a integrated gas-fired combined cycle plant substantially the resulting reduction in OPEX expenditures are neglectable.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	To identify the sites in water-scarce regions we have applied the water stress measurement method of the World Resources Institute (WRI) Aqueduct. We analyzed all sites which are considered environmentaly relevant and thus monitored in SuRe, the sustainability reporting system of Evonik in 2019 again. We mapped the total water use to each site that was located in a water-scarce region according to the Aqueduct Tool and defined those sites as “large user”, which used more than 0.1% of our total water use. In this process 23 sites were identified which are located in a water-scarce region and are large water users (more than 0.1%) and are thus relevant for us. 13 sites were classified with water scarcity class "high" or "extreme".

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

No

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Evonik has discussed internally the possibility of introducing an internal Price of water in 2019 again. As a result of this discussion process shadow pricing does not seem to be an appropriate or meaningful approach as supplier prices for water do vary substantially than shadow prices available in literature. This may lead to bias the profitability of Investments unjustified under current real conditions.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level	We have identified water-related targets rather to be site-specific than globally. Therefore we replaced our global specific reduction target by a site-specific one. Based on a comprehensive analysis of about 96 sites in 26 countries Evonik identified the sites in water-scarce regions applying the water stress measurement method of the World Resources Institute (WRI) Aqueduct. Based on socio-economic scenario analysis we projected water availability and water demand site-wise for the next two decades. We analyzed all sites which are considered environmentally relevant and thus monitored in SuRe, the sustainability reporting system of Evonik in 2019 again. We mapped the total water use to each site that was located in a water-scarce region according to the Aqueduct Tool and defined those sites as “large user”, which used more than 0.1% of our total water use. In this process 23 sites were identified which are located in a potentially water-scarce regions and and potentially affected by water stress within the next two decades. For all relevant sites we have put a target in place to develop a site-specific emergency plan with mitigation and adaptation measures to be considered in the case of real water stress.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Water consumption

Level
Company-wide

Primary motivation
Climate change adaptation and mitigation strategiess

Description of target
Development of site-specific adaptation and mitigation plans to fight/avoid water stress in potentially affected regions according to Aqueduct water tool

Quantitative metric
Other, please specify (Number of sites with finalised adaptation / mitigation plans)

Baseline year
2020

Start year
2020

Target year
2025

% of target achieved
5

Please explain
As we have started recently with the new target initial activities were started like presentations and raising awareness of site management.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
Yes
evonik_sustainability_report_2019.pdf

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total water withdrawl for all environmentally relevant sites worldwide	ISAE 3000	Total water withdrawls are described in Evonik´s sustainability report 2019 Thus they are included in the verification process by the auditor PricewaterhouseCoopers GmbH. Please note: Figures provided within the sustainability Report partly are based on projections for q4 as agreed with the Auditor to meet the sustainability Report publication timeline. Thus figures in sustainability report may vary from measured figures reported in WaterCDP. Please do check pages 51 and 56ff of attached report - Auditors statement on pages 97ff
W8 Targets	Water target	ISAE 3000	Water target is described in Evonik´s sustainability report 2019. Thus they are included in the verification process by the auditor PricewaterhouseCoopers GmbH. Please do check pages 51 and 56ff of attached report - Auditors statement on pages 97ff

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	The highest level of direct responsibility for climate change lies with the member of the Board of Management responsible for Human Resources, Sustainabilty and HSE (Health, Safety and Environment)	Director on board

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	13108000000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SW0.2a

(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	DE	DE000EVNK0

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	No, this is confidential data	

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

Requesting member
L'Oréal

Category of project
New product or service

Type of project
New product or service that has a lower upstream water impacts

Motivation
improvement of water footprint

Estimated timeframe for achieving project
4 to 5 years

Details of project
to be definied mutually

Projected outcome
to be definied mutually

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?
No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Investors Customers	Public	Yes, submit Supply Chain Questions now

Please confirm below
I have read and accept the applicable Terms