EVONIK INDUSTRIES

PERSPECTIVE CHANGE

SUSTAINABILITY REPORT **2015**

Key figures for the Evonik Group

T01 Key figures

in € million	2011	2012	2013	2014	**2015**
Sales	14,540	13,365	12,708	12,917	13,507
Adjusted EBITDA[a]	2,768	2,467	1,995	1,882	2,465
Adjusted EBITDA margin in %	19.0	18.5	15.7	14.6	18.2
Adjusted EBIT[b]	2,099	1,887	1,404	1,256	1,752
ROCE[c] in %	18.7	20.4	15.1	12.5	16.6
Net income	1,011	1,165	2,054	568	991
Adjusted net income	1,256	1,076	806	782	1,128
Earnings per share in €	2.17	2.50	4.41	1.22	2.13
Adjusted earnings per share in €	2.70	2.31	1.73	1.68	2.42
Total assets as of December 31	16,944	17,166	15,883	15,685	17,005
Equity ratio as of December 31 in %	35.8	31.9	43.0	41.6	44.6
Cash flow from operating activities	1,309	1,420	1,055	1,066	1,971
Capital expenditures[d]	830	960	1,140	1,123	877
Depreciation and amortization[d]	647	580	585	606	700
Net financial debt/assets as of December 31	–843	–1,163	571	400	1,098
No. of employees as of December 31	33,556	33,298	33,650	33,412	33,576

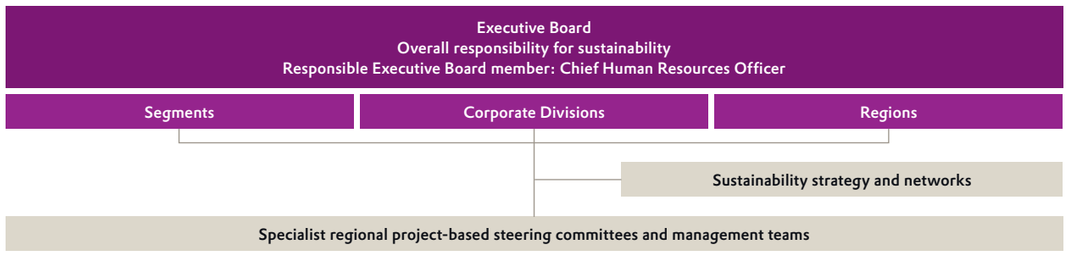
Figures for 2012 and 2013 contain the former Real Estate segment as a discontinued operation.
2014 figures restated.

[a] Earnings before financial result, taxes, depreciation and amortization, after adjustments.
[b] Earnings before financial result and taxes, after adjustments.
[c] Return on capital employed.
[d] Intangible assets, property, plant, equipment and investment property.

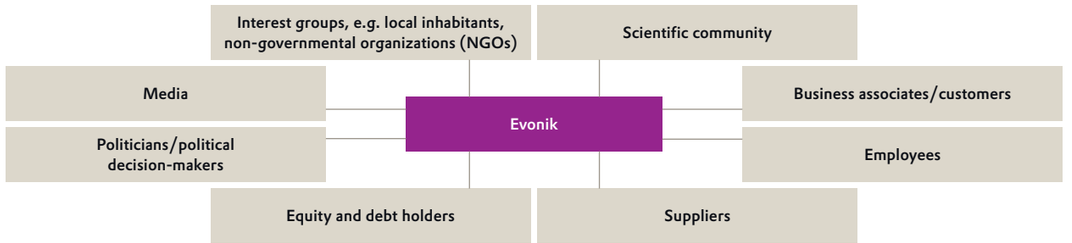
Differences between the data and totals are due to rounding differences.

C01 Corporate structure

C02 Sustainability management at Evonik



C03 Evonik's stakeholder groups



C04 18 sustainability aspects identified are bundled in six areas of action

Strategy & growth
- Sustainability strategy and management as part of corporate strategy
- Innovations/technologies
- Customer satisfaction
- Particular challenges and business options (population growth, health, growth markets)

Governance/compliance
- Compliance
- Responsible management/ corporate governance
- Morals & ethics (in business)/ sustainability management in the supply chain (standards)

Safety
- Plant safety
- Occupational safety/health protection and promotion
- Transportation safety and logistics
- Product stewardship

Sustainable products and solutions
- More sustainable products/ products and solutions
- Efficient use of scarce resources/materials

Environment
- Climate change and emissions into the air
- Water management
- Waste management

Employer excellence
- Appeal as an employer
- Qualification/training, advanced training

CONTENTS

KLAUS ENGEL
Chairman of the Executive Board

THOMAS WESSEL
Chief Human Resources Officer

DEAR READERS,

Sustainability is a major factor of success at Evonik Industries. We are convinced that profitable growth and future business success are based in large measure on foresighted and responsible behavior. This is the kind of behavior we expect and receive from every one of our 33,000 employees all over the world. The ability to look at things from a variety of perspectives is one of the requirements for progress in every area: the continuous improvement of our production processes, the planning and commissioning of new facilities, and the introduction of market-ready products. In our operations, we aim to provide innovations that make people's lives healthier and more rewarding; to enable our customers to reduce their own environmental footprint; and to ensure that the principles of good corporate governance, as well as environmental and social responsibility, are firmly integrated into our daily activities at Evonik.

In many of our business operations, we have found that sustainability is a growth driver and a key criterion in customers' purchasing decisions. Our customers want to have products and solutions that are the result of finding the right balance between economic, environmental, and social considerations. We take all of these considerations into account in our sustainability strategy. As we implement this strategy, we focus on worldwide megatrends in the areas of health, nutrition, resource efficiency, and globalization. In addition to the creation of economic value, we always keep social, environmental, and climate policy aspects in mind.

Environmental performance assessments help us to make the effects of our products transparent. This strengthens our credibility as a reliable provider of solutions for our customers and helps us to continuously improve the sustainability of our business operations. One example of that is the amino acids we produce for animal feed. The addition of the amino acid DL-methionine to animal feed makes an important contribution to all three dimensions of sustainability—environmental, economic, and social. Independent studies confirm that the addition of DL-methionine to feed significantly decreases greenhouse gas emissions as well as reducing the amounts of water and land that are required for animal nutrition.

The safety of our facilities, and thus the protection of our employees and our neighbors, are more important to us than sales and profits. We have firmly established our high standards at all of our locations through a safety culture that is uniform throughout the Group and in binding principles of conduct. Last year more than 90 percent of our production employees throughout the world participated in the associated training programs.

Beyond the confines of our own plant gates, we are promoting transparency and sustainability along the entire supply chain. Part of this effort involves expanding our relationships with strategic suppliers and providing qualification programs for new suppliers. We expect our suppliers as well to comply with our high standards of safety, health, environmental protection, labor norms, and other core aspects of sustainability. Evonik is a founding member of the sector initiative Together for Sustainability (TfS), which aims to establish uniform standards of sustainable procurement for the entire sector. These standards include the evaluation and auditing of suppliers. As a TfS member, we regularly submit ourselves to this evaluation process. At the beginning of this year, Evonik received a Gold rating for sustainability for the third time in a row. This result puts us among the top two percent of all the companies that were evaluated.

As part of our long-term strategy, we continued to analyze the sustainability of our business operations in 2015 and expanded this analysis to all 22 business lines in the three chemical segments. As a result, about 94 percent of the Group's sales in 2015 were covered by this evaluation. The evaluation process revealed that our chemical segments already generate half of their sales with products whose use makes a demonstrable contribution to improved resource efficiency. In the current year we will continue to deepen the sustainability analysis of our business operations.

Evonik is in continuous contact with a broad range of interest groups. These groups include our employees, the people living near our production facilities, customers and suppliers, shareholders, representatives of science and research, nongovernmental organizations, policymakers, and the media. In our dialogue with these stakeholders, we experience the change of perspective that is an important prerequisite for the continuous adaptation of our business activities in line with diverse positions, requirements, wishes, and suggestions. The result is a sustainability performance that is publicly recognized. Evonik occupies an excellent position in major rankings of sustainability. For example, in 2016 we were honored for the first time with a Silver Class award as a Sustainability Leader in the renowned sustainability yearbook published by RobecoSAM. We were immediately placed in the Top Ten of the approximately 70 chemical companies all over the world that were evaluated for the yearbook.

As a corporate group, Evonik is a part of society and of public life. And as a good corporate citizen, we want to be part of the response to the challenges that affect our society as a whole and to take responsibility for the well-being of our fellow human beings. A special challenge that we face today is the large number of refugees—in Germany, the rest of Europe, and many other parts of the world. We believe it is our duty to alleviate the emergency through humanitarian aid and to help open up new opportunities for the newly arrived refugees in Germany. We extend our thanks to the many Evonik employees who are setting an example as they engage in this effort.

KLAUS ENGEL
Chairman of the Executive Board

THOMAS WESSEL
Chief Human Resources Officer

WE TAKE ON RESPONSIBILITY

Evonik sets high standards for itself. For example, it aims to remain open to the diverse challenges and impulses we receive from our environment—from our employees, neighbors, customers, and suppliers, as well as policymakers and the general public. One of our responsibilities is to understand these varied perspectives and take them into account in our daily operations.

In this Sustainability Report, we invite you to join us as we look at things from a variety of viewpoints. We hope you enjoy reading about these changing perspectives.

THE FATHER'S THINKING:
That vintage car is fascinating, but it wouldn't be safe or fuel-efficient enough to use as a family car.

THE BOY'S THINKING:
That looks like my classmate Felix. That's funny. Where's he going?

OUR ENGINEER'S THINKING:
Helium balloons! If it only were that easy to make cars lightweight.

MOBILITY MADE EASY

Automakers are striving to make cars more efficient and thus more environmentally friendly. Lightweight components made of fiber-reinforced plastics could help, but they are expensive to produce. But now developers from Evonik Industries have found solutions that bring us a big step closer to series-produced lightweight components.

Mobility makes life easier. It gets us to work safe and dry, brings us home with full shopping bags, and takes us to the doctor quickly in an emergency. Many people's mobility depends on their cars, and millions of people in emerging markets also dream of having a car. The worldwide vehicle fleet already passed the one billion mark in 2009, and it's still growing. In order to limit these vehicles' impact on the environment, lawmakers are increasingly raising environmental and emissions standards. For example, the EU will reduce the CO_2 emission limits for all new cars from 130 grams per kilometer today to 95 grams per kilometer in 2020.

Systematic lightweight construction is one way that automakers could partially fulfill these requirements. With every 100-kilogram reduction in weight, a car's fuel consumption decreases by up to 0.5 liters per 100 kilo-

"Production processes account for about 70 percent of the overall costs of fiber-reinforced composite materials. That's why at the project house we focused on processes and materials that reduce these costs considerably."

DR. SANDRA REEMERS
Head of the Composites Project House

meters. But whereas fiber-reinforced composites already account for up to 50 percent of a modern airplane, for cars that figure is only approximately one percent. One important reason for this is that lightweight construction requires lots of manual labor, as there are no automated production processes for it. In addition, the processing of composite materials takes much longer than the punching, bending, and welding of metal parts. This increases costs and decreases the number of units produced.

A team of Evonik developers has now brought a solution within reach. At the Composites Project House, it cooperated closely for three years with the Evonik business lines, universities, and partners along the entire value chain to develop new materials and processes that make lightweight construction with fiber-reinforced composites more cost-efficient. Their work was based on Evonik's extensive know-how regarding of almost all composite material components.

A completely new material concept developed at the project house, called hybrid polymer systems, is well suited for series production. These systems combine the characteristics of two types of plastics that used to be regarded as incompatible. They can be processed as easily as thermoplastics, yet are as mechanically strong as thermosetting plastics. In order to create these systems, the developers used a trick. Thanks to specialty chemicals, these polymer systems can be reshaped at temperatures over 170°C, but at normal utilization temperatures they are dimensionally stable and mechanically very robust. As a result, components made of this hybrid polymer system can be produced much faster and are also recyclable.

The project house also entered uncharted territory when it developed unidirectional tapes—plastic tapes in which fibers are embedded lengthwise. When such tapes are layered on top of one another at various angles and then melted together, they become extremely stable components. To produce these tapes, the project house developed a new process that saves costs, time, and energy. The tapes have been produced for over a year in a pilot facility that is suitable for series production.

After the development phase in the project house, Evonik's business lines are now forging ahead with the market launch. The reactions of potential customers who have received samples for testing already show that these developments from Evonik have struck a nerve.

Oil and gas extraction could also benefit from fiber-reinforced composite materials. When oil and gas are extracted from very deep waters, the pipes have to withstand tremendous pressures. They are stiffened with metallic mesh, but that makes them heavier. The unidirectional tapes from Evonik offer an alternative, because they're extremely strong and very light, and they don't corrode.

THE DAUGHTER'S THINKING:
When mom is at her rehearsal, I can finally listen to hip-hop music at full volume.

THE CLASSICS FAN'S THINKING:
This music is delightful. You feel as though you're in a different world.

OUR HR EMPLOYEE'S THINKING:
It's great to see how talented young people and experienced pros can harmonize. You only need to find the right pace for sharing ideas.

CONNECTING DIFFERENT GENERATIONS

Evonik Industries offers a holistic and long-term human resources planning approach that brings together people who are just starting their careers with employees who are about to retire. This "GenerationenPakt" agreement pays off for young and old alike as well as for the company itself.

How can the company maintain its wealth of knowledge? How can one provide young people with appealing prospects? And how does one enable older employees to decide for themselves how and when they will retire? Evonik provides answers to all three of these questions with its "GenerationenPakt" agreement. Signed in 2015, this agreement was first offered to non-exempt employees born between 1959 and 1961 who still had five years left to go before they could begin early retirement on their preferred date. Evonik takes advantage of these five years to specifically train people for the upcoming job vacancy. Ideally, the more experienced employees will also work together with their prospective successors during this time. This enables people who are starting out on their careers to directly benefit from their predecessors' experience in the tasks that they themselves will have to perform later on. As a result, Evonik can now promise all new trainees who join the company in 2016 that they will be hired once they have successfully completed their training. The new approach not only lets the company more precisely plan and control the demand for trainee positions, it also ensures there is enough time for training and for giving trainees custom-tailored qualifications over an extended period. The employees who will soon retire consider this phase an especially satisfying one of their careers. It ensures that the knowledge that they have accumulated over many years is not lost, but instead preserved for the company.

"This model meets the desire of many older employees to gradually leave their jobs over a period of several years instead of retiring abruptly," says Thomas Wessel, Chief Human Resources Officer of Evonik Industries. "We have responded to this wish and linked it with the hiring of young trainees. This way, we want to make our personnel planning more reliable and provide young people with

Evonik promotes the long-term development of highly skilled personnel as early as preschool. One of the many initiatives that Evonik has launched for this purpose is Young Spirit, which has been getting small children interested in the STEM subjects for over ten years now. By this means, preschoolers and elementary school children are playfully instructed in subjects that will later spark their interest in pursuing a career in mathematics, computer science, the natural sciences or engineering.

clear prospects for the time after their training is finished," he adds. The agreement is jointly supported by the company, the works council, and the IG BCE trade union.

This model is also made possible by the fact that the participating non-exempt employees have long-term accounts in which they save up money, vacation days, pre-retirement days off and/or excess working time. An employee's savings in this account are converted into the number of days that he or she can retire early. Evonik also provides additional funding for such accounts. If an employee retires at the earliest possible date with deductions, Evonik lessens the reductions of his or her company retirement benefits. The company even continues to provide vacation pay, and the employee's long-term account is not affected during the person's actual vacation time. Instead, Evonik pays for the vacation days. The model's popularity is borne out by the high participation rate. In fact, more than three fourths of the employees who are eligible to take part actually do so.

"The GenerationenPakt is a pioneering approach that once again demonstrates that the German model of the social market economy continues to produce up-to-date solutions in the 21st century."

MICHAEL VASSILIADIS
Executive Secretary of the Mining, Chemical and Energy Industrial Union (IG BCE)

THE GROOM-TO-BE'S THINKING:
Isn't it unlucky to see the wedding gown before the big moment?

THE FLOWER GIRL'S THINKING:
You look so pretty in that gown. When I get married, I want one just like it!

OUR DEVELOPER'S THINKING:
It's simply brilliant. But it took 60 years to get the zipper from the concept stage to the finished product. Nobody has that much time today.

MAKING IDEAS FLOURISH

Through its Venture Capital unit, Evonik Industries invests in startups and their disruptive innovations. It's not only about making money, but also about partnerships and new markets.

A brilliant idea, a garage, and lots of enthusiasm—that's the creation myth of legendary startups. But in fact there's a lot more to it than that. And that's exactly why most startups fail—because an idea alone is not yet a product, and a product alone is not yet a business model. That path is a long one and leads through the Valley of Death. That's what people in the know call the phase in which high-tech startups have to build up production facilities and a workforce before they can generate income. In particular, startups that are not creating digital services but tangible products and technologies have to have deep pockets. The best way to survive in the Valley of Death is to have a healthy initial supply of capital and other people's trust in you.

Evonik Industries knows this, and it specializes in supporting and financing exactly this kind of enterprise. Venture Capital is the unit that, since 2012, has been investing in promising startups that have left their laboratory phase behind them and are ready to bring their inventions to market. In the medium term, €100 million will flow not only via specialized funds, but primarily in the form of direct investments. Finding promising candidates is the mission of the eight-person Evonik Venture Capital team, which includes management experts, physicists, chemists, and engineers. What all of them have in common is long experience in the chemical business, a critical view towards purported innovations, and good connections with the operating units of the Group. That's because in spite of all the risks involved their investments must be very sound, and they must be compatible with Evonik's strategy and markets.

The experts scrutinize more than 500 young companies every year. Well over 80 percent of them are filtered out in the very first round. At the end of the vetting process, between three and five startups are left as candidates for investment because their innovations could change at least one of Evonik's markets, or because they could open up new markets for Evonik technologies.

The range of direct investments Evonik has made so far illustrates just how diverse these disruptive technologies are. It ranges from nanolenses for digital gesture recog-

> *We're not looking for hypes or for the Facebook of tomorrow. We're investing in technologies that could change our own markets in a fundamental way.*
>
> **MARK REDSHAW**
> Investment Director, Evonik Venture Capital

nition to high-performance lubricants made from renewable raw materials and customized shoe insoles produced with a 3D printer. So far there are eight companies in the portfolio, and the plan is to increase that number to as many as 20. Four of these companies were new in 2015.

The Canadian startup Wiivv Wearables produces customized shoe insoles with the help of 3D printers. The Finnish medical equipment company Synoste has developed an innovative implant that makes it possible to carry out orthopedically essential leg lengthening for patients in a much less invasive manner.

JeNaCell, a spinoff from the University of Jena, has developed a biotechnological process for producing nanocellulose that can for example, be used to treat burns more effectively. The Dutch company Airborne Oil & Gas has developed a unique composite technology for the production of flexible pipes for the offshore extraction of oil and gas. These pipes are lightweight, yet extremely robust.

Thanks to Evonik's investment, these technologies too are moving a step closer to commercial success. For Evonik, the aim is not only to receive a return on its investment but also to form partnerships to which the Group contributes its infrastructure and the combined market and application expertise of its almost 33,000 employees. That's an incalculable advantage for the young companies during this sensitive phase. In return, Evonik gains access to bright minds outside the Group and promotes fresh new ideas that could move markets—and perhaps our world—in a new direction.

In Marl and at its branches in the USA and China, Evonik Industries is operating its own "incubators" for disruptive technologies. At Creavis, Evonik's strategic innovation unit, interdisciplinary teams consisting of researchers and developers from inside and outside the Group work together on innovations that have great potential but also require a lot of patience.

THE FATHER'S THINKING:
Straight into the starting line-up. That's my boy! Just don't get hurt.

THE PROFESSIONAL'S THINKING:
The kids' playing is so carefree. This kind of soccer is really fun!

OUR LOCAL MANAGER'S THINKING:
In sports it's all about skill and spirit, not your origins. That goes for skilled trainees too.

EFFECTIVE HELP
FOR PEOPLE IN NEED

The Evonik Foundation and Evonik Industries jointly support refugee projects in the towns where the Group operates. Here they provide unbureaucratic assistance and offer long-term opportunities.

Day after day, thousands of refugees from crisis regions are leaving behind them everything they have and seeking a better future in countries such as Germany. According to the UN Refugee Aid Organization, more refugees are on the move today than at any time after World War II. By the summer of 2015, it was clear that Germany's cities and municipalities will be taking in and integrating hundreds of thousands of refugees. At about the same time, Evonik decided to actively support these efforts with donations in kind, funding, and personal commitment.

In a multitude of emergency shelters the local authorities, supported by many volunteers and donations from the public, are providing refugees with the basic necessities: a roof over their heads, showers, clothing, and hot meals. Evonik, as a major employer and an important factor in local economies, is supporting many of these measures. In September 2015, Evonik made €1 million available to the Evonik Foundation to be used as emergency funding for refugees. The money is mainly being used to offer training, jobs, and language courses and to run long-term projects for refugees in the places where Evonik operates and the surrounding regions. Just over 90 projects will reach more than 10,000 people.

But providing the refugees with basic necessities and initial services is far from enough. The Evonik Foundation considers it important to provide more extensive help, support integration, and create opportunities that reach further into the future. It therefore supports projects that facilitate the integration of the refugees into their new surroundings—projects focusing on language instruction, schooling, and professional training. That's because many of the refugees want to stay in Germany and will stay there, building a new life in peace and security.

At the adult education center in Wesseling, a secondary school in Haltern, the job center in Krefeld, the "language Cafe" in Dossenheim, and in many other places, the Evonik Foundation is therefore financing large and small projects so that children, teenagers, and adults can learn German as quickly as possible. In Herne, a special educational concept is helping refugee children learn the language faster. In Worms, the Evonik Foundation is helping to finance an independent-learning center that aims to reach all of the refugees that can't be accommodated in the existing classes and courses. And the Evonik Foundation is cooperating with Ruhr University Bochum

"Starting Your Career" is a joint initiative of the employers and employees of the chemical industry that helps unemployed young people gain the qualifications for a traineeship. Evonik is a longtime partner in this initiative. In 2015, with financial support from the Evonik Foundation, it increased the number of people it funds so that young refugees can also be prepared for traineeships in German industry. The first participants started courses in Marl in November 2015.

> *The refugees who are now coming to Germany and have good prospects for becoming residents constitute a tremendous opportunity for our society, our economy, and the labor market. In order to take advantage of this potential, we first need to make investments in language classes and qualification and training courses.*

KLAUS ENGEL
Chairman of the Executive Board, Evonik Industries AG

(RUB) to establish 11 scholarships specially created for refugees. The program is designed for young men and women who started to study engineering, science, and economics in their homelands and enables them to continue their studies at RUB. It also supports young people who want to start studying these subjects at RUB.

For the refugees, integration also means regaining some of the elements of normal life. The Evonik Foundation, together with Evonik, is helping children and teenagers in this area especially—for example, by enabling its employees to organize trips and equip playgrounds and relaxation rooms. In addition, the foundation is helping to equip bicycle workshops in Worms, Marl, and Rheinfelden where refugees can put used bicycles into working order for themselves and their families.

For many refugees, the first few months in Germany consist mainly of endless waiting. In these workshops, they can do useful work and talk to other refugees and their German helpers. They are also gaining a small piece of valuable independence for their and their families' future lives in their new homeland.

THE OFFICE WORKER'S THINKING:
It's high time for a diving trip! My last one was much too long ago.

THE LITTLE GIRL'S THINKING:
I wonder if they'll see any seahorses.

OUR SAFETY EXPERT'S THINKING:
Safety is more than just good equipment. We also need to have uniform standards and be able to rely on one another 100%.

SAFETY FIRST

Evonik Industries consolidates its process and plant safety know-how in order to ensure uniform safety standards at a high level worldwide. This is expected by the Group's neighbors and by the capital market.

The list of Evonik's new, expanded, and planned production facilities is a long one. It includes plants for methionine in Singapore, C4 chemistry in Marl and Antwerp (Belgium), and silica in Americana (Brazil) and Chester (Pennsylvania, USA). The Group's declared course of worldwide growth includes the increase of its production and sales volumes all over the world. However, in all of these facilities the top priority is safety. The global initiative "Safety at Evonik" reflects the Group's sense of responsibility regarding this issue. The initiative's main guiding principles is "We build and operate plants with the intention of causing no harm to the people who work there, our neighbors and the environment."

In order to implement this principle and ensure that the highest safety standards are complied with at each of its facilities worldwide, Evonik established the Global Process Safety Competence Center, or GPSC. The GPSC team consists of experts from Evonik with outstanding skills in the field of process and plant safety. These experts have gathered many years of experience with diverse chemical processes and facilities all over the world, and they are combining their know-how at the GPSC.

Their clearly defined goal is "Zero accidents at Evonik." That also applies to safety-relevant disruptions of processes and facilities that could arise, for example, as a result of leaks at a plant or situations where products or raw materials could catch fire. Not only our employees and the neighbors of our production facilities, but also the general public, and local and national authorities expect us to minimize these hazards and thus prevent accidents, especially accidents that could cause major damage.
In order to provide these safety measures, the GPSC's mission is to provide expert support for the plant managers worldwide as they carry out their safety-related responsibilities.

SYSTEMATIC, INTERDISCIPLINARY, AND INTERNATIONAL

In order to prevent safety-relevant disruptions of processes and facilities, the safety experts at the GPSC regularly and comprehensively analyze possible hazards and design safety concepts for our plants. In this process, the experts take into account the behavior of the facility's workforce and the functional safety of the technical equipment. In order to take all of the available knowledge and experience into account, the GPSC experts closely cooperate with the facility's workforce as well as engineers and chemists.

The GPSC operates at locations in Germany, China, and the USA. From these locations, the team provides intensive support for major investment projects all over the world, from the initial planning steps to the production start-up of the facilities. They also regularly rechek and revise the safety concepts of existing facilities.

These special efforts and resources that are devoted to process and plant safety are vital. That's the opinion of Evonik's employees and neighbors, as well as of many others. More and more analysts, investors, and insurers are including process and plant safety in their evaluations of companies. Through its activities, the GPSC is also assuring valuable goodwill—a currency that is internationally recognized everywhere, from Marl to Singapore.

At Evonik, safeguarding health and ensuring safe behavior in the workplace also receive top priority. That's the core of our guiding principles for safety, "Safety at Evonik." The guidelines present more than 100 binding operation principles for all of the Group's employees in the four topic areas Standards, Communication, Risk Management, and Involvement. It explains which of these principles are binding on individual behavior and which activities must be explicitly avoided.

Safety is always our top priority—and it is explicitly a higher priority than sales and profits. Our employees, as well as our neighbors all over the world, depend on that!

THOMAS WESSEL
Chief Human Resources Officer, Evonik Industries AG

CORPORATE RESPONSIBILITY

The Sustainability management, The business, Employees, The environment and Safety sections were subject to a limited assurance review by PricewaterhouseCoopers AG (PwC) (indicated by ✓)

Sustainability management

Evonik's strategic focus

Business model

Strong market positions, a clear culture of innovation, sustainability management

Evonik is one of the world's leading specialty chemicals companies. We concentrate on high-growth megatrends, especially health, nutrition, resource efficiency and globalization. We use rising demand from our customers for energy-efficient solutions that spare resources to develop new competencies and gain access to innovative growth areas. Our strengths include the balanced spectrum of our business activities, end-markets and regions. Around 80 percent of sales come from market-leading positions[1], which we are systematically expanding. Our strong competitive position is based on integrated technology platforms, innovative strength and working closely with our customers.

Our specialty chemical products make an indispensable contribution to the success of our customers' products on their markets. Close cooperation with our customers enables us to build up a deep knowledge of their business and markets, so we can offer solutions tailored to a wide range of specifications, and extensive technical service. Our technology centers and customer competence centers play an important role in this around the world. For us, focusing on solutions also means considering our customers' customers.

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.

Our highly trained employees are another key success factor. They drive forward the company on a daily basis through their hard work and loyalty to our company. We therefore have a wide range of activities geared to gaining and developing talented and qualified employees and positioning Evonik as a preferred employer in order to retain them.

We are convinced that sustainable business activities and responsible conduct by our management and staff at all levels are vital for Evonik's future. Our sustainability strategy takes up the megatrends identified in our corporate strategy and supplements them with ecological and societal challenges.

A decentralized corporate structure

To further improve our scope for profitable growth, we reorganized our management and portfolio structure effective January 1, 2015. The Executive Board concentrates on Evonik's strategic development within a management holding structure. The three chemical manufacturing segments[2] are run by newly established management companies. They use their increased entrepreneurial independence to operate closer to their markets and customers and improve efficiency still further.

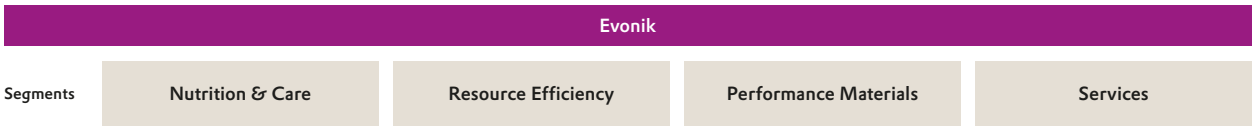
The Nutrition & Care segment produces specialty chemicals, principally for use in consumer goods for everyday applications, animal nutrition and healthcare products.

The Resource Efficiency segment supplies high-performance materials for environment-friendly and energy-efficient system solutions for the automotive, paints, coatings, adhesives and construction industries and many other sectors.

The heart of the Performance Materials segment is the production of polymer materials and intermediates, mainly for the rubber, plastics and agriculture industries.

The Services segment offers services for the chemical segments and external customers at our sites and supports the chemicals businesses and the management holding company by providing standardized Group-wide business services.

C01 Corporate structure



[1] We define these as ranking 1st, 2nd or 3rd in the relevant markets.
[2] Two segments were renamed and some activities were assigned to different segments. The prior-year figures have been restated accordingly.

The Nutrition & Care and Resource Efficiency segments operate principally in markets with high margins, growth rates and entry barriers. They both offer customers customized, innovation-driven solutions and the aim is for them to achieve above-average, 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. In the future, investments and, where appropriate, alliances will concentrate on securing and extending our good market positions.

Driving forward the sustainability analysis of our business

By developing new products and business models, Evonik can make a substantial contribution to sustainable development. At the same time, we want to strengthen and expand our leading market positions.

To support the long-term focus of our strategy, we continued the sustainability analysis of our business in 2015 in collaboration with the operational units. The aim is to evaluate the sustainability-related challenges and opportunities of our business operations. In this, we focus especially on market
G4-27 trends and future market developments. On the one hand, that meets the requirements of a rapidly rising number of customers who want an assurance that sustainability aspects are anchored along the entire value chain, while on the other, it further extends the toolbox available to us as a company that operates in accordance with the principles of sustainability.

The analysis is based on a list of criteria relating to the value chains of our businesses and takes account of sustainability aspects from the supply chain through production to subsequent use.

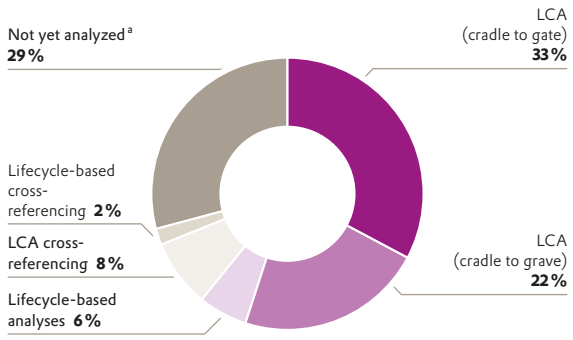
In 2015 we extended the corresponding process to a total of 22 business lines in our three chemical segments. Our sustainability analysis therefore covered around 94 percent of Group sales in 2015.

Lifecycle analyses

Lifecycle analyses are a central focus of the sustainability analysis of our business. The high expertise and strong operational involvement of the Life Cycle Management group plays a key role in ensuring that Evonik has a wide-ranging knowledge of the environmental impact of its operations. So far, the ecological impact of around 70 percent of the external sales generated by our chemical segments has been examined and the aim is to extend this to around 80 percent of their external sales.

The procedure comprises a broad spectrum of methods, including life cycle assessments (LCA), which comprise either a "cradle-to-gate" analysis, covering all stages from product development through raw material and energy inputs to production, or a "cradle-to-grave" analysis covering the entire lifecycle including subsequent use and disposal. Another tool is the lifecycle-based calculation of the carbon footprint of our products. In addition, we use cross-referencing approaches, where existing findings, for example from LCAs, are used to evaluate similar products.

C05 Percentage of sales generated by our chemicals segments covered by lifecycle analyses



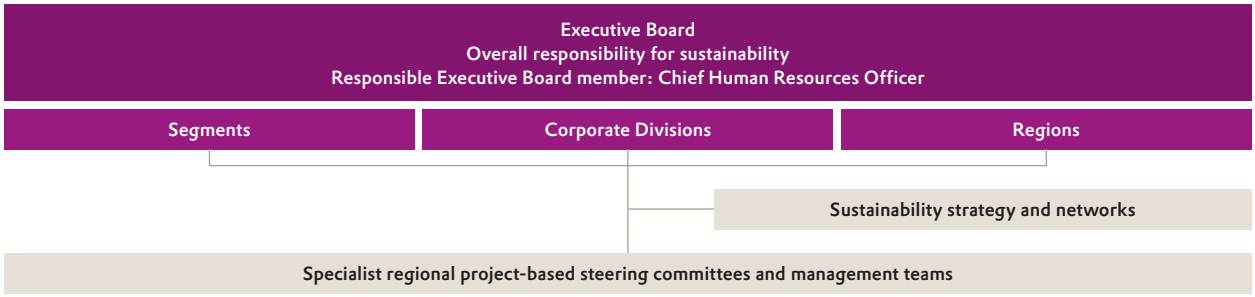
[a] Lifecycle analyses planned in some cases.

Resource-saving solutions

Evonik products offer customers resource-saving and energy-efficient solutions for a wide range of applications. In this way, we help meet the rising sustainability requirements in the marketplace and at the same time, continue to develop our business opportunities in these markets. Examples are amino acids for animal nutrition, silica-silane technology for "green tires", additives for hydraulic fluids, products for the construction of modern wind turbines, additives for environment-friendly water-based coatings, functional silanes to protect building facades, catalysts for the production of biodiesel, and ingredients based on renewable raw materials for the cosmetics industry.

Our sustainability analysis includes an extensive analysis of the contribution made by our products to improving resource efficiency in their respective applications. This covers energy savings and the reduction in greenhouse gas emissions, water consumption and the use of raw materials. The results show that around 50 percent of the sales generated by our chemical segments already come from products that make a measurable contribution to improving the resource efficiency of their applications. This is confirmed by our

C02 Sustainability management at Evonik



intensive collaboration with customers, the extensive results of application technology and product development, and the evaluation of comparative findings of scientific investigations.

We will be extending the sustainability analysis of our business operations further in 2016 and also intend to seek external validation of this method. That is an important step in bringing together our sustainability strategy and our corporate strategy.

Sustainability management reorganized

In view of the significance of sustainable development for Evonik's business, the Executive Board bears overall responsibility for sustainability and direct responsibility is assigned to the Chief Human Resources Officer, who is also responsible for all climate-related aspects at Evonik. The Corporate Responsibility division bundles the strategic framework, in close collaboration with other central functions and the operational segments, and coordinates the Group-wide implementation of sustainability activities.

The introduction of the new Group structure has given our operational segments far greater entrepreneurial independence to allow targeted management of their businesses. The interaction of the segments and the sustainability bodies at Group level was initiated in 2015, for example at a joint workshop with representatives of the operational units. In addition, the consistency of the new structure of the sustainability organization with the action of other corporate divisions assigned to the Chief Human Resources Officer was assured. The new sustainability bodies will take up their work in the course of 2016.

The HR Executive Committee chaired by the Chief Human Resources Officer is the top CR decision-making body. It initiates Group-wide CR projects and receives continuous progress updates. Preliminary agreement and consultation on such projects and the establishment of a consensus on CR topics and their operational structure is undertaken by the CR Panel, chaired by the head of the Corporate Responsibility division. The permanent members of the CR Panel are representatives of the segments and employee representatives. The panel also receives specialist support from the Global CR Committee, which has an operational focus and is composed of representatives of the segments and regions. It prepares decisions to be taken by the CR Panel. CR Expert Circles examine specific topics and report their findings to the Global CR Committee.

C06 Structure of Corporate Responsibility steering bodies

Obligations and commitments

We are convinced that reliable and responsible management of the company is the basis for Evonik's long-term business success and acceptance by society. The framework for this comprises our Code of Conduct, our Global Social Policy (GSP) and our Environment, Safety and Health (ESH) Values.

In its Global Social Policy, Evonik defines principles of social responsibility to its employees. These include an obligation to comply with internationally recognized standards of conduct such as the International Labor Standards of the International Labour Organisation (ILO) and the Guidelines for Multinational Enterprises issued by the Organisation for Economic Cooperation and Development (OECD). Evonik does not tolerate any conduct that violates the OECD Guidelines for Multinational Enterprises. The governments of the OECD member states and other countries have signed these guidelines to document their obligation to ensure responsible corporate conduct. Our Global Social Policy states that our success and reputation are based fundamentally on the professionalism and commitment of all employees.

By joining the United Nations' Global Compact (UN Global Compact), Evonik gave an undertaking that, within its sphere of influence, it would respect and promote labor rights and human rights, avoid discrimination, protect people and the environment, and fight against corruption. In fall 2015 the United Nations published 17 global sustainable development goals, to be achieved by 2030. As a member of the Global Compact, we consider that we have an obligation to work towards achieving these goals. Our sustainability activities support these in many areas.

As a signatory to the chemical industry's Responsible Care Global Charter, we also have an obligation to continuously improve our performance in health protection, environmental protection, product stewardship and safety.

Along with other German companies, Evonik has signed the Code of Responsible Conduct for Business. The signatories recognize that acceptance by people is a basic prerequisite for economic activity and give a commitment to measurable standards for responsible corporate conduct. These include fair competition, social partnership and sustainability.

We also expect our suppliers to share our principles and to act correctly in all respects, which means accepting the responsibility towards their employees, business partners, society and the environment. Evonik's requirements in this respect are set out in its Supplier Code of Conduct.

We are involved in many competency networks on sustainability, both nationally and internationally. These include econsense, an association of leading German companies that operate in the global arena, and Chemie^3, the sustainability initiative of the German chemical industry. In addition, Evonik is a member of the World Business Council for Sustainable Development (WBCSD) and is committed to its Vision 2050: "9 billion people living well, within the limits of the planet." We are also committed to the Low Carbon Technology Partnerships Initiative, the WBCSD's climate initiative. As part of this, in November 2015 the CEO's of AkzoNobel, DSM, Evonik, Mitsubishi Chemicals and Solvay issued a joint declaration at the start of the Climate Conference in Paris. This centers on the chemical industry's potential to leverage additional CO_2 savings by making broader use of available product benefits and through pioneering new technologies.

Climate change is one of the biggest challenges of our time. As a responsible company, we have undertaken to report regularly to the Carbon Disclosure Project (CDP), the world's largest investor initiative. The CDP evaluates the extent to which companies respond effectively to the opportunities and risks of climate change and how transparently they report on them. As a public company, Evonik took part in the Investor CDP category for the second time in 2015.

In addition, Evonik is an organizational stakeholder in the Global Reporting Initiative (GRI) network. The content of our sustainability reports is based on the internationally recognized GRI Guidelines. This sustainability report is based for the first time on the specifications of the GRI G4 Guideline in accordance with the "core" option.

Updating our materiality analysis

To evaluate the global challenges and analyze the requirements of stakeholders of relevance for Evonik, in 2015 we deepened our qualitative and quantitative materiality analysis compared with previous years. The results played a key role in defining the scope and content of reporting and the selection of sustainability indicators. In the future, we intend to continue to align our sustainability reporting to the topics we have identified as being material. G4-18 G4-22

For our materiality analysis in fall 2015, we compiled information on sustainability issues of potential relevance for Evonik. That involved evaluating many public and private sources. Building on previous materiality analyses, these included completed and ongoing legislative processes of national and international relevance for sustainability, publications issued by companies, associations and consultancies, conferences, books and journals, and personal discussions with internal and external stakeholders.

Representatives of all stakeholder groups of relevance for Evonik were surveyed. Alongside our employees, these included customers, suppliers, local residents, representatives of universities and research institutes, analysts and investors, representatives of industry associations, political parties, non-governmental organizations and the media. The stakeholders were selected by Evonik experts, who have close and regular contact to specific stakeholder groups.[1] Evonik employees could take part in the survey in the intranet. In a second step, we included selected sustainability experts from the Evonik Group, representatives of relevant corporate functions and representatives of the workforce. G4-26 G4-25 G4-18

[1] Target groups from which usable results were received are taken into account.

The sustainability issues and aspects identified were assessed for their relevance for Evonik. On the basis of this assessment, we defined 18 sustainability topics.

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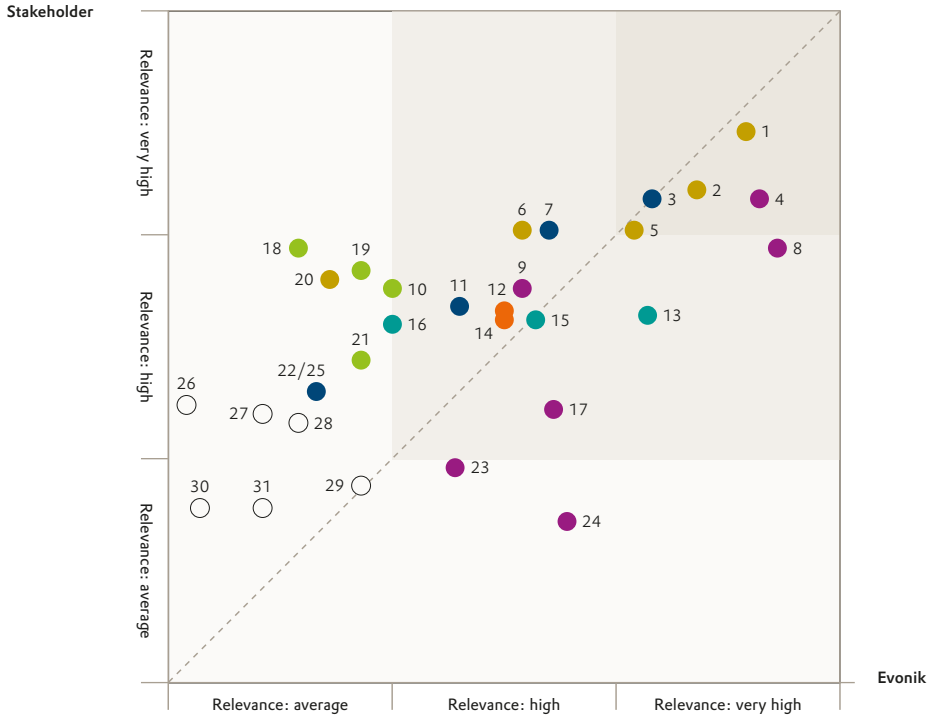
G4-19
G4-27

C07 Materiality analysis 2015



		Relevance	Areas of action
1	Plant safety	Very high	●
2	Occupational safety	Very high	●
3	Compliance	Very high	●
4	Customer satisfaction	Very high	●
5	Product stewardship	Very high	●
6	Transportation safety and logistics	High	●
7	Responsible management/ corporate governance	High	●
8	Innovations/technologies	High	●
9	Sustainability strategy and management as part of corporate strategy	High	●
10	Waste management	High	●
11	Morals and ethics (in business)	High	●
12	Appeal as an employer	High	●
13	Efficient use of scarce resources/materials	High	●
14	Qualification/training, advanced training	High	●
15	More sustainable products	High	●

		Relevance	Areas of action
16	Products and solutions/ lifecycle considerations	High	●
17	Growth markets	High	●
18	Water management	Average	●
19	Emissions into the air	Average	●
20	Health protection and promotion	Average	●
21	Climate change	Average	●
22	Sustainability management	Average	●
23	Health	Average	●
24	Population growth	Average	●
25	Dialogue and cooperation with stakeholders	Average	–
26	Regional commitment at the sites	Average	–
27	Equal opportunity	Average	–
28	Employability (demographic change)	Average	–
29	Work/life balance	Average	–
30	Focus on the population in cities	Average	–
31	Diversity	Average	–

C04 18 sustainability aspects identified are bundled in six areas of action

Strategy & growth	
9	Sustainability strategy and management as part of corporate strategy
8	Innovations/technologies
4	Customer satisfaction
24 23 17	Particular challenges and business options (population growth, health, growth markets)

Governance/compliance	
3	Compliance
7	Responsible management/ corporate governance
11 22	Morals & ethics (in business)/ sustainability management in the supply chain (standards)

Safety	
1	Plant safety
2 20	Occupational safety/ health protection and promotion
6	Transportation safety and logistics
5	Product stewardship

Sustainable products and solutions	
15 16	More sustainable products/ products and solutions
13	Efficient use of scarce resources/materials

Environment	
21 19	Climate change and emissions into the air
18	Water management
10	Waste management

Employer excellence	
12	Appeal as an employer
14	Qualification/training, advanced training

G4-18 G4-19 The eighteen sustainability aspects identified were then grouped in six areas of action: strategy and growth, sustainable products and solutions, governance/compliance, employer excellence, safety and environment.

We also analyzed the areas of the value chain where these material areas of action are of particular importance.

The results of the materiality analysis were presented to the relevant decision-making bodies and to Evonik's Executive Board. G4-18

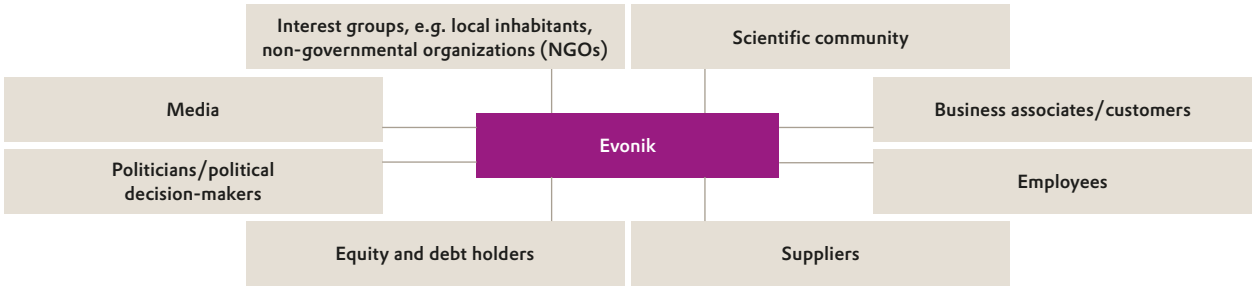
In the mid term, we aim to sharpen our sustainability strategy further, anchor it even more firmly in the company, and enhance the transparency of our sustainability performance.

G4-20 G4-21

C08 Value chain

Value chain	Upstream: Raw materials/supply chain	Gate to gate: Evonik products/ system solutions	Downstream: Customer and end-customer applications
Strategy & growth		●	●
Sustainable products and solutions	●	●	●
Governance/compliance	●	●	●
Environment		●	
Safety	●	●	
Employer excellence		●	

G4-24 **C03 Evonik's stakeholder groups**



Close dialogue with stakeholders

G4-25 Constructive dialogue with our stakeholders goes beyond the requirements of the materiality analysis and helps ensure timely identification of trends and future challenges and minimizes potential risks. That improves our understanding of how our entrepreneurial action is perceived from various perspectives along the value chain and in society. This dialogue takes place both at operational level—for example, with customers and suppliers—and at Group level through associations and interest groups. The format for our stakeholder dialogue varies depending on the topic and target group. The chart above shows the stakeholder groups of relevance for Evonik.

We maintain constant contact to our business partners and customers—mainly industrial companies that process our products. Close collaboration between customers and Evonik is one of our strengths. High customer satisfaction and customer retention are important elements in maintaining and expanding our business. To support this, the Marketing & G4-25 Sales Excellence (MSE) unit bundles Group-wide customer G4-26 surveys and provides an efficient toolbox for conducting G4-27 them.

Reliable supply, gaining access to new procurement markets, and ongoing optimization of material costs are key tasks for our procurement function. We are working intensively to extend our strategic relationships with suppliers and to validate new suppliers. In addition, we are involved in purchasing alliances with other companies. The aim is to find further ways of reducing risks and costs. Safety, health, environmental protection, quality and other core aspects of sustainability are firm elements in our procurement strategy. Further, our stake- G4-25 holders expect steadily rising transparency in the supply chain. G4-26 Evonik is therefore a founding member of the Together for G4-27 Sustainability (TfS) initiative set up by chemical companies. TfS aims for global harmonization in the evaluation and auditing of suppliers. As a member of TfS Evonik is subject to regular assessment. We meet the gold standard, which positions us among the best performers in the chemical sector.

The commitment and identification of our well-trained employees are a key factor in Evonik's success. Gaining and retaining employees and personnel development are central elements of our human resources strategy. We maintain a constant dialogue with our employees. Tools include regular G4-25 appraisal reviews and our Group-wide employee survey. Our G4-26 most recent employee survey was held in November 2015 G4-27 and the participation rate was over 80 percent.

We provide timely information for our employees on upcoming operational changes. Alongside personal dialogue, the Chairman of the Executive Board regularly writes to the workforce on the most important events in the company, via the intranet or our employee magazine Folio. In these media, our employees can find up-to-date articles with background information, FAQs, and offers of direct communication with the management. We also organize debates on specific issues such as safety for various employee groups. Round tables and networks are further platforms for discussion within the Group. In view of the reorganization of the Group structure and Corporate Sustainability, development of training modules on sustainability issues was postponed in 2015.

Our owners and lenders, institutional investors, analysts G4-25 and rating agencies expect timely and extensive information. G4-26 The Investor Relations division has steadily stepped up dialogue G4-27 with analysts and investors since Evonik shares were listed for trading in April 2013. The Chairman of the Executive Board and the Chief Financial Officer also take part. Evonik's growth strategy, portfolio of specialty chemicals and the latest business trends are presented in many one-on-one sessions, roadshows and field trips. The focus is on the financial

centers of London, Frankfurt, New York and Paris. A highlight of our Investor Relations activities in 2015 was a field trip for analysts and investors to our site in Antwerp (Belgium), which focused on the Animal Nutrition business line.

We also get important feedback about our sustainability performance from our talks with sustainability analysts and investors. Alongside financial criteria, more and more investors include ecological, social and governance factors in their investment decisions. Evonik had a presence for the first time at sustainability investment conferences in London and Paris in 2015 and in Frankfurt in 2016. G4-25 G4-26 G4-27

Evonik is included in the sustainability-oriented index families FTSE4Good Global, STOXX® Global ESG Leaders and Euronext Vigeo Eurozone 120. Important sustainability rating agencies such as Oekom Research, Sustainalytics and imug/EIRIS also rank the company among the leaders in the chemical sector.

In 2015 we took part in the assessment for the Dow Jones Sustainability Index (DJSI), which is performed by RobecoSAM. As a result, Evonik was included in the RobecoSAM Sustainability Yearbook as a Sustainability Leader with the distinction "Silver Class". This was the first time we took part and we gained a place straight away among the top ten of the approximately 70 chemical companies rated worldwide.

Local residents around our sites play an especially important part in our dialogue with stakeholders. We produce where our markets and customers are. Consequently, we have production facilities in 24 countries on five continents. Local residents at all our sites have an elementary interest in experiencing Evonik as a reliable partner and want to be informed about the latest developments. We maintain contact with them, for example, through written communication, invitations to visit our sites and personal discussions. G4-25 G4-26 G4-27

Our active engagement comprises work on industry associations and organizations, and contact with other interest groups such as non-governmental organizations. G4-25 G4-26 G4-27

Dialogue and collaboration with the scientific community is of especial significance for Evonik. Innovations strengthen our leading market and technology positions and open up new high-growth business opportunities. We cooperate with research institutes, universities and other industrial companies so that the latest findings in chemistry, biology and physics can rapidly be transported into our company. Through strategic partnerships we are linked to leading universities in the USA, China, and Saudi Arabia, and to Singapore's state-run research agency (A*STAR). In addition, we regularly organize the Evonik Meets Science forum in Germany, China, Japan and the USA to strengthen collaboration with leading international research scientists. This is a platform for discussion between our experts and leading scientists from a wide range of disciplines and institutions. Fostering education and science is a core focus of the Evonik Foundation. Regular meetings with these scholarship students and scientific colloquia give them an early insight into the day-to-day work of a leading specialty chemicals company. G4-25 G4-26 G4-27

The conditions in which we operate are shaped to a large extent by politics and political decision-makers. Here we maintain a constant dialogue with the authorities and ministries and take part in opinion-forming and decision-making processes at regional, national and international level. Our offices in Berlin and Brussels are important for fostering contact. They support the Corporate Affairs division. As a stakeholder, the media builds on trustful cooperation and takes up our offers of dialogue. We encourage this as a basis for open communication and to drive our credibility. G4-25 G4-26 G4-27

In 2016 we aim to step up our dialogue with significant stakeholder groups.

What we stand for

Our corporate values—"courage to innovate", "responsible action", and "sparing no effort"—provide guidance and orientation for our employees' conduct in their day-to-day work and form the basis for our business practice, our role in society and collaboration with our colleagues. That is particularly important because as an innovative company our success is dependent on the competence of our employees. Creativity, specialization, reliability and continuous self-renewal play a special part in this. Our internal regulations are supported and supplemented by external codes of practice that we are committed to.

External principles and guidelines

Good corporate governance, in other words, responsible management and supervision, forms an integral part of Evonik's business processes. It strengthens the trust of all stakeholder groups through transparency and reliable processes. Acceptance of the German Corporate Governance Code and compliance with the applicable legal requirements are the basis for responsible management of our company with a focus on long-term value creation. Evonik has signed the Code of Responsible Conduct for Business, which sets measurable standards that have to be firmly anchored in participating companies. These include fair competition, social partnership, the merit principle and sustainability. Evonik is a member of the UN Global Compact and accepts its principles, which include respecting workers' rights and human rights, preventing discrimination, protecting people and the environment and fighting corruption. We also respect the

Guidelines for Multinational Enterprises issued by the Organisation for Economic Cooperation and Development (OECD), the International Labor Standards of the International Labour Organisation (ILO) and the obligations of the international Responsible Care initiative. We confirmed our commitment to continuously improving our performance in the areas of health, safety, the environment and product stewardship by signing the Responsible Care Global Charter of the International Council of Chemical Associations (ICCA).

Code of Conduct

Evonik's binding Group-wide Code of Conduct contains the most important corporate values and principles and governs the conduct of Evonik, its legal representatives and its employees both internally, in the treatment of one another, and externally in the treatment of the company's shareholders and business partners, representatives of authorities and government bodies, and the general public. It requires all employees to comply with the applicable laws, regulations and other obligations and to observe ethical standards. All employees receive training in this and systematic action is taken to deal with any infringements of the regulations. Evonik's Code of Conduct fosters a culture that ensures clear responsibility, mutual respect, and a working atmosphere characterized by trust, dependability and lawfulness. We plan to update the Code of Conduct by 2017. In addition, Evonik has a Supplier Code of Conduct that sets out binding requirements for its suppliers. The company expects strict observance of these principles by its suppliers and takes them into account in the entire process from the tender to assessment of suppliers.

Global Social Policy

Our Global Social Policy (GSP) contains an undertaking to observe values based on international standards and principles of conduct. Evonik is committed to protecting children's rights, freedom of employment, equality of opportunity, diversity, banning discrimination, and occupational health and safety. All employees worldwide are required to observe the principles of the Global Social Policy and actively counter violations. The Global Social Policy is available in many languages.

Corporate governance

Corporate governance comprises all principles for the management and supervision of a company. As an expression of good and responsible corporate management, it is a key element in Evonik's management philosophy. The principles of corporate governance relate mainly to collaboration within the Executive Board and Supervisory Board and between these two boards. It also governs collaboration between these boards and Evonik's shareholders on the one hand, and the relationship between Evonik companies and all people and organizations with which they have business dealings.

Evonik's Executive Board and Supervisory Board are explicitly committed to responsible corporate governance and identify with the goals of the German Corporate Governance Code. As provided for by the foreword, this includes scope to deviate from its recommendations if this is necessary to reflect enterprise-specific requirements. Evonik's latest declaration of conformity with the requirements of the German Corporate Governance Code has been published on the company's website.[1] According to the declaration of conformity as of December 2015, there are only two deviations from the Corporate Governance Code. These relate to transmission of the Annual Shareholders' Meeting via modern communication media and the availability of voting proxies during the Annual Shareholders' Meeting, mainly for organizational reasons.

The Executive Board of Evonik Industries AG is responsible for running the company in the company's interests with a view to sustained value creation, taking into account the interests of the shareholders, employees and other stakeholders. It works together trustfully with the other corporate bodies for the good of the company.

The Supervisory Board advises and supervises the Executive Board. It appoints the members of the Executive Board and names one member as the Chairman of the Executive Board. It also decides on the remuneration of the members of the Executive Board. The Supervisory Board examines the company's annual financial statements, the Executive Board's proposal for the distribution of the profit, the consolidated financial statements for the Group and the combined management report. The Executive Board is required to obtain the approval of the Supervisory Board on decisions of fundamental importance, which are defined in a separate list.

[1] www.evonik.com/responsibility

The Supervisory Board has the following committees: an Executive Committee, an Audit Committee, a Finance and Investment Committee, a Nomination Committee and a Mediation Committee in accordance with the German Codetermination Act of 1976. In accordance with the statutory provisions, the Supervisory Board comprises twenty members, ten representatives of the shareholders and ten representatives of the workforce. The Supervisory Board regularly reviews the efficiency of its work and reports on this in the Report of the Supervisory Board, which is contained in Evonik's annual report.

The German law on equal participation of women and men in management positions in the private and public sectors came into force on May 1, 2015. Since Evonik Industries AG is a publicly listed company and is therefore also subject to German codetermination legislation, its Supervisory Board is required to meet a fixed gender ratio, which is applicable for new appointments from January 1, 2016. The regulation specifies that the Supervisory Board should comprise at least 30 percent women and at least 30 percent men. As of December 31, 2015, four members of the Supervisory Board of Evonik Industries AG were women, two representing the shareholders and two representing the workforce. Thus, on the reporting date 20 percent of Supervisory Board members were women.

Further, the above law prescribes that targets must be set for the proportion of female members of the Executive Board and at the two management levels below the Executive Board, together with deadlines for achieving them.

The Supervisory Board has set a target of at least 20 percent female members of the Executive Board to be achieved by June 30, 2017. That would maintain the present status quo as no new appointments are expected to be made before then.

Further, Evonik's Executive Board has a target of 8.0 percent female managers at the first management level below the Executive Board and 18.8 percent women at the second management level. Both targets are to be met by December 31, 2016. In each case, the targets correspond to the present status quo and take account of succession planning for these two management levels in the period up to the deadline.

Further information on corporate governance at Evonik can be found in the company's corporate governance report, which is available on the company's website[1] and is also part of Evonik's annual report.

Performance-oriented remuneration of senior management

The Supervisory Board is responsible for the contracts of employment with the members of the Executive Board. It sets the total remuneration package for each member of the Executive Board, comprising a base salary, variable short- and long-term components, pension benefits, reimbursement of expenses, insurance and various fringe benefits. The contracts with members of the Executive Board and all executives include remuneration elements based on personal performance and the overall performance of the Group.

House of Compliance

Evonik understands compliance as all activities to ensure that the conduct of the company, its governance bodies and its employees respect all applicable mandatory standards such as legal provisions, statutory requirements and prohibitions, in-house directives and voluntary undertakings. The basis for this understanding and for compliance with these binding standards is set out in Evonik's Code of Conduct. The compliance culture created by the Code of Conduct, in particular, forms the basis for the "House of Compliance."

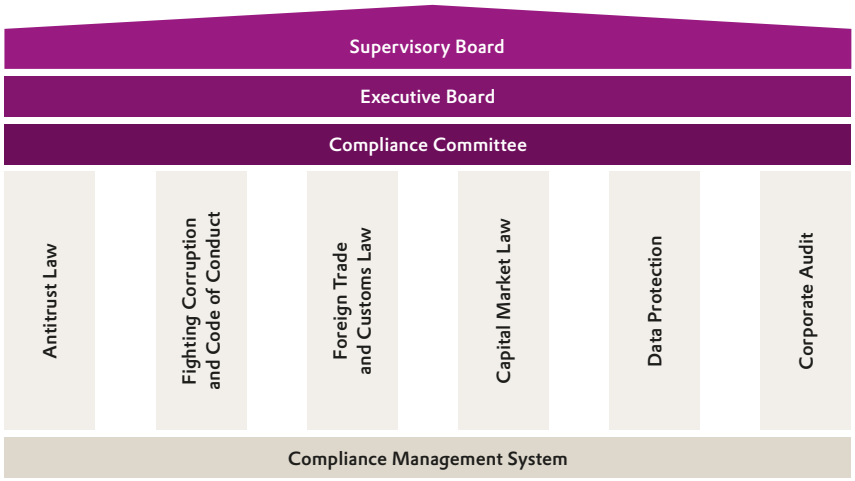
This includes the traditional compliance issues: antitrust law, foreign trade law, fighting corruption, data protection, and—as a publicly listed company—capital market compliance. Environment, safety, health and quality are bundled in a separate corporate division.

A uniform compliance management system has been defined for the topics covered by the House of Compliance and has to be detailed and implemented by each compliance area. The process of forming a consensus, sharing experience and coordinating joint activities takes place in the Compliance Committee, which is composed of the heads of the respective units, who have independent responsibility for their areas, and the Head of Corporate Audit. The Compliance Committee is chaired by the Head of Compliance and Antitrust Law.

The compliance management system to be implemented by each area of compliance on the basis of the defined values, strategy and specific targets has to implement the tools shown in the next chart. The necessary measures are in place to avoid compliance risks and systematic misconduct, identify infringement of the rules, apply appropriate sanctions, and correct faulty processes.

[1] www.evonik.com/responsibility

C09 House of Compliance



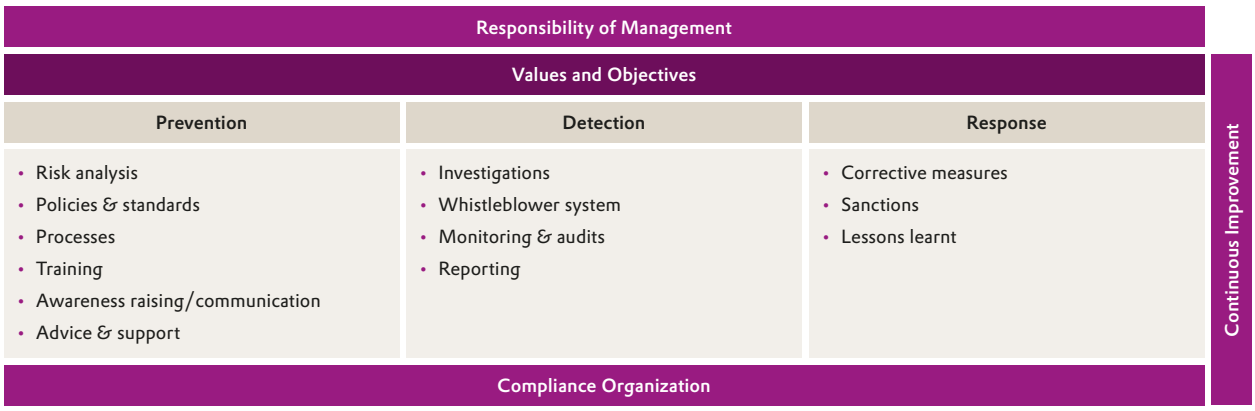
Antitrust law

Compliance with antitrust regulations is a central corporate objective and is included in Evonik's Code of Conduct. Group-wide face-to-face and online training, guidelines on conduct, and specific legal advice on all issues of relevance to cartel law are the primary elements of our compliance activities in relation to antitrust law.

Foreign trade law

Every employee is required to observe the applicable foreign trade and customs regulations. Through our corporate policy House of Compliance and Compliance Management System (HoC policy) and the corporate directives Compliance with Global Trade Regulations (Part 1 Organization and Part 2 Conduct) we ensure compliance with the applicable trade regulations. Our trade compliance organization comprises a special department with Group-wide responsibility, a special IT system and a Group-wide network of around 70 people including the trade compliance officers responsible for the operating units.

C10 Compliance Management System (CMS)



Fighting corruption and the Code of Conduct

Evonik strictly rejects all forms of corruption. Our Code of Conduct therefore defines a zero-tolerance principle. Even the impression of corruption or corruptibility should be systematically avoided. The Master Gifts and Hospitality Policy, together with regional implementation regulations, and the Policy for the Use of External Intermediaries for the Sale of Evonik Products and Merchandise, which was completely revised in 2014, form the basis for this. For practical implementation of the policies, every employee can access corresponding checklists on the compliance site in the Group intranet. These summarize the main content of each policy. The compliance organization comprises a corporate team, which is mainly responsible for management issues, and compliance officers who operate at the level of the operational units and regions.

Capital market compliance

There are Group-wide rules of procedure on capital markets compliance by Evonik employees. These also contain information on the legal consequences of violating prohibitions imposed by capital market law. Through this policy and the accompanying organizational instructions, Evonik has taken extensive steps to meet the corresponding organizational obligations.

Management of data protection

The organization of data protection and rules on reliable processing of personal data are set out, among other things, in the compliance policy and a separate data protection regulation. The Corporate Data Protection Officer monitors observance of these rules and assists the organizational units in implementation. In particular, his role is to monitor correct usage of information processing programs that handle personal data. Increasing global data sharing requires additional technical and organizational security measures. These are monitored continuously. Web-based training programs are mandatory for all employees. Information on the relevant requirements and responsibilities is available to employees on the Evonik intranet.

Other compliance-related areas comprise:

ESHQ management

Our Environment, Safety, Health and Quality (ESHQ) Values set a global framework for action to ensure extensive protection of employees, the environment and local residents. Major EHSQ issues affecting the entire Group are defined in global policies and standard operating procedures. The operational units and regions are responsible for implementing these regulations. Regular audits are carried out in consultation with the companies, service units, regions and the Environment, Safety, Health and Quality division at the Corporate Center to monitor implementation at our sites around the world. Alongside compliance with internationally recognized DIN and ISO standards (9001, 14001), we examine observance of our voluntary obligations under Responsible Care, the UN Global Compact and ILO standards and the requirements set out in company regulations. Based on the findings and analyses of internal and external monitoring activities and site inspections, we hold talks on potential for improvement and take suitable action. The Executive Board is informed annually of the outcome of the audits through a management review.

Corporate security

We accept responsibility for the safety of our employees, our sites and transportation, and for information that requires special protection. We want to protect our employees from criminal acts and avoid security risks in our international business. This objective is of central significance and contributes to Evonik's business success.

The Corporate Security division has defined binding rules for the entire Group and has introduced a safety management system to assure uniformly high security standards at Evonik worldwide. Ongoing risk analyses, training, careful selection of business partners and investigation of incidents ensure that corporate security is firmly established in our corporate culture.

Our presence in growth markets means that we have projects and activities in countries and regions where there are heightened security risks for our business. These include risks involved in the establishment of joint ventures, the construction of facilities, and transportation, and risks to our personnel, business travelers, expats and know-how. Therefore we have established processes to ensure timely identification and evaluation of potential risks and implementation of suitable security concepts.

IT compliance

Binding Group-wide policies and regulations outline the safe use of information systems. The IT Compliance Strategy unit monitors and drives forward implementation of the compliance requirements imposed on managers and employees by legislation and the Group. The internal control system was extended further in the year under review and compliance processes were automated. The IT compliance index, which measures compliance with the relevant rules, remained at a good level in 2014, despite higher requirements. The access authorization system for accounting-related SAP systems was rolled out further as part of the migration of SAP systems. Its basic principles are "need-to-know" and "separation of functions".

State-of-the-art information security and data protection technologies are used throughout the Group to avoid such risks. Operational safety, especially of critical IT systems, was and is being improved by optimized systems management, especially in view of the Group's digitalization strategy and the challenges of global networking, which includes production systems. In view of the considerable and continuously rising threats, we regularly review our security measures, implement risk-based counter-measures as required, and adapt them wherever necessary. Through training, which is compulsory in some cases, and a constant flow of information, for example, in the corporate intranet and internal social networking platforms we ensure that employees are always aware of the need for IT compliance.

Compliance training

To raise employees' awareness of compliance issues at regular intervals, we organize online and face-to-face training. A binding training concept has been defined for the issues combined in the House of Compliance. Employees have to be trained routinely, based on function and hierarchical level. Training frequency is defined on the basis of risk and is every two or three years.

Fighting corruption

As a global corporation, we do business in regions that are classified as a corruption risk in the Corruption Perceptions Index (CPI) issued by Transparency International. We exercise particular care in dealings with officials and in the selection of external intermediaries.

Our employees can contact the Chief Compliance Officer, Head of Compliance or the compliance officer responsible for their entity to report compliance violations confidentially at any time, anonymously if they wish. There is also a compliance hotline. All allegations of violation of the relevant regulations are investigated by a team which includes representatives of different specialist areas as necessary. To conclude the process, sanctions or other measures are defined in consultation with the responsible management.

A Group-wide risk analysis covering all areas of Evonik has been conducted by our in-house team responsible for fighting corruption and the Code of Conduct. In addition, in collaboration with the regional compliance organization it examined the extent to which the compliance management system needs to be developed or adapted in the regions.

In the year under review, 27 internal investigations were conducted into potential infringements of the applicable anti-corruption laws and violation of the general rules of the Code of Conduct. A total of 19 allegations were received via internal reporting channels (email, phone, etc), while eight were received via external channels (email, letter, etc.). On the basis of the internal investigations, three employees were dismissed, four employees received a warning or reprimand and ten service-providers and intermediaries were struck off.

The training concept introduced in 2014 was refined and extended. The revised e-learning programs on the Code of Conduct and fighting corruption were initially rolled out in German.

Training is presented alternately online and in face-to-face sessions. The target groups are employees whose functions mean they are potentially exposed to a higher risk of corruption. Of these employees, the following received training in corruption prevention in the reporting period:

- 85.3 percent of managers
- 65.1 percent of non-managerial employees.

The business ✓

An excellent performance in 2015

Strategically, our new Group structure has further improved our basis for profitable growth in the future. The selective expansion of our market positions was also successful: The new production capacities that have come on stream made a clear contribution to our very good business performance. We are still implementing our growth investments in a disciplined manner.

Operationally, our business developed extremely well. In particular, our two growth segments, Nutrition & Care and Resource Efficiency, were able to raise volume sales further thanks to buoyant demand and increased production capacity. The positive price trend for some important products that started in the second half of 2014 continued uninterrupted until summer 2015 and prices then remained stable in the second half of the year. By contrast, selling prices fell considerably in the Performance Materials segment due to the sharp drop in the oil price. Overall, selling prices were on a level with the prior year.

Sales increased by 5 percent to €13,507 million in 2015. Adjusted EBITDA rose even faster, growing 31 percent to €2,465 million. Higher earnings contributions mainly came from the growth segments, and earnings in the Performance Materials segment were only down slightly year-on-year.

Thanks to our very successful business performance, earnings were high. The adjusted EBITDA margin improved substantially to 18.2 percent, which is also excellent by sector standards. The ROCE of 16.6 percent represents a very attractive return.

Net income improved 74 percent to €991 million, while adjusted net income advanced 44 percent to €1,128 million. To enable our shareholders to participate in this very pleasing business trend, at the Annual Shareholders' Meeting the Executive Board and Supervisory Board will be proposing a dividend payment of €1.15 per share.

Our financial profile remains good. At year-end 2015 we again had a net asset position. The cash flow from operating activities, continuing operations was a strong €1,968 million. After deduction of outflows for capital expenditures, the free cash flow was very high at €1,052 million. Evonik still has a sound investment grade rating (Moody's: Baa2, Standard & Poor's: BBB+).

T01 Key figures

in € million	2011	2012	2013	2014	**2015**
Sales	14,540	13,365	12,708	12,917	13,507
Adjusted EBITDA[a]	2,768	2,467	1,995	1,882	2,465
Adjusted EBITDA margin in %	19.0	18.5	15.7	14.6	18.2
Adjusted EBIT[b]	2,099	1,887	1,404	1,256	1,752
ROCE[c] in %	18.7	20.4	15.1	12.5	16.6
Net income	1,011	1,165	2,054	568	991
Adjusted net income	1,256	1,076	806	782	1,128
Earnings per share in €	2.17	2.50	4.41	1.22	2.13
Adjusted earnings per share in €	2.70	2.31	1.73	1.68	2.42
Total assets as of December 31	16,944	17,166	15,883	15,685	17,005
Equity ratio as of December 31 in %	35.8	31.9	43.0	41.6	44.6
Cash flow from operating activities	1,309	1,420	1,055	1,066	1,971
Capital expenditures[d]	830	960	1,140	1,123	877
Depreciation and amortization[d]	647	580	585	606	700
Net financial debt/assets as of December 31	–843	–1,163	571	400	1,098
No. of employees as of December 31	33,556	33,298	33,650	33,412	33,576

Figures for 2012 and 2013 contain the former Real Estate segment as a discontinued operation.
2014 figures restated.

[a] Earnings before financial result, taxes, depreciation and amortization, after adjustments.
[b] Earnings before financial result and taxes, after adjustments.
[c] Return on capital employed.
[d] Intangible assets, property, plant, equipment and investment property.

Differences between the data and totals are due to rounding differences.

Major events

At the end of June 2015, Evonik Industries AG divested its remaining 10.3 percent stake in the residential real estate company Vivawest GmbH to RAG Aktiengesellschaft for €428 million. Through this transaction, Evonik Industries AG has now completely withdrawn from its real estate activities in order to focus on specialty chemicals. The divestment gain is recognized in other operating income.

At its meeting on June 25, 2015, the Supervisory Board of Evonik Industries AG adopted a resolution on ending the term of office of Patrik Wohlhauser as a member of the Executive Board and Chief Operating Officer (COO) by mutual agreement effective June 30, 2015. At the same time, Dr. Ralph Sven Kaufmann was appointed to the Executive Board of Evonik Industries AG as the company's new COO with effect from July 1, 2015.

A successful business trend

Despite the challenging business conditions, we achieved a significant year-on-year improvement in adjusted EBITDA in all four quarters. Although global growth was below expectations, high demand enabled our two growth segments, Nutrition & Care and Resource Efficiency, to report good volume trends, aided by new production capacity. Selling prices rose considerably in the Nutrition & Care segment but decreased in the Performance Materials segment, principally due to the lower oil price. Overall, selling prices were on the previous year's level.

Organic sales growth

Evonik posted organic sales growth of 1 percent as volumes were higher and prices were unchanged overall. Sales grew 5 percent to €13,507 million, driven by positive currency effects (5 percentage points), principally as a consequence of the depreciation of the euro versus the US dollar and the Chinese renminbi yuan. The other effects (–1 percentage point) include changes in the scope of consolidation.

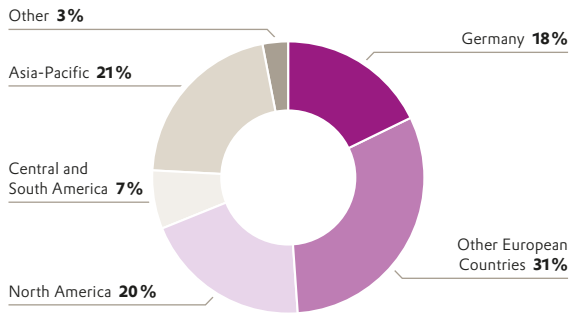
T02 Change in sales 2015 versus 2014

in %	
Volumes	1
Prices	0
Organic sales growth	**1**
Exchange rates	5
Other effects	–1
Total	**5**

A global presence

In 2015, 82 percent of our sales were generated outside Germany. A rise in sales was registered in particular in North America and the Asia-Pacific region, while sales in Europe declined, for currency-related reasons. As part of our growth strategy, we are expanding our presence in emerging markets. We define these as selected countries in Asia, South America, Eastern Europe and the Middle East.

C11 Sales by region [a]



[a] By location of customer.

Very good adjusted EBITDA

Adjusted EBITDA was €2,465 million, 31 percent above the prior-year figure. Alongside positive currency effects, contributory factors were sustained good demand, the positive price trend and lower raw material costs. The adjusted EBITDA margin increased from 14.6 percent to a very good level of 18.2 percent.

T03 Adjusted EBITDA by segment

in € million	2015	2014	Change in %
Nutrition & Care	1,435	847	69
Resource Efficiency	896	836	7
Performance Materials	309	325	–5
Services	163	151	8
Corporate, other operations, consolidation	–338	–277	–22
Evonik	**2,465**	**1,882**	**31**

Prior-year figures restated.

The Nutrition & Care segment benefited from higher volumes and, above all, higher selling prices accompanied by lower raw material prices. Its earnings were therefore considerably higher than in the prior year. The Resource Efficiency segment improved earnings thanks to higher volumes, high capacity utilization and lower raw material costs. By contrast, the Performance Materials segment was hampered considerably by the reduction in selling prices, whereas lower raw material costs alleviated the situation. Overall, its earnings contribution was slightly lower than in the previous year. Earnings in the Services segment were higher than in the previous year. The adjusted EBITDA reported by Corporate, other operations, including consolidation, was –€338 million. This includes, among others, expenses for the Corporate Center and strategic research.

Very good return on capital employed

Within our value-oriented management approach, our success is measured principally by ROCE, which was 16.6 percent in 2015 and therefore well above our cost of capital, which was confirmed as 10.5 percent before taxes in our regular review for the fiscal year. The average capital employed increased by €0.5 billion to €10.5 billion in 2015. Capital employed was increased by the rise in property, plant and equipment and higher trade accounts receivable, which resulted from further implementation of our growth investments. The divestment of the stake in Vivawest and impairment losses on property, plant and equipment had a counter-effect.

The considerable improvement in ROCE was attributable to higher operating earnings, while the increase in capital employed had a counter-effect. In the three chemical segments, ROCE is well above the cost of capital. The return on capital employed in the Nutrition & Care and Resource Efficiency segments is well above average. The ROCE for the Group was considerably lower because capital employed also includes identified hidden reserves from former business combinations.

T04 ROCE by segment

in %	2015	2014
Nutrition & Care	41.5	27.1
Resource Efficiency	24.8	25.9
Performance Materials	11.9	14.6
Services	9.4	9.7
Evonik (including Corporate, other operations)	**16.6**	**12.5**

Prior-year figures restated.

Far higher value added

Value added is calculated from sales and other revenues less the cost of materials, depreciation and amortization and other expenses. In 2015, value added increased by 23 percent to €4,838 million. The largest share of value added—65 percent (2014: 70 percent)—went to our employees. 10 percent (2014: 8 percent) was paid to the state in income and other taxes. A further 5 percent (2014: 7 percent) went on interest payments. Shareholders of Evonik Industries AG received 20 percent of value-added, compared with 14 percent in the previous year.

T05 Breakdown of value added

in € million	2015	2014
Total value added	4,838	3,926
Split		
Employees	3,121	2,749
State	470	307
Creditors	245	289
Non-controlling interests	11	13
Net income	**991**	**568**

Target for On Track 2.0 achieved— Administration Excellence well on schedule

At the start of 2012 we set up the On Track 2.0 efficiency enhancement program to achieve a continuous improvement in process efficiency, especially in the production function. The goal was to reduce production costs by €500 million following realization of this program in the period up to 2016. That has now been achieved. By the end of 2015, measures with the potential to cut costs by well over €550 million had been identified and adopted for implementation.

Following the successful stock exchange listing and Evonik's strategic focus on the specialty chemicals business, in September 2013 we launched the Administration Excellence program to further strengthen our competitive position and optimize the quality of our administrative processes. This aims to implement measures with cost-improvement potential of around €230 million by the end of 2016. By year-end 2015 measures with cost-saving potential of around €100 million had already been implemented. In addition, more than 90 percent of the measures defined had been passed on to the responsible units for implementation. Specific human resources measures have now been defined to achieve the headcount reductions associated with the savings and will be implemented in consultation with representatives of the workforce to avoid undue hardship.

Systematic optimization of the value chain and implementation of the efficiency enhancement programs support Evonik's strategy of profitable growth.

Significant growth projects completed successfully

In the specialty chemicals sector Evonik is expanding in business areas and markets where it already has—or intends to build—a strong competitive position. Investment projects are aimed at utilizing potential for sustained profitable growth and value creation. Every project undergoes detailed strategic and economic analyses. In addition, there is a minimum return requirement for every project based on Evonik's cost of capital. We take a flexible and disciplined approach to extending our leading market positions. All projects are regularly reviewed for changes in the market situation. Examples of projects completed successfully in 2015 are a new lysine facility in Castro (Brazil), expansion of the production facilities for specialty silicas in Ako (Japan), and expansion of production capacity for butadiene in Antwerp (Belgium), isononanol in Marl (Germany) and the anti-knock agent MTBE in Marl and Antwerp.

Capital expenditures amounted to €877 million in 2015, below the previous year's high figure of €1,123 million.

The highest proportion of capital expenditures went to the Nutrition & Care and Resource Efficiency segments (29 percent and 27 percent respectively). A further 21 percent was allocated to the Specialty Materials segment, and 20 percent was invested in the Services segment. The regional focus of capital expenditures was Germany, which accounted for 49 percent of the total, followed by North America (24 percent) and the Asia-Pacific region and other European countries, which each received 10 percent.

Segment performance

Nutrition & Care segment

T07 Key data for the Nutrition & Care segment

in € million	2015	2014	Change in %
External sales	4,924	4,075	21
Adjusted EBITDA	1,435	847	69
Adjusted EBIT	1,214	685	77
Capital expenditures	250	458	–45
No. of employees as of December 31	7,165	6,943	3

Prior-year figures restated.

Considerable sales growth

The Nutrition & Care segment posted an extremely successful business performance in 2015 and grew sales 21 percent to €4,924 million. Alongside slightly higher volumes, the main drivers were considerably higher selling prices and positive currency effects.

In particular, there was a substantial increase in sales of essential amino acids for animal nutrition. The strong trend to modern and sustainable animal nutrition continues to have a positive impact on this business. Thanks to the new production facility that came on stream in Singapore at the end of 2014, we were able to satisfy the significant rise in demand for our methionine products and raise volumes further. Having risen since fall 2014, prices have been stabilized at a very attractive level since summer 2015.

T06 Major projects completed or virtually completed in 2015

Segment	Location	Project
Nutrition & Care	Castro (Brazil)	Construction of a new lysine plant
	Essen (Germany)	Expansion of the silicone platform
	Mobile (Alabama, USA)	Construction of a new production facility for Mepron®
Resource Efficiency	Ako (Japan)	Expansion of capacity for specialty silicas
	Singapore	Expansion of a facility for oil additives
Performance Materials	Marl (Germany) and Antwerp (Belgium)	Expansion of capacity for butadiene in Antwerp, the plasticizer alcohol isononanol in Marl, and the anti-knock agent MTBE in Marl and Antwerp

For further information on current capital expenditure projects, please see the section on Segment performance.

Substantial increase in adjusted EBITDA

The Nutrition & Care segment's adjusted EBITDA grew 69 percent to €1,435 million, driven mainly by higher selling prices and positive currency effects. The adjusted EBITDA margin improved significantly from 20.8 percent in 2014 to 29.1 percent.

Investment projects to drive growth

Capital expenditures in the Nutrition & Care segment amounted to €250 million.

That was well below the prior-year figure of €458 million, which was boosted by high growth-driven investments. Nevertheless, capital expenditures were well above depreciation, which was €212 million.

Since demand for amino acids for modern animal nutrition is growing fast, selective capacity increases in this field are a major focus of investment in the Nutrition & Care segment. A new facility for biotechnological production of around 100,000 metric tons p.a. of Biolys® (L-lysine), an amino acid for animal feed, was completed in Castro (Brazil). This site has excellent access to corn, which is used as a raw material, very good logistics connections, and is close to our customers in the growing Latin American market. Biolys®, which Evonik produces from renewable resources by a biotechnological method, is regarded worldwide as a highly efficient source of L-lysine for animal feed, which substantially reduces the costs of both feed production and livestock farming. In a lifecycle assessment certified by the German standardization body TÜV Rheinland, Nutrition & Care has proven that the provision of protein in animal feed with the addition of Biolys® is a particularly environment-friendly method of providing healthy animal nutrition in line with needs.

In addition, the segment invested in new production facilities for methionine formulations tailored specifically to the nutritional requirements of species other than poultry. A facility to produce Mepron® for dairy cattle has been erected in Mobile (Alabama, USA). Investment in this plant is in the low double-digit million euro range. The use of Mepron® in rations for dairy cattle enables the amount of raw protein in the feed to be reduced, without any reduction in performance. This reduces feed costs, enhances the metabolism of the animals and reduces the excretion of nitrogen. In this way, Evonik contributes to more sustainable milk production.

Nutrition & Care has also developed AQUAVI® Met-Met, a dipeptide with two methionine molecules, for aquaculture of shrimp and other crustaceans. The first production facility for this product is currently under construction in Antwerp (Belgium), and is scheduled to come on stream in April 2016. This investment is also in the low double-digit million euro range. The use of AQUAVI® Met-Met has many advantages. For example, it greatly reduces the consumption of fishmeal in aquaculture of shrimp. In addition, AQUAVI® Met-Met lowers the cost of feed, reduces the strain on fishing grounds worldwide and contributes to an improvement in water purity because an optimal supply of methionine reduces excretion by the shrimp and nitrogen output into the environment. The shrimp remain healthier as a result of optimal nutrition and there is less pollution of the environment.

In view of the strong growth in the market for methionine, Evonik is planning to build a further world-scale production complex alongside the facility on Jurong Island (Singapore) that came into service in November 2014. In this new, fully backwardly integrated production complex as well, we will produce all key strategic precursors ourselves. Adding DL-methionine to animal feed meets ecological, economic and social sustainability criteria by greatly reducing the release of ammonia, nitrate and greenhouse gases.

Evonik has a global investment initiative to strengthen its integrated technology platform for specialty silicones in Germany and China. Total planned investment for this is triple-digit millions of euros. The first capacity expansion in Essen (Germany) came into operation in 2015. Over the next few years, the plants there will be extended further and a new silicone platform will be constructed in Shanghai (China). The silicone platforms are the backbone of significant business activities in the Nutrition & Care and Resource Efficiency segments.

Resource Efficiency segment

T08 Key data for the Resource Efficiency segment

in € million	2015	2014	Change in %
External sales	4,279	4,040	6
Adjusted EBITDA	896	836	7
Adjusted EBIT	675	642	5
Capital expenditures	241	273	–12
No. of employees as of December 31	8,662	7,835	11

Prior-year figures restated.

Higher sales

Sales in the Resource Efficiency segment grew 6 percent to €4,279 million. Alongside positive currency effects, this was attributable to organic sales growth resulting from higher volumes and stable selling prices.

There was strong growth in sales of crosslinkers, which benefited above all from attractive end-markets such as

construction and wind energy. Oil additives, which enhance the performance of engines and gears in the automotive, construction and transportation industries, were again very successful.

Improvement in earnings

Adjusted EBITDA in the Resource Efficiency segment advanced 7 percent to €896 million, mainly as a result of higher volumes, better capacity utilization, positive currency effects, and lower raw material costs. The adjusted EBITDA margin increased slightly to 20.9 percent.

Investment projects to expand market positions

Capital expenditures in the Resource Efficiency segment remained high at €241 million, but were 12 percent lower than in the previous year. Nevertheless, they were slightly above depreciation, which amounted to €222 million. The Resource Efficiency segment has almost doubled the capacity of its production facility for oil additives on Jurong Island (Singapore). This facility, which was inaugurated in May 2015, is now Evonik's biggest production plant for oil additives. The additional capacity enables this segment to meet rising demand from customers for more efficient lubricants. Rising mobility in Asia, the increased importance of resource efficiency and fuel savings and more stringent emissions thresholds are increasing demand for high-performance lubricants. As a leading supplier of oil additives, the Resource Efficiency segment is developing technologies that improve the performance of engines and gears and the efficiency of hydraulic fluids and thus contribute to the efficiency of fuel and energy sources.

By raising global capacity for precipitated silicas, the segment is supporting the growth of its global customers in the tire, construction, animal feed and nutrition industries. A new production facility is currently under construction near São Paulo (Brazil) and is scheduled to start operating in 2016. This will be the first production facility for highly dispersible silica (HD silica) for the South American tire industry. This high-growth silica is mainly used for high-quality tires that reduce rolling resistance. Pre-engineering for a new production plant for precipitated silicas in North America has started. This plant should be completed in early 2018. The entire project is still contingent upon approval by the relevant authorities.

As binders for paints, specialty copolyesters are used in coil coatings and, increasingly, in food can coatings. To meet rising demand, the segment is investing in a new plant at Witten site in Germany. This will have annual capacity of several thousand metric tons and is scheduled for completion in 2018.

Performance Materials segment

T09 Key data for the Performance Materials segment

in € million	2015	2014	Change in %
External sales	3,435	3,827	–10
Adjusted EBITDA	309	325	–5
Adjusted EBIT	174	204	–15
Capital expenditures	183	218	–16
No. of employees as of December 31	4,380	4,353	1

Prior-year figures restated.

Lower sales

Sales declined 10 percent to €3,435 million in the Performance Materials segment. Since volume sales were almost stable, the decline was principally due to the oil-driven reduction in selling prices. By contrast, exchange rates had a positive effect.

Performance Intermediates, in particular, reported significantly lower sales that in the previous year. This was caused by a sharp decline in selling prices for products from the integrated C_4 platform in the wake of the reduction in the oil price. The downward trend gained momentum in the second half of the year.

Adjusted EBITDA down year-on-year

Adjusted EBITDA slipped 5 percent year-on-year to €309 million. This was caused by lower selling prices, while the decline was checked by the reduction in the cost of oil-based raw materials. The adjusted EBITDA margin improved from 8.5 percent to 9.0 percent.

Global projects to expand capacity

To secure its leading market positions, raise efficiency and broaden its technology base, the Performance Materials segment invested €183 million in property, plant and equipment in 2015. Capital expenditures therefore exceeded depreciation, which amounted to €132 million. As part of the Europe-wide expansion of capacity for C_4-based products, new plants came on stream in Marl (Germany) and Antwerp (Belgium). These have successfully raised capacity for the plasticizer alcohol isononanol, for butadiene and for MTBE, an anti-knock additive for fuel. Thanks to a unique new process, special product streams from refineries can be utilized for C_4 chemistry for the first time. Total investment was in the triple-digit million euro range.

To ensure sustainable and reliable long-term supply of potassium derivatives to customers, Evonik has established a production joint venture with AkzoNobel to build and operate a membrane electrolysis plant for chlorine and potassium hydride solution in Ibbenbüren (Germany). Production is scheduled to start in the fourth quarter of 2017.

In Mobile (Alabama, USA) the Performance Materials segment has embarked on a substantial capacity increase for ACA (acrolein cyanohydrin-o-acetate). This drives forward the very successful exclusive partnership with a global leader in broadband herbicides. The new production plant, which involves total investment in the triple-digit million euro range, should start operating in early 2017.

In the second half of 2016, Performance Materials will have access to new capacity for sodium cyanide from a joint venture with the Mexican group IDESA. This will greatly strengthen its position in the growing Mexican market.

Services segment

T10 Key data for the Services segment

in € million	2015	2014	Change in %
External sales	828	906	–9
Adjusted EBITDA	163	151	8
Adjusted EBIT	53	49	8
Capital expenditures	177	153	16
No. of employees as of December 31	12,668	13,173	–4

Prior-year figures restated.

The Services segment generates sales both internally, with the specialty chemicals segments and Corporate Center (2015: €1,886 million), and with external customers. External sales contracted by 9 percent to €828 million in 2015. This was mainly due to the reduction in the price of energy, which the segment charges to external customers at our sites. Adjusted EBITDA increased 8 percent to €163 million, mainly because of changes to the internal cross-charging system.

Capital expenditures in this segment increased 16 percent to €177 million. That was above depreciation, which amounted to €107 million. Numerous infrastructure projects were completed at German sites in 2015.

Supply chain management

Health, quality, safety, social and environmental sustainability principles play a central role in our procurement strategy alongside economic aspects. The principles of the UN Global Compact are applied, and we also take account of fair business practices and the status of humanitarian development.

Procurement at Evonik is organized globally and comprises direct procurement (raw materials, logistics and packaging) and indirect procurement (general and technical goods and services). These are further subdivided into strategic and operational procurement activities. Global procurement is managed from Germany, with the support of regional units in Asia and North and South America.

Through our procurement volume, we have a not inconsiderable influence on society and the environment. We are aware of the associated responsibility within the value chain. Our suppliers also play a significant part in this, so the selection and correct assessment of suppliers are important factors in ensuring reliability of supply, ongoing optimization of material costs, and access to new procurement markets. We are therefore consistently working to extend our relationship with strategic suppliers and to validate new suppliers.

Procurement in 2015

In 2015 Evonik sourced raw materials and supplies, technical goods, services, energy and other operating supplies totaling €8.3 billion (2014: around €9.1 billion) from more than 30,000 suppliers worldwide. On average, 75 percent was sourced locally. Petrochemical feedstocks accounted for about 25 percent of the total (2014: around 27 percent). Overall, raw materials and supplies made up around 59 percent of procurement volume.

Using renewable resources is of great importance to Evonik. In 2015, around 8 percent (2014: around 7 percent) of raw materials procured were based on renewable resources. The main applications for these raw materials are amino acids and precursors for the cosmetics industry.

The Dodd-Frank Act requires companies listed on the US stock market to disclose whether their products contain potential conflict minerals. These are mineral raw materials from the Democratic Republic of Congo and its neighboring countries. Evonik is not listed on US stock exchanges and therefore has no legal obligation to comply with the reporting requirements of the US stock market regulator. At the same time, as a responsible company, Evonik meets its duty of care

with regard to conflict minerals in the supply chain. Suppliers questioned in our basic assessment have confirmed that the raw materials sourced do not contain conflict materials. At the beginning of 2016 we altered the pre-qualification of our suppliers to include the corresponding information.

Based on our supplier structure, there was no significant change in our value chain in 2015.

Global supply chains

As in the previous year, the challenges of structuring sustainable supply chains in the chemical industry were the central focus of the Together for Sustainability (TfS) conference, which was held in São Paulo (Brazil). The conference centered on the combined objective of the TfS member companies—applying a global standard in the chemical industry, based on uniform assessments and audits. In addition, audit topics and training concepts for suppliers were presented to the roughly 300 attendees, comprising suppliers, representatives of the TfS member companies and local and international associations and non-governmental organizations.

TfS was set up in 2011 by six multinational chemical companies, including Evonik, to reduce the complexity of global supply chain management, harmonize and standardize processes, and improve dialogue between the parties involved. At the end of 2015 the TfS initiative had 16 members and operated as a non-profit organization in collaboration with the European Chemical Industry Council (Cefic), which is based in Brussels (Belgium). Other members are already at the acceptance stage. The member companies have already initiated more than 8,000 audits and assessments worldwide and published their findings on a joint platform.

T11 TfS activities in 2015 [a]

Total no. of assessments performed by TfS	2,580
Total no. of audits performed by TfS	179

[a] Including additional follow-up audits with specific suppliers to verify implementation of measures.

The activities of the TfS are highly relevant for Evonik because they help to increase the transparency of our sustainability performance within our supplier portfolio and significantly reduce the associated internal workload.

Sustainability in the selection of suppliers

Procurement at Evonik is systematically aligned to the Group's sustainability strategy. Building on our corporate policies, we published our Code of Conduct for Suppliers in 2014. This supplements our general purchasing conditions and outlines what we expect of existing and potential new contractual partners. The Code of Conduct for Suppliers comprises the requirements we place in their conduct in the business environment, conduct to and treatment of one another, the environment, safety, health and quality, and in the implementation of standards and requirements. In 2015, we conducted a standard review of around 400 new suppliers of raw materials, technical goods and services with a view to quality, environmental protection, safety, health and energy management. About a third of them were subject to an additional review in the areas of anti-corruption, labor and social standards and human rights. The examination of the sustainability status of new suppliers is currently being extended. The assessment and audit process for established suppliers is undertaken in collaboration with the TfS sector initiative. We have annual targets to measure our own contribution to improving sustainability in the supply chain. These range from checking potential (risk) suppliers through sustainability audits of suppliers and follow-up activities to training our own procurement staff. In 2016, for example, that includes a renewed review of suppliers that were assessed in 2012 and 2013.[1] These targets help us reflect on our own processes and identify a need for improvement at an early stage.

The aim of TfS is to achieve a further improvement in sustainability in the supply chain through a common approach.[2] For this purpose, supplier self-assessments and/or audits are performed by neutral third parties. With the agreement of the supplier the results can be made available to other TfS members, without them being able to draw any conclusions about the procuring company. Sharing information in this way reduces the workload on suppliers resulting from similar assessments and audits by other procuring companies. The selection of suppliers for TfS reviews is made by our procurement staff on the basis of strategic/economic and risk-related factors. These include, for example, country risks.

T12 Suppliers at an advanced stage of examination

Fiscal 2015	No.
Suppliers identified by Evonik as requiring an on-site audit	59
Supplier audits completed	39

[1] See Our objectives, p. 89.
[2] www.tfs-initiative.com and Sustainability Report 2013, p. 7 ff and p. 63.

In the year under review, site audits were carried out on 39 suppliers of raw materials, technical goods and services, and sustainability self-assessments of 373 suppliers were initiated via the external CR rating provider EcoVadis.

By the deadline, about 58 percent of the suppliers had submitted data that could be evaluated. Based on the detailed analysis of the questionnaires completed and evaluated through the Together for Sustainability initiative, the picture is as follows:

T13 Results of the evaluation of the sustainability profile of suppliers in 2015

TfS evaluation of sustainability profiles	Result in percent (approximate data)
Advanced	1
Secured	36
Not fully developed	48
Unsatisfactory	15

Appropriate measures are worked out for suppliers whose sustainability profile is unsatisfactory or not fully developed in talks between the procuring company and the supplier. The goal is to eliminate or improve the shortcomings in between one and three years, depending on their relevance. Suppliers whose sustainability profile was secured or advanced in the previous year are re-evaluated in accordance with a defined time schedule.

Through the supplier audits conducted by TfS audits in 2015, we identified shortcomings in the areas of working hours and payment of the minimum wage set by local legislation. In addition, scope to improve contingency plans was identified at some suppliers. In these cases, we requested our suppliers to take action to improve the situation.

Child labor and forced labor were not found in any on-site audits, nor were any cases of restricted freedom of association or discrimination.

Where particularly serious shortcomings are identified and we do not see any improvement, we reserve the right to terminate collaboration with the supplier. However, there was no case in which this was necessary in 2015.

Evonik as part of the supply chain

Like all other TfS members, Evonik is regularly assessed by EcoVadis. At the start of 2016, Evonik was once again awarded the gold standard, showing that it is still one of the best performers in the chemical sector. The assessments include questions about employee training. Assisted by the "train-the-trainer" concept, in the reporting period around 79 percent of relevant procurement staff were trained. The target of 60 percent was therefore clearly exceeded. The specially trained procurement staff, who are also familiar with the processes required as a TfS member, are direct lines of contact for our suppliers.

Procurement-specific validation under ISO 9001 and 14001 was successfully renewed. In addition, internal audits based on corporate policies were conducted at five regional procurement units on two continents.

The Shaping Procurement and Developing Excellence (SPADE) training program was also continued in 2015. This program aims to improve employees' procurement-specific and general competencies. At the same time, it fosters international, interdisciplinary sharing of experience. The various training modules are additive and are supplemented by procurement units to meet specific requirements. For example, SPADE Operational was developed and introduced specifically for employees in the operational procurement units. This module supplements SPADE Advanced for strategic procurement employees.

Research & development

Innovation strategy firmly anchored in corporate strategy

Evonik—one of the world's most innovative companies. That is the vision that guides our research & development (R&D). As a major driver of profitable growth and value creation, our market-oriented R&D is firmly anchored in our corporate strategy. Innovations strengthen our leading market and technology positions and open up new high-growth business opportunities. The careful selection of our areas of innovation is guided by the megatrends of relevance for Evonik: health, nutrition, resource efficiency and globalization.

Our R&D is aligned to three core strategic objectives: we aim to

- produce custom-tailored products and solutions in close collaboration with our customers and partners, to drive their success in international competition
- continuously improve our processes, and
- make a substantial contribution to profitable growth and to the future of Evonik.

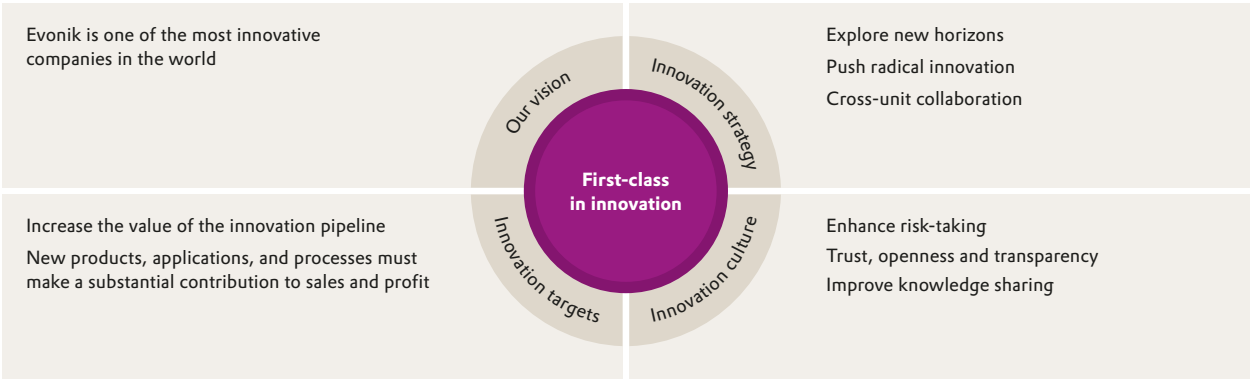
Our open, learning innovation culture based on a business mindset is the key to achieving these goals. It ensures timely identification of good ideas which we can drive forward and turn into additional sales and earnings. To reinforce Evonik's innovative strength, we organize regular internal conferences under the motto Leading Innovation, which are attended by members of our top management. Every year, we present an internal Innovation Award in various categories to honor outstanding research achievements. At the same time, we consistently terminate R&D projects if there are no prospects of success and take a constructive attitude to such cases.

We have a well-stocked innovation pipeline with a balanced mixture of more than 500 short-, mid- and long-term projects. These are managed using Idea-to-Profit, a multi-step innovation process developed by Evonik. In 2015, we received total funding of around €3.4 million from the European Union and the Federal Republic of Germany to support some of our projects.

Ingredients for the cosmetics industry, membranes, specialty materials for medical technology, feed and food additives, and composites have been identified as promising areas of innovation for Evonik. In addition, we aim to steadily extend our expertise in catalysis and biotechnology. To raise the pace of innovation, we want to align our R&D project portfolio even more closely to these fields, step up external knowledge sharing, and drive forward the internationalization of our R&D.

Evonik has an extensive patent strategy to protect new products and processes. The value and quality of our patent portfolio have increased steadily in recent years.

C12 Our claim: First-class in innovation



T14 Innovative strength and patent protection at Evonik

	2015
No. of new patent applications filed	approx. 260
Patents held and applications filed	more than 25,000
Registered/pending trademarks	more than 7,000
No. of projects in the R&D pipeline	more than 500

In view of the strategic importance of R&D, we have raised R&D expenses by an average of 6 percent a year since 2010. Given our growth strategy and our vision of being one of the world's most innovative companies, we want to maintain this ambitious level and intend to spend more than €4 billion on R&D in the next ten years.

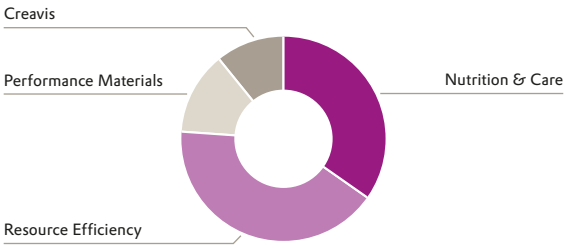
Decentralized organization of R&D

Evonik's global R&D network comprises 35 locations with approximately 2,700 R&D employees. Around 90 percent of our R&D is performed by our segments. That includes, first and foremost, research geared specifically to their core technologies and markets and the development of new business. In addition, in close collaboration with our segments, our strategic innovation unit Creavis is involved in research in new high-tech areas outside the Group's present portfolio. Creavis focuses on mid- to long-term innovation projects that support Evonik's growth and sustainability strategy. For example, the Composites Project House has developed a new composite that combines the benefits of thermoplastics and thermosets. For this innovation Evonik received the 2015 Innovation Award presented by CFK Valley, a leading competency network for fiber composites. Creavis is currently developing a new high-performance surfactant using a biotechnological process.

High commitment to R&D in 2015

R&D expenses amounted to €434 million in 2015, an increase of 5 percent compared with the previous year (€413 million). The ratio of R&D expenses to sales was 3.2 percent (2014: 3.2 percent).

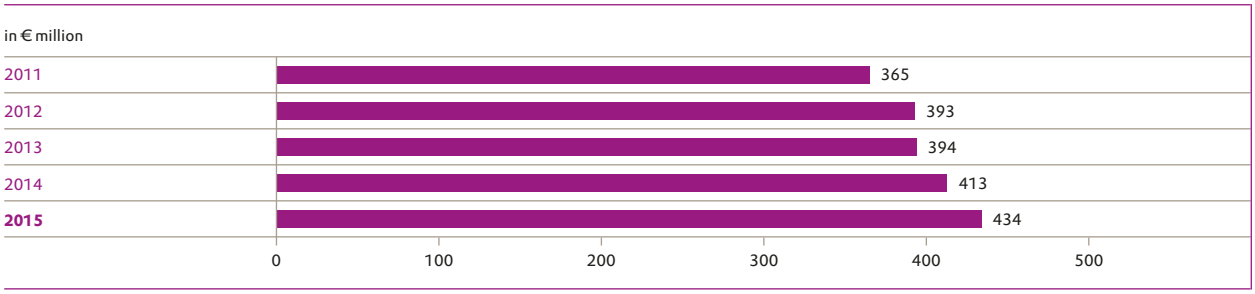
C14 Breakdown of R&D expenses



Moreover, in the past four years Evonik has spent €170 million on building laboratory capacity and pilot plants. The focus of this investment in R&D facilities was on new and extended innovation centers in Essen (Germany), Shanghai (China), Richmond (Virginia, USA) and Birmingham (Alabama, USA).

Examples of Evonik's most recent research successes include an innovative microencapsulation process for extended release of medication, and composites for lightweight structures. In addition, work has commenced on a new generation of lubricant additives.

C13 R&D expenses



T15 Main products introduced in 2015

Product	Description	Application	Sector
VISCOBASE 11-524/526	High-viscosity synthetic base fluid with dispersing properties	Favorable alternative formulation for modern gear lubricants for cars, trucks and industrial gears	Automotive, industrial gears
VISCOPLEX 0-192	Easy-to-handle viscosity index improver based on comb polymers	Used in gear lubricant formulations to minimize energy losses in the drivetrain; reduces fuel consumption	Automotive
SILIKOPHEN® AC 950	Heat-resistant, low-toxic (aromatic-free) silicone resin that cures at ambient temperature	High-temperature coating of industrial plant; corrosion protection of high-volume components	Machinery and plant engineering, consumer durables and capital goods, automotive
SEPURAN® Noble	Membrane technology for gas separation; several thousand hollow fibers made from a high-performance polymer (polyimide) are used as membranes	Recovery and treatment of helium and hydrogen	Hydrogen: refineries, production of ammonia and methanol. Helium: medical institutes, MRT technology, welding and metal-working, electronics industry, oil and gas production
BREAK-THRU® SP 131 and BREAK-THRU® SP 133	Based on renewable raw materials, biodegradable, very good ecotoxicological profile; adjuvant to increase the efficacy of crop protection products	Crop protection	Agriculture
SITREN AirVoid® 360	Defoamer for cement- and gypsum-based construction applications	Dry mortar	Construction
Methacrylic acid anhydride (MAAH)	Market entry with improved product quality from a new plant	Synthesis	Specialty chemicals

Innovation drivers at Evonik

Interdisciplinary collaboration across organizational units and regions is regarded as very important at Evonik because it is a key source of innovative ideas. In addition, we are steadily becoming more open to external partners. We cooperate with research institutes, universities and other industrial companies so that the latest findings in chemistry, biology and physics can rapidly be transported into our company.

Our corporate venture capital activities are a special way of networking and a strategic complement to our understanding of open innovation. We invest in specialized technology funds and promising start-ups of strategic relevance to Evonik. We selectively extended our corporate venture capital portfolio through two investments in 2015.

Focus on sustainability

Our innovative products, systems and solutions make a contribution to sustainable development and we are continuously extending our work in this field. Our market-oriented R&D plays an important role in this. We are aligning our innovation pipeline increasingly to sustainable projects and solutions in response to rising interest from our customers. In this way, we enable them to improve their ecological footprint and successfully differentiate themselves from competitors. Sustainable products recently launched by Evonik include, for example, a new ingredient based on renewable resources for shampoos and conditioners, an innovative silica-based insulating material, and a biological fungicide for agricultural applications.

Together with the Wuppertal Institute for Climate, Environment and Energy and the in-house Life Cycle Management and Innovation Excellence Consulting groups, Creavis has developed the I2P^3 (idea to people, planet, profit) innovation management process, which allows an extensive sustainability assessment of new products and processes at an early stage in their development.

Fostering education and science

Fostering education and science is a core focus of the Evonik Foundation. In 2015 the Foundation supported 18 particularly gifted and committed science students at 17 universities in Germany and in collaboration with foreign universities. Regular meetings with these scholarship students, scientific colloquia and a mentoring program give them an early insight into the day-to-day work of a leading specialty chemicals company. Evonik is also one of the most committed sponsors of the German government's "Deutschlandstipendium" program, with 200 scholarships provided by the Evonik Foundation.

T16 Evonik Venture Capital: New investments in 2015

Name	Headquarters	Technology/business model	Strategic focus on the following Evonik competencies
JeNaCell GmbH	Jena (Germany)	Specialist in nanocellulose generated by biotechnological methods, which is used, for example, as a wound dressing to improve the treatment of burns. It can also be loaded with medical active ingredients for controlled release to the skin over time.	An excellent strategic fit with Evonik's expertise in biotechnology and delivery systems for active medical ingredients.
Wiivv Wearables Inc.	Vancouver (Canada)	Wiivv is one of the first companies in the world to use 3D printing for individualized mass production of biomechanically optimized insoles.	Evonik is a leading supplier of polyamide 12 for 3D printing, a highly innovative growth market with diverse applications.
Airborne Oil & Gas	IJmuiden (Netherlands)	Airborne Oil & Gas has a unique production technology for thermoplastic composite pipes for a whole range of applications in offshore oil and gas production.	The oil and gas industry is an attractive growth market for Evonik and an important area of innovation. In addition, the company is the market leader in polyamide 12, which is marketed as VESTAMID® and used in pipelines for the production and transportation of oil and gas.
Synoste Oy	Espoo (Finland)	Synoste is a young medical technology company that has developed a novel implant to "lengthen" the legs of patients suffering from limb length discrepancy. Unlike conventional methods, after implantation the implant is activated by an external magnetic field and can correct differences of up to 7 cm.	As a technology leader in high-performance polymers, Evonik supplies polyetherether ketone (PEEK) for medical applications. Our VESTAKEEP® PEEK grades for implants, dental and medical applications set new standards in medical applications thanks to their outstanding biocompatibility and biostability.
GRC SinoGreen Fund III	Beijing (China)	GRC is a Chinese venture capital fund which focuses on investing in non-listed green-tech companies in Greater China (China, Taiwan and Hong Kong) that have unique technological competencies and high growth potential. The target sectors include energy and resource efficiency, environment-friendly mobility, sustainability and climate protection.	By investing in the GRC SinoGreen Fund III, Evonik has extended its venture capital activities to Asia. The company now has a presence in the most important venture capital markets: North America, Europe and Asia. Investments in venture capital funds are a fundamental element of the innovation strategy of Evonik Venture Capital because they offer excellent opportunities to speed up the development of new business and gain access to new growth areas.

Market-oriented research & development

In 2015 our segments once again developed major innovative products and processes up to market maturity or market launch. In addition, they drove forward key future-oriented projects such as new materials and production processes for lightweight construction. Special attention was paid to sustainability and efficient use of resources.

Since summer 2015 our **Nutrition & Care segment** has been working with DSM Nutritional Products Ltd. on the development of algae-based omega-3 fatty acid products for animal nutrition. Both humans and animals need to absorb a certain amount of these essential long-chain polyunsaturated fatty acids through their diet to ensure healthy growth. At present, most of the omega-3 fatty acids required for aquaculture come from fish oil. The development partners aim to meet the rising global demand for omega-3 fatty acids more resource-efficiently using biotechnological production processes based on marine algae. The anticipated high-quality products are intended principally for applications in aquaculture and the nutrition of pets.

This segment has introduced two new environment-friendly adjuvants under the brand name BREAKTHRU® to improve the performance of crop protection products. These biodegradable adjuvants are based on renewable raw materials, and have an exceptionally good ecotoxicological profile. Both products improve the retention of agrochemicals on plants and their diffusion into the leaves. The result is a considerable reduction in the amount of crop protection products required. Both new developments therefore make a multiple contribution to more effective and environmentally friendly agriculture.

The **Resource Efficiency segment** has now entered the market for nitrogen (N_2) with its SEPURAN® membrane technology, building on its success in the treatment of biogas. The new SEPURAN® N_2 hollow fiber membranes nitrogen allow particularly energy- and cost-saving recovery of nitrogen from air. Investment costs and energy consumption are lower than for both the conventional method—separation of air at low temperatures—and previous membrane processes. As an inert gas, nitrogen prevents fires and explosions, extends the shelf-life of food and can also be used as a protective gas for processing chemicals and plastics. The nitrogen market is worth more than US$10 billion, making it the world's second biggest gas market after oxygen. Although SEPURAN® has only been on the market for four years, it is already making a positive contribution to earnings.

This segment is currently introducing iXsenic®, a new technology for ultra-high resolution displays developed by the Creavis strategic innovation unit. iXsenic® is an inorganic metal oxide semiconductor, which is applied as a solution in normal ambient conditions like a coating. The thin-layer transistors produced in this way allow higher resolution than the established semiconductor amorphous silicon. In addition, iXsenic® can be processed without a vacuum, leading to a simpler process with high yields and clear cost benefits. The Resource Efficiency segment has entered into a strategic partnership with a market-leading plant engineering company to ensure that the material, equipment and process are aligned for the production of displays. A manufacturer of displays is planning to use iXsenic® in a new production facility for flat screens in China.

Olefins, which are used to produce the plasticizer alcohol isononanol and the anti-knock agent MTBE, are an important precursor for our integrated C_4 production in Marl (Germany). Olefins mainly come from C_4 product streams from steam crackers as by-products of ethylene production. Thanks to a unique new process, our **Performance Materials segment** can now use product streams from fluid catalytic cracking (FCC) processes as a source of olefins. These product streams occur in refineries and are not dependent on the production of ethylene. Since FCC product streams contain unwanted by-products, in the past they were of limited use to the chemical industry. The Performance Materials segment has been using a new process to remove unwanted substances at its new C_4 plant in Marl (Germany) since summer 2015. This innovative process has strengthened the segment's position as a technology leader.

CAPLUS®, a new amine for scrubbing industrial gas streams, has been brought onto the market by Performance Materials. Unwanted acid gases such as carbon dioxide and/or hydrogen sulfide have to be removed from natural gas, synthetic gas, biogas and flue gas for various reasons. CAPLUS® scrubs these gases far more effectively than conventional amines and also increases the performance and working life of plants. Following success in the treatment of biogas and flue gas, the segment has now entered the important natural gas scrubbing market. The first commercial natural gas scrubber was converted in Southeast Asia. Performance Materials is currently introducing CAPLUS® to other well-known natural gas products in the attractive growth regions of Southeast Asia, the Middle East/North Africa and South America. The International Energy Agency estimates that gas consumption will increase by 50 percent by 2035.[1]

[1] Reference base: 2010.

Employees

By focusing on specialty chemicals, Evonik is following a clear growth strategy. Employees are particularly important to operate successfully in the marketplace. Key questions include how we gain and develop our employees and retain them in the company. We have therefore developed a wide range of activities, which are crucial elements in the value- and performance-oriented management of the company.

In view of the demographic change and diversity megatrends, analyzing the structure of our workforce is becoming increasingly important. Taking into account our future personnel requirements, we develop measures to ensure, for example, a balanced age structure. Alongside a dual training system geared to our needs and recruiting staff from the external labor market, that includes tools such as the Generation Pact, which closely links the employment of job-starters at the end of their training with the retirement of experienced employees. Another aspect of central significance is feedback from our employees through our employee survey, which was repeated in the year under review. In an intensive follow-up process we analyze our employees' suggestions and proposed improvements. A further rise in the participation rate in 2015 shows that our employees make an active contribution and therefore support the development of the Group. Other key figures such as fluctuation rates are used as early warning indicators. Their development is monitored regularly and changes are analyzed. In 2015 we initiated a project to develop and establish a system of indicators that can be used to manage and optimize global HR work.[1]

Active support for the reorganization of the Group

The strategic reorganization of the management and portfolio structure of the Evonik Group was supported from an early stage by an agreement on key points that subsequently formed the basis for the reconciliation of interests with representatives of the workforce and provided security for both the structural changes and safeguarding employment. In all, around 19,000 employees were transferred to the new companies. To secure the operational viability of the new organizational structures, the structure of employee representation was adjusted, Supervisory Boards were established in accordance with the 1976 Codetermination Act, the new members of our companies were granted the necessary powers, and agreements were concluded in respect of the multi-user sites where there will in future be several or additional Group companies.

The Group is now divided into four independent segments. This process was supported by a Group-wide change and communication team which was responsible for working out segment-specific strategies and visions, within the overall framework of the Group. From a Group viewpoint, balancing identification with Evonik as a whole and with the individual segments was a major challenge.

To implement it, the change team made strong use of interactive dialogue formats such as roadshows with the top management, management dialogue and interviews, and workshops with managers and employees at all sites. In parallel with this, the workforce in Germany was prepared and supported in the transfer to the new operating companies through internal communications and media activities. As a "pulse check" on the success of this procedure, questions on "Change and leadership" were included in the worldwide employee survey conducted in November 2015. Once the results have been evaluated, they will be used for a follow-up analysis and further support for change with the active involvement of employees. G4-26

Further optimization of the HR organization

The organization of the human resources departments has been adjusted and optimized to reflect the reorganization of the Group. The aim is to continue to provide uniform, effective and efficient human resources services and provide sustained support for the segments in the attainment of their business targets.

As part of the reorganization of the Group, the structure of our HR bodies was also aligned to the new structures.

[1] See Our objectives, p. 90.

The Executive Committee HR headed by the Chief Human Resources Officer is the top HR decision-making body. It sets the strategic focus of Evonik's HR strategy. The Global HR Committee, which is chaired by the Head of the Human Resources division, takes decisions on HR issues within the defined strategy. The permanent members of this committee are representatives of the HR departments in the segments, regions and corporate and service units. HR Expert Circles work on aspects of specific issues defined by the Global HR Committee and report their results to the committee. Employee representatives are consulted on the HR projects through a process of continuous dialogue. The structure of these bodies therefore fully reflects the new Group structures and role of HR.

C15 Structure of Human Resources steering bodies

As a consequence of Evonik's historic roots in a large number of separate companies, the HR systems landscape has so far been very diverse. The HR IT strategy now aims to systematically harmonize our systems landscape. Alongside efficient and effective processes, this should ensure greater transparency and measurability of the success of human resources work.

Following on from the uniform global, system-supported recruiting process introduced in 2014, the process of setting objectives was rolled out to the regions via the new IT platform in 2015. We also started to map systematic employee reviews as a key element in the dialogue process and to harmonize them around the world. As an additional module in 2016 we also want to transition learning management to this uniform IT platform to ensure an even more structured and transparent approach to the individual development of our employees.

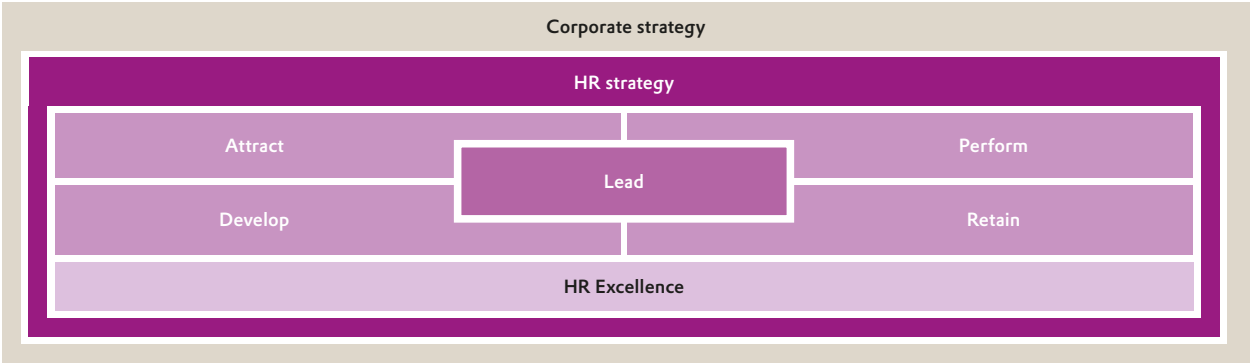
Exemplary leadership is the heart of our HR strategy[1]

Our employees are a key factor in the successful and sustainable implementation of our corporate strategy. As a world-leading specialty chemicals company, innovative strength and entrepreneurship play a central role as drivers that enable us to meet our goals of growth and an increase in efficiency.

Based on this, our Group-wide human resources strategy is geared to a healthy performance culture, together with dialogue based on partnership and excellence in human resources processes. The strategic focus of our human resources work is aligned to the strategic principles "Attract", "Develop", "Perform", "Retain", "Lead" and "HR Excellence". Special attention is paid to exemplary leadership because this is the key to success in the other areas of action.

In our annual strategy review we defined these key areas in consultation with the operational business entities and regional organizations, taking into account relevant political and societal developments. These were implemented through projects.

C16 HR strategy



[1] For further information on our HR strategy see p. 55.

Employees worldwide

Growth-driven increase in headcount

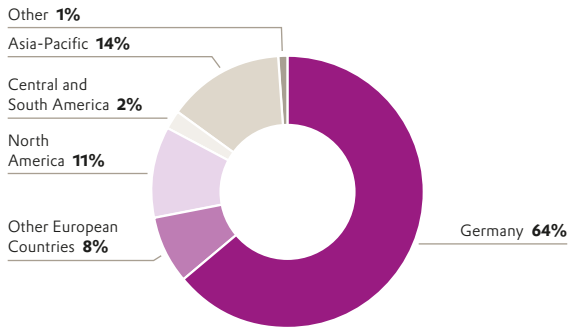
At year-end 2015, the Evonik Group had 33,576 employees. The headcount in our continuing operations was 335 higher than at year-end 2014, principally as a result of acquisitions and investment in growth projects in the Resource Efficiency and Nutrition & Care segments. Implementation of the Administration Excellence program, some small optimization programs in the chemical segments, and divestment of the remaining carbon black activities had a counter-effect. At year-end 2014, the discontinued operations still contained Evonik Litarion GmbH, which was divested in April 2015.

T17 Employees by segment

	Dec. 31, 2015	Dec. 31, 2014
Nutrition & Care	7,165	6,943
Resource Efficiency	8,662	7,835
Performance Materials	4,380	4,353
Services	12,668	13,173
Other operations	701	937
Continuing operations	**33,576**	**33,241**
Discontinued operations	–	171
Evonik	**33,576**	**33,412**

Prior-year figures restated.

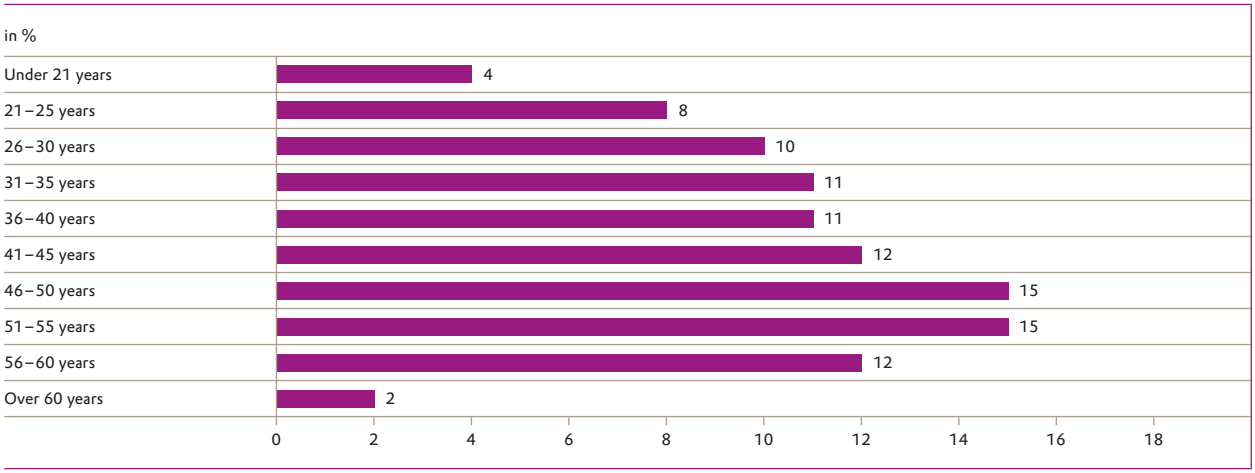
C18 Employees by region, continuing operations



Nearly two-thirds of our workforce is employed in Germany (64 percent), followed by the Asia-Pacific region (14 percent) and North America (11 percent).

Around 24 percent of employees are female (2014: around 24 percent). The age structure is still biased towards the 46+ age group, which accounts for 44 percent of employees (2014: 44 percent). The average age of our employees was 41.7 years in 2015 (2014: 41.6 years). To prevent child labor, we ask the age of employees as part of the recruitment process. Our youngest employees are 16.

C17 Age structure in the Evonik Group, continuing operations



T18 Employees by contractual status

	Dec. 31, 2015	of which female in %
Employees	33,576	24.0
of which employees on permanent contracts	29,371	23.1
of which employees on limited-term contracts	2,389	32.7
of which apprentices/trainees	1,816[a]	27.9

[a] Including a proportion of apprentices abroad and apprentices with an Evonik contract who are being trained for third parties.

We work with staffing agencies in Germany to cover short-term or temporary bottlenecks. All agencies must provide evidence of a valid operating permit. If agency staff have been used for a job for more than six months, we examine whether it is a permanent job for which a permanent employee can be hired. Alongside appropriate remuneration, we make sure that agency staff are covered by the high social and safety standards applicable for our own staff. Since the chemical industry requires a large number of highly qualified employees, fewer agency staff are used than in other sectors of manufacturing industry. Evonik had around 680 agency staff as of December 31, 2015. That was around 3 percent of our total workforce in Germany.

Our activities in the areas of action defined for HR strategy[1]

Lead

In the area of leadership, Evonik builds on a uniform and concrete Group-wide understanding of leadership, centered on a trustful relationship between employees and managers.

To ensure that sincere and effective leadership is a distinctive quality at all Evonik sites, in 2015 we harmonized global training to prepare staff for leadership roles. The aim is to establish high-quality leadership aligned to our corporate culture as a hallmark of Evonik.

Strong leaders are essential for value-oriented management of the company. In 2015 nearly 70 corporate talents therefore once again made a contribution to the housing construction project in Vietnam in collaboration with Habitat for Humanity. As well as direct experience of value-oriented action, they gained inspiration, which they conveyed back into our company. In addition, in 2015 two pilot groups embarked on a program that explores ethical conduct, personal values and their relationship to the working environment. Nearly 30 corporate talents took part in this program in 2015.

Attract

The focus here is on positioning Evonik globally as a strong employer brand. Alongside conventional and modern recruiting methods, activities include measures to ensure that new employees and executives get off to a good start in the company.

T19 Recruitment of employees from the labor market in 2015[a]

	No. of employees	in %
By region		
Germany	501	2.3
Other European countries	149	5.6
North America	405	10.7
Central and South America	82	12.3
Asia-Pacific	429	9.0
Middle East, Africa	45	28.0
By gender		
Female	466	5.8
Male	1,145	4.5
By age		
Under 30	672	10.0
30 to 50	841	4.9
Over 50	98	1.0
	1,611	**4.8**

[a] Reference base: employees in continuing operations as of December 31, 2015, based on headcount.

Personnel planning as the basis

We successfully established a holistic approach to personnel planning in 2015, as the basis for high-quality and foresighted human resources work. This combines strategic and operational personnel planning and sets a uniform Group-wide standard. Strategic personnel planning identifies the impact of planned strategic action in the business lines and functional areas on personnel planning over a five-year period and compares it with the development of our headcount. On the basis of the gap analysis, specific measures are defined at a conference attended by representatives of the segments and regions. In addition, strategic personnel planning is used to determine the number of vocational training places required.

In the operational personnel planning process, each manager plans personnel requirements for their unit in a structured process in collaboration with HR and defines specific steps for the following year. The results of our strategic personnel planning are incorporated into this process. In Germany,

[1] See Chart C16, p. 53.

dialogue with our managers is also used to identify specific demand for apprentices completing their training so we can manage the hiring of ex-apprentices on long-term contracts in line with our needs. This process plays a substantial part in reducing demographic risks.

Employer branding—Positioning Evonik as an attractive employer

A strong and uniform global employer brand is an important success factor in the competition to attract the most talented employees and executives. Our promise "Exploring opportunities. Growing together." is an expression of our values as an employer: wide-ranging global development opportunities and team spirit. As part of our employer branding, we use creative and unusual methods to fire passion for Evonik in tomorrow's specialists at an early stage. For example, in fall 2015 we challenged students at ten universities in Germany to Battle of Brains, a digital quiz that attracted around 1,000 participants. High-quality prizes were awarded to the best three from each university and the winning entrant from each university was invited to the Evonik Student Network Day. In addition, around 100,000 impressions of Battle of Brains were registered in various media.

Since our employees play an important role in communicating our employer brand, we also continuously extended our program of brand advocates. The focus in 2015 was the launch of our "Tell your story" internal testimonial campaign. Employees from various areas of the Group report on themselves and their work in their own words, demonstrating how our brand promise "Exploring opportunities. Growing together." is put into practice in our day-to-day work.

A variety of awards and surveys confirm that Evonik is already one of Germany's most attractive employers. For example, in 2015 we ranked third in the chemical and pharmaceutical sector in the employer ranking conducted by the German news magazine FOCUS. In China, Evonik was once again included in the list of the most popular employers published by the Top Employer Institute in 2015.

Modern recruiting tools extended

To build contact to relevant groups of potential employees at an early stage, we engage in selective cooperation with universities and higher education institutes around the world. These are selected in consultation with the relevant specialist departments.

Through the Evonik Perspectives program we remain in contact with students whose performance in internships in the Group is above average. Many participants join Evonik when they finish their studies.

To gain sufficient specialists in China, for years we have been involved in training young people in cooperation with Shanghai Petrochemical Academy (SPA). The qualification they receive is comparable to a German qualification. We also provided scholarships for 64 students at several renowned universities, for example in China, in 2015.

In addition, Evonik supports the Ruhr Fellowship program in Germany, which is organized by Initiativkreis Ruhr. Under this program, top students from leading universities on the east and west coasts of the USA (Princeton, Harvard, University of Pennsylvania, MIT and University of California, Berkeley) did internships at companies in the Ruhr region of Germany in 2015. One student from Harvard University and one from Princeton University did a four-week internship in the process engineering unit within Technology & Infrastructure at Evonik's site in Marl (Germany).

In view of the high and growing significance of social media, we have stepped up our activities in this area and further strengthened our presence on Facebook, LinkedIn, Xing, YouTube, Twitter, Glassdoor and WeChat. We also use social networks selectively for "active sourcing" as part of our recruiting activities. Trainee programs are another important element in talent and succession planning at Evonik. Further, our regions develop programs to attract university graduates for employment in their region.

Our global talent recruitment initiative RISE is designed to attract talented external candidates for key positions and management posts. The core element of RISE, apart from suitability for a specific position, is the potential to take on more demanding assignments.

Develop

In this area we concentrated on targeted development of talented employees. Group-wide we are therefore stepping up structured development opportunities for all employees aligned to requirements. This also lays the foundations for our sustained policy of filling key positions from within the company.

Vocational and further training for present and future specialists

Evonik still recruits specialists from within its own ranks and is committed to supporting their vocational training and ongoing development. This is also an element in meeting our corporate responsibility to society and our workforce. The number of apprentices and, above all, the number of apprentices hired by us at the end of their training will be aligned even more clearly to the personnel requirements of our organizational units in the future.

At year-end 2015, we had around 2,050 apprentices at 17 sites in Germany on more than 40 vocational training courses and combined vocational training and study programs. Around 340 of them were being trained on behalf of other companies. We have around 30 places on the "Start in den Beruf" pre-apprenticeship project for young people who are not yet ready for an apprenticeship, plus about 20 additional places for refugees. About 590 new apprentices started their training at Evonik in 2015. Apprentices accounted for around 9 percent of our workforce in Germany, which is still well above the national average. Overall, we invested some €65 million in vocational training in 2015.

Evonik also runs an International Program for Apprentices as part of its all-round vocational training. This offers apprentices and students on combined vocational training and study programs an opportunity to get to know a different Evonik site elsewhere in the world. 38 apprentices participated in this program in 2015.

Continuous professional development of our skilled personnel geared specifically to the needs of the company is another core element of our HR activities. A large number of training opportunities are offered through in-house courses and in cooperation with external training partners, either centrally or on a decentralized basis by the segments or individual sites. Focal areas in 2015 were competency management and leadership skills. In Germany we invested around €500 per employee in continuous professional development in 2015.[1]

We are also continuously improving the personal development landscape for our employees and executives. Attention is paid to high global quality standards in the content and objectives of such measures. Based on these standards, our learning and upskilling concepts are also adapted to regional requirements, which we respect and take into account in line with our international business focus and cultural diversity. In some countries and regions such as Germany and Asia, we have successfully stepped up the use of specially trained employees as "internal" trainers. They are able to provide authentic content directly related to Evonik.

Evonik's development landscape offers wide-ranging opportunities for continuing personal and professional development. Alongside classroom training, we use web-based communication and training platforms both nationally and internationally, especially for short training courses. The various development opportunities are personalized wherever possible so a standardized evaluation is not possible. We improved reporting of training in 2015 and are now able to evaluate training data for about 85 percent of our employees worldwide. Employees receive an average of 13 hours training. The effective training time is considerably higher because the average is calculated from total training time over the entire workforce.

Talent management for executives

Evonik is committed to the established practice of filling executive and other key functions principally from within the company. Our talent management identifies, develops and fosters employees with potential across hierarchical levels and functions. Regular planning conferences with the close involvement of the Executive Board focus on development and succession planning for corporate talents and executives.

To ensure continued business-oriented identification and career development for talented employees, in 2015 we aligned our processes and personnel conferences to the new management holding structure. Operational and functional units and the Corporate Center discuss key potentials within the Group with the Executive Board, along with the next steps in their development and target functions. Alongside our employee development reviews and various panels, we use clearly defined indicators, which are reviewed regularly and were revised in 2015. In 2015 we introduced a new program for top-level development: members of Evonik's top management support personally selected executives in their professional development and act as sparring partners for their future career paths.

Perform

Here the focus is on a healthy performance culture as the basis for the company's success and the personal motivation of every individual employee. Globally, our activities in this area are based on appropriate human resources tools complemented by a wide variety of performance incentives. Fair, performance-related remuneration plays a central role in this, together with the annual performance and development review.

[1] Including a small proportion of contractors' employees and foreign attendees.

In 2015, personnel expenses, including social security contributions and pension expense, rose 14 percent to €3,121 million (2014: €2,771 million) as a result of the increase in our headcount and pay rises. Personnel expenses were therefore 23.1 percent of sales (2014: 21.3 percent).

T00 Personnel expense

in € million	2015	2014
Wages and salaries	2,520	2,222
Social security contributions	370	336
Pension expenses	209	192
Other personnel expense	22	21
	3,121	**2,771**

Remuneration—Uniform global evaluation criteria

When shaping remuneration systems, Evonik believes it is very important to offer specialists and executives market-oriented and performance-related salaries based on uniform global evaluation criteria. In the future, this overall remuneration concept will be accompanied by a Group-wide policy on remuneration and benefits. We have set ourselves until the end of 2016 to achieve this.[1] The remuneration of many members of our workforce includes bonus payments that are dependent on the company's business performance or the personal performance of the employee. Remuneration is therefore based on objective criteria such as responsibility, the required knowledge and skills, and performance; personal characteristics such as gender, age, etc. do not have any impact. Collective agreements on remuneration cover 100 percent of our employees in Germany and around 75 percent of our employees worldwide.[2] Around 24 percent of our sites and regions have performance- or profit-oriented incentive systems. These systems cover around 98 percent of our employees. They also apply for part-time employees, provided in some regions that they meet the prescribed minimum working hours.

In addition, two years ago we introduced the "Share" employee share program for personnel in Germany, Belgium and the USA. The high participation rate of around 36 percent highlights our employees' confidence in Evonik's business development. In 2015 around 10,000 employees, including apprentices, took part in the "Share" program. They purchased nearly 280,000 share and were allocated around 95,000 bonus shares through the company's subsidy program.

Benefits form part of overall compensation

Voluntary social benefits are offered to employees in all regions in which Evonik has a presence. These are offered to more than 97 percent of our employees. More than 99 percent of our employees have statutory or company pension insurance and health insurance. This also applies for part-time employees, as long as they work the prescribed minimum number of hours in some regions.

Evonik helps employees provide for security after retirement. Different arrangements are offered depending on regional specifics and the conditions prevailing in individual countries.

In Germany, Evonik has established a system of company pension plans that provide retirement, disability and surviving dependents' pensions through a reinsured support fund. Mandatory contributions to this fund, supplemented by optional contributions through deferred compensation arrangements, ensure that employees' pension provision extends beyond the level funded by their employer. Employer contributions to pension plans are also an important element of total annual remuneration outside Germany, for example in the USA and some European countries.

Retain

In spite of the necessary change processes a high level of employee retention is achieved through our corporate values and common corporate culture, which foster identification with Evonik.

T21 Employee fluctuation 2015[a]

	Fluctuation rate in %	No. of employees who left the company
By gender		
Female	5.2	416
Male	4.5	1,133
By age		
Under 30	4.4	295
30 to 50	3.1	537
Over 50	7.7	717
	4.7	**1,549**

[a] Reference base: no. of employees in each category as of December 31, 2014.

Previous reporting base altered in sustainability reports from 2015: instead of unplanned fluctuation, the figure now shows total fluctuation.

[1] See Our objectives, p. 90.
[2] Reference base restated.

Diversity is decisive

We place great emphasis on a good mix of employees to ensure diversity of nationality, gender, educational background and professional experience, as well as a wide-ranging age structure. We specifically support this through activities such as gender networks at our major German sites and various events and formats that bring together people, enrich discussions and help build bridges between different cultures and backgrounds. The Evonik WoMentoring initiative entered its second round in 2015. In addition, we again included binding diversity targets in the objectives agreed with our corporate executives.

Our diversity strategy also forms the strategic basis for our resolutions on implementing the new legislation on gender quotas[1], for which the German government set a deadline of September 30, 2015. These resolutions confirm that we will step up the measures already defined and established as part of our diversity strategy to foster women in management positions. The proportion of women among our Group executives has increased from 6.9 percent to 10.4 percent in the past three years.

Disabled employees account for 7.1 percent of the workforce at Evonik in Germany. That is above the quota of 5 percent set for the country.

Respecting workers' and human rights

Evonik accepts the United Nations Declaration of Human Rights and is a member of the UN Global Compact. We have given an undertaking to foster human and workers' rights, avoid discrimination and corruption, and protect people and the environment. These principles are integrated into our Code of Conduct and our Global Social Policy, which forbid any form of discrimination on the basis of origin, race, religion, age, gender, sexual orientation and disability. Employees who feel they have been discriminated against have a right to lodge a complaint. Information on the basic procedure is normally provided by internal media, and in personal discussions.

Contacts for reporting cases of discrimination are available at all sites. Moreover, appropriate measures and activities have been established in all regions to avoid discrimination. These are accessible to all employees and reach over 92 percent of our workforce. Six cases of discrimination were reported in 2015. They were followed up and action was taken to eliminate discrimination.

We develop the sensitivity of our purchasers in their work with potential suppliers through training. Our expectations that suppliers will comply with our standards are documented in our procurement conditions and a Supplier Code of Conduct.

Trustful collaboration

Evonik's success relies to a significant extent on trusting collaboration between representatives of the management and employees. This collaboration takes account of operating conditions and the laws applicable in the various countries. G4-26

In Germany, the principal rights of our employees and their representatives to be consulted are anchored in statutory regulations such as the Codetermination Act and the legislation on executive staff councils. There are elected bodies representing our employees at all sites in Germany. Works Councils represent exempt and non-exempt employees, while executive staff councils represent our executives. Timely discussion of all changes with these bodies is ensured. The time prior to the implementation of such measures is several weeks or months, depending on the significance of the upcoming changes. Where necessary, during this period written agreements are made on the upcoming measures and their impact on employees. There are comparable rules on the type and scope of consultation and negotiation in many other regions where Evonik has employees.

The information and consultation rights of employees on cross-border European issues are represented by the Evonik Europa Forum, which is composed of employee and employer representatives.

At company level in Germany, employees interests are represented by employee representatives on the Supervisory Board.

Evonik does not restrict employees' rights to freedom of assembly or the right to collective bargaining. These rights are also ensured in countries where freedom of association is not protected by the state. This is shown by the fact that, based on our sites worldwide, there are employee representatives for about 84 percent of our employees. G4-26

[1] See Evonik Annual Report 2015, p. 52 f. (Declaration on corporate governance).

Employee survey—entirely online for the first time

In our first fully online employee survey run under the motto "I'm in online" at the end of 2015, around 33,000 Evonik employees worldwide were asked for their input to actively shape the future of the Group. The survey included questions about the change process for the ongoing development of Evonik's organizational structure. As a new element, there were also specific questions on occupational safety, which is a top priority for Evonik as a specialty chemicals company. The participation rate was an excellent 83.9 percent (in 2012, when the survey was not completely online, it was 83.4 percent). In the follow-up process, the results of the survey will be translated into specific improvement measures in 2016.

Employee performance and development review

In 2015 we started to harmonize our systematic employee performance and development review worldwide as an important dialogue process. This will ensure that in future every employee will have a feedback meeting with his or her line manager once a year. This will be supported by a contemporary IT tool, allowing managers and employees a more clearly focused discussion of performance, objectives, potential and development on the basis of defined global topics. The expected increase in motivation and identification with corporate objectives will be good for the company's overall performance.

The most recent employee survey, conducted in 2015, showed that worldwide 88 percent of employees use this important development instrument (2012 employee survey: 85 percent).

Work/life balance

Healthy and motivated employees are vital for Evonik's success and an integral part of our corporate responsibility. Our well@work program covers all aspects that maintain and improve the employability and quality of life of our employees.

Worldwide, more than 95 percent of our workforce can seek social or employee counseling on workplace-related, health, personal or family problems.

For example, in the area of health management seminars are organized throughout Germany to provide information on a healthy diet, handling stress and appropriate physical exercise. Evonik also offers employees a wide range of exercise classes—from yoga to conventional gym sessions.[1]

Combining work and family life has had very high priority for Evonik for years and is part of our overall well@work approach. In 2015 we embarked on a review of our benefits in this area in order to uphold our validation by the Hertie Foundation as a family-friendly company. Core elements of our offering include support in child care and flexible worktime models.

More than 96 percent of our employees worldwide have access to local initiatives at their sites to help them combine work with family life. Examples in Germany are the provision of over one hundred childcare places, vacation programs for more than 800 children, and extensive support on issues related to caring for elderly and sick relatives.

T22 Percentage of part-time employees by gender and region

	Part-time employees 2014			**Part-time employees 2015**		
	Female in %	Male in %	Total in %	Female in %	Male in %	Total in %
Regions/Countries	17.7	1.9	5.7	18.0	2.0	5.8
Germany	26.4	2.2	7.9	27.1	2.3	8.2
Other European countries	17.6	5.3	7.4	16.2	5.6	7.3
North America	0.0	0.0	0.0	0.2	0.1	0.1
Asia-Pacific	0.1	0.2	0.2	0.1	0.2	0.1

[1] See Health protection, p. 77.

At the end of 2015 we also started to revise our regional and country-specific approach to work-life balance. The aim is to identify the needs of Evonik's employees more specifically and achieve our goal of a "healthy performance culture". In view of the global, regional and personal factors that influence the perceived needs of our employees, a specified lifecycle management approach will ensure that the activities related to the specific areas of action are identified and realized. We expect this to bring a clear improvement in identification with our corporate objectives, based on Evonik's candid acknowledgment of employees' increasing expectations that they can decide autonomously on the combinability of private and work lifecycles.

The regular, contractually defined working hours for approximately 77 percent of our employees are based on collective agreements. We are not aware of any fines imposed on the company in 2015 for exceeding statutory working hours. We limit employees' working hours to 48 hours a week, unless shorter working hours are applicable. This also applies to the integration of new entities, such as Monarch Catalyst Pvt. Ltd. (now Evonik Catalysts Pvt. Ltd.) in India which was acquired in 2015. At year-end, about one quarter of employees there had not yet been transitioned to this aspect of our Global Social Policy. The transition process will be completed in the course of 2016.

More than 83 percent of our employees benefit from annual vacation rules that exceed the statutory provisions in their country. Since there is no statutory ruling in the USA, the situation there is based on regional custom.

Some employees ask about the possibility of taking paid or unpaid leave for an extended period, for example, to ensure the compatibility of private and professional phases in their lives. However, interest in the options offered is very low: On average it is in the low single-digit range (based on total headcount).

T23 Extended periods of leave

in %	Percentage of employees who have the option of taking an extended period of paid or unpaid leave (more than 3 months).
Germany	100
Other European countries	49
North America	96
Central and South America	82
Asia-Pacific	74
Middle East, Africa	0

In Germany, there were 619 employees on parental leave in 2015. Nearly one third of them were already on parental leave at the turn of 2014/2015. 39 percent of them were male. In 2015 they took an average of 1.6 months parental leave, while female employees took an average of 6.7 months. With only a few exceptions, the employees who returned from parental leave in 2014 were still working for us a year later.

The environment[1]

Protecting our environment and the climate are major global challenges of our age. Maintaining the natural basis of life for future generations is part of our corporate responsibility. That includes steadily reducing emissions, continuous improvements in the efficient use of materials and resources, and developing products that help us forge a link between economic success and ecological progress. To address these key areas for Evonik, we have defined targets for greenhouse gas emissions, water intake and waste.

Evonik is committed to the chemical industry's Responsible Care initiative. As a signatory to the Responsible Care Global Charter, the company has given an undertaking that it will continuously improve its performance in the areas of occupational health, safety, product stewardship and environmental protection.

We have defined Group-wide Environment, Safety and Health Values. On the basis of these Values, which address our environmental responsibility, we strive to continuously develop and improve the environmental compatibility of our products, processes and systems.

The Corporate Environment, Safety, Health and Quality (ESHQ) division bundles all Group-wide strategic management and coordination tasks in the areas of environmental protection, occupational, plant and transportation safety, health protection, climate policy, ecosystems and product stewardship through binding Group-wide policies and procedures. As well as conducting regular internal audits of individual operating units, sites and regions, the division monitors Group-wide implementation. It is also responsible for environmental reporting for the Group. The head of the division reports directly to the Chief Human Resources Officer.

Continuous improvement of ESH performance and compliance is driven forward with the aid of an integrated management system and Group-wide audit system. The integrated management system, which comprises instructions on corporate strategy, policies and standard operating procedures for key central management functions, is based on the structure of the Evonik Group.

Evonik has set environmental targets for the period 2013–2020. The central quantitative performance indicators are the reduction in our specific greenhouse gas emissions and specific water intake, per metric ton of output in each case. We aim to achieve 80 percent of these targets by 2018. In addition, internally Evonik is endeavoring to achieve a further reduction in hazardous production waste by setting a qualitative target for this.

Specialist knowledge of relevant issues is bundled in Expert Circles, which are convened as required. They are responsible for anchoring strategic ESHQ requirements in the operational units. The Global ESHQ Committee is comprised of representatives of the segments and the regional heads. It ensures regular dialogue on ESHQ issues and prepares related decisions.

Decisions on ESHQ issues are taken by the ESHQ Panel, which is composed of representatives of the segments, regions, the Technical Committee and employee representatives. It is chaired by the head of the Corporate ESHQ division.

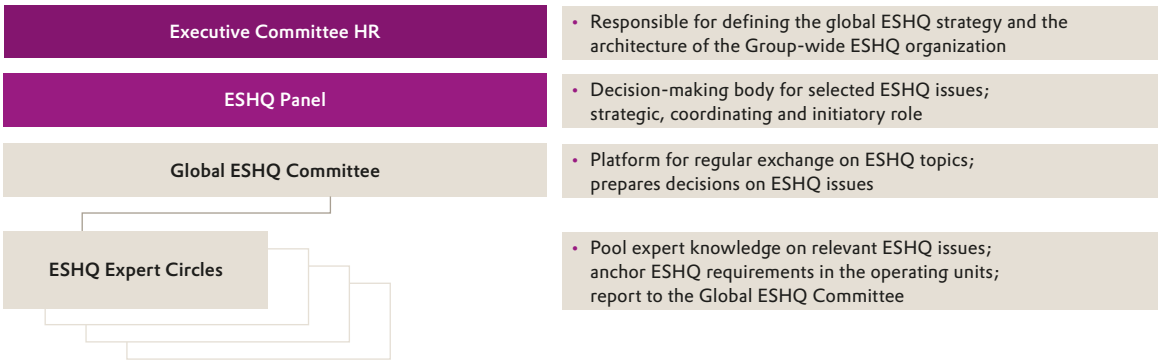
The operational segments and site services define the business-specific implementation of the decisions taken. The Corporate ESHQ division ensures cross-segment rules on the relevant processes.

The Corporate ESHQ division uses a central audit system to ensure regular monitoring of implementation of the binding Group-wide strategy and compliance with the relevant statutory requirements. Based on the findings and on analyses of internal and external monitoring activities, site inspections and reviews, talks are held on possible improvements and how they can be realized. The Executive Board is informed annually of the outcome of these audits. Alongside many internal audits conducted by the operating units themselves, 17 of the planned 18 corporate audits were performed in 2015. The planned audit of the site in Qingdao (China) was not performed as the site was sold. Worldwide, over 95 percent of our production volume has been validated as conforming to ISO 14001, the internationally recognized environmental management standard.

Our management parameters are monitored regularly via a central reporting system (Sustainability Reporting/SuRe) which contains a wide range of data on water use, emissions into the air and the recovery and recycling of waste. More than 50 different production- and plant-related sustainability

[1] All data presented in this section refer to both continuing and discontinued operations.

C19 Structure of Corporate ESHQ steering bodies



indicators are compiled. These are captured locally on a plant-specific basis and can be evaluated centrally via the reporting system on the basis of management and legal structures or by region. The data capture and processing methods are explained regularly at training sessions and are subject to regular internal and external audits.

Environmental targets

Evonik's strategic development focuses on a sustained increase in the company's value. To achieve that, we set ambitious targets for finance, safety and the environment. Our environmental targets are valuable guidance for a continuous improvement in our performance in protecting the climate and the environment. We aim to achieve our targets by 2020. They apply for the period 2013 to 2020. Any deviations from these targets are specifically indicated.

- Reduce specific greenhouse gas emissions[1] by 12 percent
- Reduce specific water intake by 10 percent.

The reference base for reporting is 2012. In sustainable waste management, we are continuing our efforts to minimize the use of resources. We regard specific CO_2 emissions as a particularly important environmental indicator and plan to use it as a key non-financial performance indicator in the future. One precondition for this is replacing our reporting routines by a more advanced technical system. Work on this continued last year.

The substantial decline of 3 percentage points in specific greenhouse gas emissions was mainly due to implementation of specific measures to raise energy efficiency, an altered energy mix in Marl (Germany) as a result of lower availability of the coal-fired power plants due to maintenance shutdowns, and the divestment of the remaining carbon black activities in China.

Specific water intake declined by three percentage points in 2015 compared with 2014, mainly as a result of targeted savings measures, start-up of additional closed-circuit cooling water systems, and site-specific one-off factors in the intake of surface water.

T24 Status of our environmental targets

Change in % compared with 2012	2012	2013	2014	**2015**	Target for 2020
Specific greenhouse gas emissions[a]	100	93[b]	92	89	88
Specific water intake	100	95[b]	103[c]	100	90

[a] Time series recalculated using the market-based method.
[b] Temporary effects in the energy supply area as a result of production shutdowns and portfolio adjustment effects.
[c] Site-specific effects in the intake of surface water.

[1] Energy- and process-related in accordance with the Greenhouse Gas Protocol/Scope 2 emissions using the market-based method.

T25 Environmental protection investment and operating costs

in € million	2011	2012	2013	2014	2015
Investment in environmental protection	48	39	29	107	43
Operating costs for environmental protection	251	251	250	259	283

Environmental protection investment and operating costs

In 2015, we invested €43 million in measures to achieve a further improvement in environmental protection. This comprised capital expenditures for investment projects undertaken in 2015 such as the expansion of capacity for specialty silicas in Ako (Japan), a large number of individual investments in effective end-of-pipe technologies, and environmental protection measures integrated into plants and processes. The high prior-year figure of €107 million was dominated by the start-up of major strategic investment projects in the Asian region. These included, in particular, the new methionine complex in Singapore and the new production facilities for isophorone and isophorone diamine in Shanghai (China).

Operating costs for environmental protection facilities rose considerably to €283 million in 2015 (2014: €259 million), principally due to the start-up of methionine production and the use of the environmental protection facilities at the site in Singapore.

Production inputs and output

Our concept of integrated production sites is particularly important for efficient management of energy and materials. By-products from one plant are often used as production inputs in another plant. That makes a key contribution to efficient use of raw materials.

In 2015 Evonik spent around €8.3 billion on raw materials and supplies, technical goods, services, energy and other operating supplies. Petrochemical feedstocks accounted for about 25 percent of the total. Overall, raw materials and supplies make up around 59 percent of procurement volume. Procurement of renewable raw materials accounted for around 8 percent of total procurement of raw materials in 2015.

Raw material inputs decreased slightly from 8.75 to 8.66 million metric tons. That was a reduction of around 1 percent.

Based on the inputs of basic chemicals for production, renewable raw materials again accounted for almost 9 percent in 2015. The majority were dextrose and saccharose, which are used as substrates in the fermentative production of amino acids. Natural fats and oils and their derivatives are used to produce precursors for the cosmetics, detergents and cleaning agents industry and in technical processing aids. We are still endeavoring to raise the proportion of renewable raw materials wherever this makes sense from a technical, economic, ecological and social perspective.

Production output was 10.36 million metric tons in 2015, almost unchanged from the previous year.

Energy inputs

We regard responsible use of energy as equally important on ecological and economic grounds. Therefore we strive for a steady improvement in the provision and use of energy. The main drivers here are production and our integrated energy and energy management systems. Here too, output is an important indicator of our efficiency. We use a broad spectrum of technical and organizational measures to raise energy efficiency, including co-generation plants and expansion of integrated structures linking chemical production and energy generation. Third-party production facilities are included in these measures. We also consider using renewable energies. Important criteria for assessing whether we can include them in our energy mix are reliability of supply, and cost-efficiency. Many of our energy management systems meet the high standards of ISO 50001.

T26 Production inputs and output

in million metric tons	2011	2012	2013	2014	2015
Raw material inputs	9.51	8.16	8.23	8.75	8.66
of which renewable raw materials	0.69	0.73	0.79	0.77	0.74
Production	10.35	9.71	10.06	10.35	10.36

T27 Energy inputs

in petajoules	2011	2012	2013	2014	**2015**
Gaseous fossil fuels	35.63	32.72	31.74	32.93	35.48
Solid fossil fuels	22.45	23.93	22.38	23.69	19.86
Liquid fossil fuels	0.40	0.27	0.20	0.18	0.23
Substitute fuels	7.16	7.42	7.96	7.62	7.75
Power, external input[a]	19.89	18.98	18.59	18.45	19.38
Power, external output	11.91	11.77	12.50	12.31	12.41
Steam, external input	7.09	6.18	5.15	6.34	6.59
Steam, external output	13.46	10.51	8.26	8.00	7.92
Energy input, gross	**92.62**	**89.48**	**86.03**	**89.23**	**89.29**
Energy input, net (after subtraction of output)	**67.25**	**67.20**	**65.27**	**68.92**	**68.95**
Production in million metric tons	–	9.71	10.06	10.35	10.36
Specific energy input, net	–	6.92	6.49	6.66	6.66

Totals may vary due to rounding differences.

[a] Including captive hydroelectric and solar power.

Thanks to our long-standing endeavors we have already achieved a high level of efficiency, which we are constantly optimizing. We involve our employees in the improvement process through our company suggestion plan and special task forces. In the search for further potential to raise productivity and energy efficiency, our operational activities are supported by experts from our Operational Excellence (OPEX) unit. In our reporting, we distinguish between primary energy inputs, normally fossil fuels used to generate electricity and steam, and secondary inputs, i.e. purchased electricity and steam and the use of heat from production processes. We also use secondary fuels such as thermal processing of by-products from production, waste and treatment sludge. Substitute fuels accounted for around 9 percent of total energy inputs in 2015, the same proportion as in 2014.

Energy inputs were basically unchanged in 2015 compared with the previous year. A variety of factors influenced the development of the various energy inputs. The decline in solid fossil fuels and the increase in gaseous fossil fuels were primarily attributable to a change in the energy mix at Marl Chemical Park as a result of lengthy maintenance-related shutdowns at the largest coal-fired power plant. Consumption of natural gas was also increased by the start-up of methionine production in Singapore. The maintenance-related shutdowns in Marl and the new methionine complex were also the main reasons for the increase in external power inputs in 2015.

Oil only plays a subordinate role in Evonik's energy mix. The increase in 2015 was due to increased use of oil for auxiliary firing. The use of substitute fuels and external output of power and steam were on the same level as in previous years. Specific gross energy inputs remained unchanged.

Emissions into the air

Greenhouse gas emissions

Emitting greenhouse gases into the air is a side-effect of all production processes. Use of efficient technologies and production processes will help us achieve our goal of reducing specific greenhouse gas emissions by 12 percent by 2020 (reference base 2012 = 100).

The standard used to report our greenhouse gas emissions is the Greenhouse Gas Protocol. This includes direct CO_2 emissions (Scope 1 emissions) from energy generation and production, and indirect CO_2 emissions (Scope 2 emissions) from purchased energy. Together with other greenhouse gases, the total is expressed as CO_2 equivalents (CO_2e).

The Scope 2 emissions were calculated in the past using the location-based method, which includes regional emission factors. For the majority of our sites around the world, from 2015 this method is supplemented by the market-based method, which takes account of the specific emissions of

T28 Greenhouse gas emissions

in thousand metric tons CO_2 equivalents [a]	2011	2012	2013	2014	**2015**
Scope 1					
Carbon dioxide (CO_2)	7,430	5,879	5,725	5,846	5,525
Methane (CH_4)	15	14	14	14	14
Dinitrogen oxide (N_2O)	129	63	130	66	50
Fluorinated hydrocarbons (HFC)	7.7	7.0	6.3	8.1	3.6
Total	7,581.7	5,964.0	5,875.3	5,933.7	5,593.2
Scope 2 [b]					
CO_2 gross (location-based)	3,252	3,126	2,925	3,003	3,156
CO_2 gross (market-based)	n. a.	4,220	3,996	3,967	4,189
Scope 1 + 2, total, gross (location-based)	**10,833.7**	**9,090.0**	**8,800.3**	**8,937.0**	**8,749.3**
Scope 1 + 2, total, gross (market-based)	**n. a.**	**10,184.3**	**9,871.1**	**9,900.8**	**9,782.0**
Output in million metric tons	**10.35**	**9.71**	**10.06**	**10.35**	**10.36**
Specific greenhouse gas emissions, gross (location-based) in metric tons CO_2 equivalents per metric ton output	**1.05**	**0.94**	**0.87**	**0.86**	**0.84**
Specific greenhouse gas emissions, gross (market-based) in metric tons CO_2 equivalents per metric ton output	**n. a.**	**1.05**	**0.98**	**0.96**	**0.95**
Total Scope 2 [c]					
CO_2 net (location-based)	907	973	859	966	1058
CO_2 net (market-based)	n. a.	1,025	882	909	1,011
Scope 1 + 2, total net (location-based)	**8,488.7**	**6,937.0**	**6,734.3**	**6,900.2**	**6,650.6**
Scope 1 + 2, total net (market-based)	**n. a.**	**6,988.0**	**6,757.3**	**6,843.1**	**6,603.6**

Differences between data and totals are due to rounding differences.

[a] GWP factors: CO_2: 1, N_2O: 310, CH_4: 21, HFC: 140 – 11,700.
[b] Recalculated from 2012 using the market-based method of calculating Scope 2 emissions to ensure comparability.
[c] Total Scope 2 = Power and steam sourced externally less power and steam supplied to third parties. The table shows the CO_2 emissions associated with the purchase of electricity and steam as both gross and net values. The net figure shows the position after subtracting electricity and steam output for third parties from total inputs. That enables us to eliminate the proportion of energy-related CO_2 emissions attributable to third parties at our large multi-user sites and generate company-specific indicators.

individual suppliers and market participants. That enhances accuracy and also enables us to meet the new requirements of the GHG protocol. To ensure comparability, for 2015 the CO_2 contribution to Scope 2 emissions has been calculated and reported using both methods. Further, to ensure the comparability of progress towards our CO_2 target, our Scope 2 emissions have been calculated retroactively from 2012. The new method covers over 95 percent of our power-related Scope 2 emissions in 2015 and around 77 percent of external steam inputs.

Greenhouse gases are clearly dominated by CO_2 emissions. In line with Evonik's energy mix, most Scope 1 CO_2 emissions (approx. 72 percent) are due to the combustion of coal and natural gas. Over 90 percent of CO_2 emissions from coal are from the power plants at our largest site in Marl (Germany). Compared with the previous year, (market-based) greenhouse gas emissions show a slight decline of 0.12 million metric tons to 9.78 million metric tons in 2015, although output was roughly the same. The decline in these emissions was mainly due to implementation of specific measures to raise energy efficiency, an altered energy mix in Marl (Germany) as a result of lower availability of the coal-fired power plants due to maintenance shut-downs, and the divestment of the remaining carbon black activities in China.

Responsible use of energy is a priority at all of our sites for ecological and economic reasons. We therefore constantly strive to make the provision of energy more efficient, improve energy generation still further, and optimize the structure of our integrated energy and management systems. Our commitment in this area is shown by the fact that many of our sites have obtained or are preparing to obtain validation under ISO 50001, the internationally valid standard for energy management systems. As well as reducing pressure on resources by using co-generation plants at several of our large sites, we have established many integrated structures linking chemical production and energy generation. For example, large amounts

of steam generated in exothermic processes at various production facilities are supplied to other plants via steam networks. This reduces steam production in our power plants, which in turn reduces consumption of fossil fuels. Another example is the use of liquid and gaseous by-products from production as substitute fuels for energy generation. These include hydrogen and propene from the production of prussic acid, acrolein and acrylic acid. We also generate steam from the exhaust heat from various incineration plants for waste, treatment sludge, exhaust gases and wastewater.

CO_2 emissions from oil only account for a small proportion of Evonik's fuel mix. The proportion declined further in 2015 because additional crackers for recycling sulfuric acid were fired by natural gas rather than oil.

Apart from CO_2 emissions from fuels, only N_2O emissions (expressed in greenhouse gas equivalents) are of significance at Evonik. Although they account for less than 1 percent of total GHG emissions, fluctuations in these emissions are not insignificant for the overall development of our greenhouse gas emissions. N_2O is emitted by a few production processes. Scope to improve these processes has already been identified and measures to reduce emissions are in preparation.

The 30 production facilities operated by Evonik that fall within the scope of the European Union's Emissions Trading System (EU ETS) emitted 4.0 million metric tons of CO_2 in 2015. The reduction of 0.2 million metric tons compared with 2014 was mainly due to temporary reductions in coal-based energy generation and lower utilization of the hydrogen plant in Marl (Germany).

Evonik Carbon Footprint (ECF)

By paying special attention to the distribution of emissions among the various sources along the value chain we are able to provide an extensive overview of greenhouse gas emissions—from the extraction of raw materials through production to disposal of products. These data have been reported since 2008.

The key parameter is the carbon footprint (CO_2e footprint). This shows the volume of greenhouse gases emitted by a company, a process or an individual product (expressed in CO_2 equivalents, in other words, CO_2 and the other greenhouse gases defined in the GHG protocol, i.e. CH_4, N_2O, SF_6, HFCs, PFCs and NF_3). The table below shows the development of greenhouse gas emissions for Evonik's products, based on the confirmed data for 2014, excluding the usage phase. The data cover Evonik's energy and process emissions (Scope 1), emissions from purchased electricity and heat (Scope 2) and categories 1, 2, 3, 4, 5, 6, 7, 8, 9 and 12 from Scope 3. These include emissions from the production of purchased raw materials, packaging materials, capital goods, energy-related emissions outside Scope 1 and 2, emissions from inbound transportation of raw materials, from the disposal of production waste, business trips, commuting by employees, Evonik's fleet of vehicles, air-conditioning of offices and emissions from the disposal and recycling of products sold. These data exclude, among other things, the usage phase of Evonik's products.

The increase in greenhouse gas emissions shown by the Evonik Carbon Footprint from 23.4 to 25.7 million metric tons CO_2e between 2013 and 2014 is due to two factors, firstly in the inclusion of the additional reporting category 2 "capital goods" and the extension of category 1 to include indirect goods and packaging materials. At the same time, higher sales volumes and the associated increase in the volume of chemical raw materials contributed to an increase in greenhouse gas emissions.

The method used is closely based on the Greenhouse Gas Protocol Corporate Standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

T29 Change in greenhouse gas emissions along Evonik's value chain[a]

in million metric tons	2010	2011	2012	2013	2014
CO_2e emissions	23.5	22.9	22.2	23.4	25.7

[a] Core specialty chemical business (excluding the usage phase and the carbon black activities, which were divested in 2011).

The distribution of the variuos categories along Evonik's value chain is shown in the next table.

T30 Greenhouse gas emissions along Evonik's value chain [a]

in million metric tons CO_2e		2014
Scope 1	Evonik production facilities	5.9
Scope 2	Purchased energy (net, total purchased power and steam – sale of power and steam to third parties)	1.0
Scope 3	Category 1: Purchase of chemical raw materials, packaging materials and indirect goods	9.5
	Category 2: Capital goods	0.6
	Category 3: Energy-related activities (outside Scope 1 and 2)	0.7
	Category 4: Inbound shipments of chemical raw materials	0.3
	Category 5: Disposal and recycling of waste	0.5
	Category 6: Business trips by employees	0.03
	Category 7: Commuting by employees	0.1
	Category 8: Leasing of goods, upstream (company cars, power and heating requirements for offices)	0.02
	Category 9: Outbound shipments of products	0.5
	Category 12: Disposal and recycling of products	6.6
Total		**25.7**

[a] Excluding the usage phase and the carbon black activities, which were divested in 2011.

CO_2e avoided by using Evonik products

Evonik markets many products whose use makes a positive contribution to reducing greenhouse gas emissions compared with conventional alternatives. The avoidance of greenhouse gases shown here results from applications for the following five products: "green tire" technology, amino acids for animal nutrition, foam stabilizers for insulating materials, specialty oxides for energy-saving light bulbs, and oil additives for hydraulic fluids. The amounts stated are avoided over the usage lifecycle of the products, based on volume sales of the products manufactured by Evonik in the year given. The method used to compile the data is the WBCSD Avoided Emissions Guidance published in October 2013.

The increase in avoided emissions between 2009 and 2013 was mainly due to an increase in sales volumes. The significant increase in avoided greenhouse gas emissions in 2014 was essentially due to a modified data basis for amino acids in animal nutrition. The underlying lifecycle analysis was updated in 2014. In the recalculation process, production data for amino acids and the production of representative feed formulations were adjusted. In addition, an increase in sales volumes of other products increased avoided greenhouse gas emissions in 2014.

Evonik's in-house Life Cycle Management (LCM) group is responsible for compiling the data on greenhouse emissions along the value chain. The LCM group uses a range of tools such as lifecycle assessments to quantify sustainability and support our business and decision-making processes. The LCM group is assigned to the Process Technology and Engineering Unit/Creavis, our strategic innovation unit. An assurance review of the Evonik Carbon Footprint and the greenhouse gas savings has been conducted by an independent firm of auditors and the findings have been reported, among other things, to the Carbon Disclosure Project (CDP).

T31 Greenhouse gas avoidance during the application lifecylce

in million metric tons	2010 [a]	2011 [a]	2012 [a]	2013	2014
CO_2e avoided [b]	55.0	57.3	60.4	61.2	92.5

[a] The data for 2010 to 2012 have been recalculated and adjusted retroactively on the basis of the modified method defined by the WBCSD Avoided Emissions Guidance.
[b] Basis: selected Evonik products in the year under review.

Carbon Disclosure Project— Climate reporting at a high level

Corporate growth potential arises from the systematic alignment of products and services to global megatrends. That includes the challenge of global climate change. Many innovative products from Evonik help improve energy efficiency at subsequent stages in the value chain, reduce the use of resources, and minimize emissions. Our lubricant additives are a good example. Hydraulic fluid containing our DYNAVIS® additives can increase the productivity of excavators by up to 30 percent and at the same time cut fuel consumption by up to 30 percent. Companies that are interested can calculate the exact savings for themselves with a special calculator on the DYNAVIS® website.

In addition, we constantly strive to improve our reporting on key environmental indicators and are engaged in intensive exchange with rating agencies such as the Carbon Disclosure Project. The CDP compiles detailed data on the greenhouse gas emissions and energy consumption of companies worldwide. It also evaluates the opportunities and risks of climate change for their business activities and how the management takes them into account in its strategy. The CDP currently meets the information needs of more than 800 institutional investors with assets under management of over US$95 trillion. The investors use the data to derive a climate risk profile for the companies, which they then use in their investment decisions. In 2015 we improved further on the very good result of 91/B in 2014. With a score of 98/B, Evonik is one of the best-performing MDAX companies. For information: the average ranking for the MDAX companies is 72/C.

Other emissions into the air

Alongside emissions of greenhouse gases as reported above, energy generation and industrial production result in further emissions into the air. Our goal is a further reduction and greater control of emissions. To achieve this, we use a range of technical and organizational measures. Our environmental management systems set the framework for us to achieve the statutory thresholds. Relevant sources of emissions are constantly monitored in accordance with statutory requirements. Our production and exhaust gas treatment facilities are fitted with emissions monitoring devices. Action includes returning exhaust gases to production processes and thermal processing of residual gases with a high calorific value as a substitute for natural gas. We also take the emissions profile into account through state-of-the art technical design and planning of new facilities.

There was a considerable reduction in emissions of CO, SO_X, NO_X and particulates in 2015. This was mainly due to the divestment of the remaining carbon black activities in China and prolonged maintenance shutdowns at the largest coal-fired power plant at Marl Chemical Park in Germany. Site-specific one-off factors were the main reason for the reduction in NMVOC and heavy metal emissions.

T32 Other emissions into the air

in metric tons	2011	2012	2013	2014	**2015**
Carbon monoxide (CO)	4,936	1,017	1,066	1,053	889
Sulfur oxides (SO_X/SO_2)	19,463	3,652	3,215	3,052	2,424
Nitrogen oxides (NO_X/NO_2)	9,074	4,963	4,734	4,739	4,478
Non-methane volatile organic compounds (NMVOC)	1,172	1,019	951	835	661
Particulates	872	441	363	366	257
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	1.16	1.38	1.41	1.58	0.15
Emissions of ozone-depleting substances[a] in metric tons CFC-11 equivalents	0.05	0.05	0.07	0.09	0.16

[a] Ozone depletion potential (ODP) is a relative parameter indicating how dangerous substances are for the ozone layer compared with the reference substance, fluorinated hydrocarbon R11 (trichlorofluoromethane).

Water data and emissions into water

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. Our goal is to reduce specific water intake, i.e. intake per metric ton of output, by 10 percent by 2020 (reference base 2012 = 100). We take into account surface water, groundwater and drinking water, in order to take account of the special significance of freshwater. The background is the significant difference in the availability of salt water and freshwater. 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.

Evonik mainly uses water for cooling and for process purposes in production facilities, to generate steam in power plants, and for sanitary requirements. To reduce the use of fresh water, we have established integrated supply systems with graduated water qualities. For example, we use water that is no longer suitable for cooling purposes to rinse filters or in industrial cleaning processes. In addition, the water that evaporates from cooling circuits is often replaced by condensate or recycled drinking water. In accordance with ISO 14046, the intake of sea water for cooling purposes at our methionine facility in Singapore is not taken into account in our overview of our water footprint; however, it is reported separately.

Total water intake increased considerably from 325.1 million m^3 in 2014 to 357.9 million m^3 in 2015. The increase was mainly caused by site-specific and seasonal effects in the use of surface water for through-flow cooling. 41.9 million m^3 of this comprised salt water for cooling purposes at the new methionine facility in Singapore. Consumption of freshwater decreased by 3 percent year-on-year to 316.0 million m^3 in 2015, mainly due to specific savings measures, start-up of further closed circuit cooling systems and site-specific one-off factors in the intake of surface water.

Surface water accounts for the majority of our water consumption. About 59 percent of the water used in 2015 was surface water, mainly from rivers. Around 96 percent of water consumption is for cooling. Water used in closed cooling circuits is included when calculating the proportion of total water that is used for cooling. In 2015, nearly 82 percent of cooling of production facilities used closed-circuit systems with recooling facilities. The remainder were cooled using through-flow systems.

T33 Water intake by source

in million m^3	2011	2012	2013	2014	**2015**
Drinking water [a]	17.3	16.4	17.3	19.8	17.7
Groundwater	84.2	83.0	76.0	79.7	78.1
Surface water	200.2	190.0	194.1	220.2	212.8
Other [b]	8.4	7.8	5.4	5.4	7.4
Total freshwater	**310.0**	**297.1**	**292.9**	**325.1**	**316.0**
Salt water (seawater)					41.9
Total	**310.0**	**297.1**	**292.9**	**325.1**	**357.9**

Totals may vary due to rounding differences.

[a] Water from municipal or other utilities.
[b] Rainwater and various other sources.

T34 Water consumption

in million m^3	2011	2012	2013	2014	**2015**
Cooling, without cooling circuits [a]	241	230	233	265	298
Cooling circuits	1,124	1,101	1,141	1,250	1,293
Water for production [b]	69	67.4	60.2	60	60
in %					
Cooling water	95	95	96	96	96
Water for production	5	5	4	4	4

[a] Including salt water.
[b] Including drinking water and water for sanitary requirements.

T35 Water discharge

in million m³	2011	2012	2013	2014	2015
Through-flow cooling water (uncontaminated)[a]	217.7	213.6	218.2	245.0	283.0
Process water	72.7	62.8	61.2	61.6	62.1
Drinking water and water from sanitary installations	1.3	1.6	1.9	1.2	1.0
Other water	6.3	13.0	9.2	15.1	14.7
Total	**298.0**	**291.0**	**290.4**	**322.9**	**360.8**

Differences between the data and totals are due to rounding differences.

[a] Including salt water.

The difference between water intake and water discharge is due, among other things, to the fact that some water is released as steam or used in products.

Emissions into water

Our sites aim to make a contribution to protecting natural water resources. The basic principles of the management of our industrial wastewater are the same as for waste management: "avoid over process over eliminate." When planning new production plants, we therefore consider the use of processes that generate little or no wastewater. That takes pressure off the environment and reduces the cost of water treatment. We continue these efforts in the operational phase. We also have high technology standards and infrastructure for the disposal of wastewater at our sites. 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 because it has not come into contact with pollutants. 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. We also incinerate some treatment sludge in our own facilities, and use the heat from the resulting incineration gases to generate steam. Wastewater discharged from our sites is carefully monitored by regular sampling and continuous measuring equipment. In addition to in-house monitoring, we are subject to supervision by the authorities in the form of unannounced control visits to verify compliance with discharge limits.

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. The considerable increase in COD is mainly due to the start-up of methionine production in Singapore and first-time consolidation of the production facility for alcoholates for biodiesel production in Puerto General San Martino (Argentina). The total nitrogen and total phosphorus loads (phosphates stated as phosphorus) declined in 2015 due to local production fluctuations. The reduction in adsorbable organic halogens (AOX load) is generally within the analytical distribution for the measuring method because in many cases the values obtained are only slightly above the detection threshold. The increase in emissions of heavy metals is mainly attributable to an increase in the zinc load in wastewater. Zinc compounds are used as corrosion inhibitors in cooling towers.

T36 Wastewater loads[a]

in metric tons	2011	2012	2013	2014	2015
Chemical oxygen demand (COD)	4,890	4,787	4,767	4,302	4,808
Total nitrogen (N)	484	447	469	441	434
Total phosphorus (P)	114	96	97	95	84
Adsorbable organic halogen compounds (AOX)	1.6	1.8	1.7	1.9	1.7
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	4.5	5.5	5.1	5.1	5.6

[a] The data on wastewater loads comprise all direct discharges into receiving water and proportionate indirect discharges.

Waste

In line with sustainable development, we are constantly endeavoring to step up networking of waste and material flow management. The following priorities have been set for waste management at Evonik:

- The first priority is to avoid waste through continuous process improvements and the development of integrated production systems.
- If this is not possible, waste should be recycled or used to generate energy.
- As a last resort, it should be disposed of safely.

Systematic waste management helps us minimize and further reduce the use of materials and amounts of waste. Avoiding and minimizing waste is important to us for economic as well as ecological reasons. The steady improvement in process yields reduces production waste and avoids disposal costs. Unavoidable production waste is recycled or disposed of correctly. It is important to record the origin of waste, its components and their properties. The waste can then be classified and a decision taken on whether to recycle or dispose of it. Our waste is classified as hazardous or non-hazardous production waste or building rubble, and then allocated to reprocessing or disposal. For example, we use catalysts to increase yields and reduce secondary reactions. Integrated material flows also play a part. We also use the benefits of integrated production sites and systems, for example, in Marl (Germany), which is our largest site. Here, hydrocarbon residues are used as a substitute for heating oil in the gas synthesis plant and waste sulfuric acid in the sulfuric acid plant is reprocessed. Treatment sludge can also be reused within the integrated production structure. After dewatering, it is incinerated in a separate incineration plant with integrated flue gas treatment. Some of the exhaust gases from the production plants are used as substitute fuels in this process. The incineration gases are then used to generate 20 bar steam. To reduce pressure on resources, at many of our sites we use alternative fuels such as liquid residues from production processes.

The total amount of waste declined considerably (–8 percent) from 497,000 metric tons to 455,000 metric tons in 2015, but the development differed by category. Hazardous production waste was steady at the prior-year level. Non-hazardous production waste was 2 percent lower in 2015, mainly due to a reduction in treatment sludge. Building and demolition rubble can fluctuate considerably between years because it depends on specific projects. There was a considerable reduction of 38,000 metric tons in 2015.

T37 Waste

in thousand metric tons	2011	2012	2013	2014	2015
Hazardous production waste	**250**	**227**	**218**	**212**	**213**
of which reprocessed	157	138	137	131	132
of which disposed of	93	89	81	81	81
Non-hazardous production waste	**164**	**160**	**152**	**156**	**153**
of which reprocessed	107	104	104	110	93
of which disposed of	57	56	48	46	60
Hazardous building and demolition rubble	**13**	**32**	**23**	**19**	**8**
of which reprocessed	2	4	3	6	2
of which disposed of	11	28	20	14	6
Non-hazardous building and demolition rubble	**125**	**96**	**97**	**109**	**82**
of which reprocessed	72	65	64	87	62
of which disposed of	53	31	33	22	20
Total	**551**	**515**	**489**	**497**	**455**

Differences between the data and totals are due to rounding differences.

T38 Waste management

in thousand metric tons	2011	2012	2013	2014	**2015**
Incineration with recycling of heat energy	70	68	66	63	64
Disposal by incineration	95	84	84	90	82
Recycling (including composting)	218	181	185	224	176
Landfill	48	58	51	31	46
Chemical/physical/biological treatment	20	24	18	19	7
Other disposal methods	51	37	30	23	21
Other reprocessing methods	50	63	56	47	61
Total	**551**	**515**	**489**	**497**	**455**

Differences between the data and totals are due to rounding differences.

The percentage of waste reprocessed decreased slightly, by 1 percentage point, to 66 percent in 2015. Alongside economic and ecological criteria, there are stringent statutory specifications for the reprocessing of waste. The reprocessing ratio comprises recycled substances, incineration with recycling of heat energy, and other disposal methods. We develop methods of recycling waste in accordance with the statutory framework. One established example of recycling at Evonik is the reprocessing of PLEXIGLAS®, which can be almost completely recycled by breaking it down into its precursors for direct reprocessing. We also recycle or re-use precious metal catalysts and industrial packaging.

Biodiversity and ecosystem services

Ecosystem services are found all around us: in the air we need to breathe, open spaces for recreation, and the groundwater and surface water used for cooling in industry and in leisure activities. We use all of these assets, which are provided by nature in many different forms, in our daily lives. However, even though there is no direct price tag on them, we need to be aware they will only be available in the long term if we use them carefully. For instance, excessive use of groundwater can reduce the groundwater level, which can adversely affect flora, fauna and biodiversity. Biodiversity refers to the natural diversity that has evolved on our planet over millions of years. It includes the variety of habitats (ecosystems), species of plants, animals, fungi and microorganisms, and genetic diversity. As the basis for life, from sources of food to the production of energy, they are all of major economic significance. In the wake of the progressive industrialization in the past two centuries, the reproducibility of our ecosphere seems to be reaching its natural limits. Worldwide, biodiversity is decreasing. In 2012, we carried out biodiversity checks in two of our business lines. The Biodiversity Check developed by the European Business & Biodiversity Campaign (EBBC), a consortium led by the Global Nature Fund, provides an overview of how a company or individual areas of business impact biodiversity. The check is based on the objectives of the United Nations Convention on Biological Diversity (CBD) and examines, among other things, the company's premises, procurement, product development and production, logistics and transportation, and products.

We monitor the production conditions of renewable raw materials, including palm oil and its derivatives. Since 2010 Evonik has been a member of the Roundtable on Sustainable Palm Oil (RSPO) and publishes it targets for palm oil in the RSPO's annual progress report. The aim of the RSPO is to place global production of palm oil on a sustainable basis in the long term. Evonik supports this process. As a key basis for this, in 2015 our Personal Care business had eight production sites around the world certified by external auditors as having organizational structures that meet the RSPO requirements. This is the main precondition for the continuous switch to certified production inputs. In addition, 23 products were switched to RSPO-certified palm oil derivatives. RSPO certification of three further Evonik sites is planned for 2016.

T39 Evonik sites adjacent to conservation areas

Evonik site	Country	Area in km²	Use	Status of conservation area (adjacent)
Gramatneusiedl	Austria	0.050730	Production	92/43/EEC area
Hanau	Germany	0.776949	Production	92/43/EEC area
Lülsdorf	Germany	1.035502	Production	92/43/EEC area
Marl	Germany	8.029755	Production	92/43/EEC area
Wesseling	Germany	0.328367	Production	92/43/EEC area
Americana	Brazil	0.300699	Production	national
Etzen-Gesäß	Germany	0.039277	Production	national
Lenzing	Austria	0.003585	Production	national
Mobile	USA	6.772000	Production	national
Morrisburg	Canada	1.318957	Production	national
Portland	USA	0.012060	Production	national

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 locale-specific 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.

In 2015, five sites were 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. The latest review was in 2013/2014. 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 (approx. 21,360 hectares) to a water conservation area. Evonik supports this plan and is a member of the Fowl River Forever steering committee that is working on a management plan to protect and improve the water quality. This should ensure that nature and animals are protected, the local community can use the area around the river for recreation, and the watershed is protected in the long term.

Safety

Safety-related aspects such as occupational safety, plant safety, transportation safety, health protection and promotion and product stewardship have a place at the top of our agenda. We give these principles top priority—even before the pursuit of sales and profits. In dialogue with our stakeholders we see that they attach equally high significance to these issues. The health and employability of our employees, preventing accidents and incidents at work, in the operation of our production facilities, during transportation and on the way to and from work are of central importance and contribute to Evonik's business performance. We take an all-round approach, which covers employees, working conditions, products and the general working environment.

The Evonik Group's key central management functions, which are subject to the globally valid provisions of our corporate strategy, policies and standard operating procedures, are part of an integrated management system. Observance is monitored regularly via a central audit system. The segments define business-specific technical standards for their operational realization. Group bodies ensure that mission-critical processes are implemented across the segments.[1]

Incidents are analyzed and lessons learned from them. These are communicated via our monthly newsletter "Learning from one another", which is distributed worldwide. Our Group objectives and key performance indicators are used to check implementation of the requirements and for timely identification of the need for action or adjustment. Relevant parameters for plant safety and, analogously, transportation safety are accident frequency and incident frequency. As a result, we detected a deterioration in our plant safety performance in the reporting period. We have already introduced counter-measures to address the situation.

Further, our crisis and incident management ensures that in the event of accidents and incidents everything is done to prevent and limit damage to Evonik and the general public. We play an active part in all relevant national and international associations. However, living a management approach geared to continuous development demands more than this.

In the area of plant safety, in 2015 we drove forward efforts to anchor the Group-wide Safety at Evonik initiative adopted in 2013 throughout the Group. This initiative has become firmly established as an ongoing process to develop our safety culture and a fundamental management approach to all aspects of occupational and traffic safety. Our guiding principles for safety and our safety culture provide a structure and guidance for our corporate objectives and activities. The binding principles developed in 2014 provide clear and measurable guidance for the personal conduct and leadership of all groups of employees, from local personnel to our management. All employees in production and technology units receive instruction in applying this management approach and the associated principles of action with the support of more than 500 "multipliers" around the world. We achieved the target we set ourselves of training more than 90 percent of production employees worldwide. We also familiarized employees in administrative units with the principles of action. G4-26

Four themes are applicable for all employees worldwide and are implemented through binding principles of action that define the required behaviors.

C20 Framework of the safety culture

The behaviors are linked – supporting each other through four common themes across the three groups of employees.

Theme	Everyone	Supervisors	Managers
Standards	Follow rules	Ensure compliance	Set high standards
Communication	Speak up	Encourage the team	Communicate openly
Risk management	Be mindful	Promote risk awareness	Confront risk
Involvement	Get involved	Involve the team	Involve the workforce

[1] For details of the structure of these bodies see p. 63.

The level of awareness and acceptance of our safety culture is an important test for the functioning of our management system. In our general employee survey at the end of 2015, we therefore included a special set of safety-related questions to ask our employees for their opinion. Following evaluation of the feedback, in spring 2016 we will initiate the follow-up process, which will be supported by a Group-wide target. We want to drive forward the ongoing development of measures locally and in our management team.

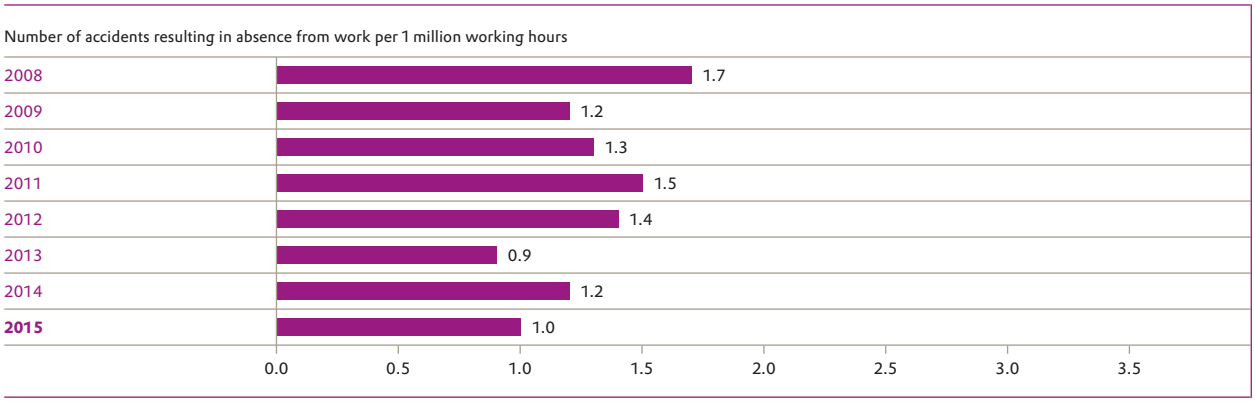
Occupational safety

We strive for a continuous improvement in the safety our employees, both at work and while they are commuting. That also includes the safety of contractors working for us at our sites. This integrative approach is vital to meet the goals we set ourselves in the Safety at Evonik initiative.

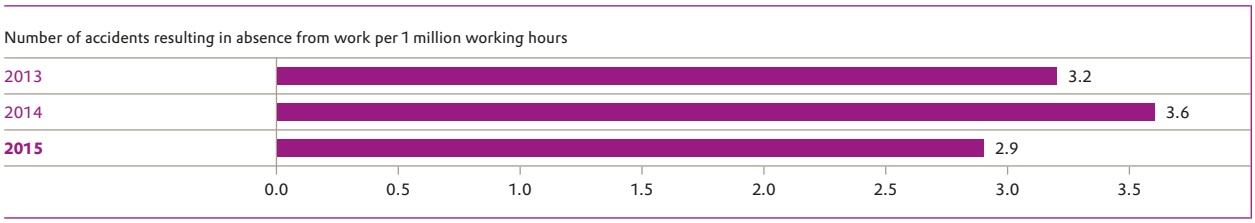
There were no fatal accidents at work involving our employees or contractors at our sites in 2015, nor were there any fatal traffic accidents involving employees on the way to or from work or on business trips.

Measured by accident frequency (number of accidents at work involving company employees and contractors' employees under Evonik's direct supervision resulting in absence from work per 1 million hours worked), there was a further improvement in our occupational safety performance to 1.0, compared with 1.2 in the previous year. Accident frequency has therefore been stable for several years at our long-term target of 1.0. The accident frequency rate was well within the target of a maximum of 1.3 defined for 2015. The average number of working hours lost as the result of accidents was 144 worldwide, which was below the average for previous year (2014: 171). Our experience shows that this is a good average level for our sector. The delayed introduction of our new reporting system, which will record accidents involving injuries but which do not result in absence from work at Group level in the future, is now scheduled for 2016.

C21 Accident frequency indicator (Evonik employees)



C22 Accident frequency indicator (contractors' employees)



The accident frequency indicator for contractors (number of work-related accidents involving non-Evonik employees resulting in absence from work per 1 million working hours) declined further to 2.9 in our continuing operations, compared with 3.6 in 2014. We attribute this positive result to the steps taken to improve contractor management in 2014. The processes to improve the oversight and evaluation of contractors were implemented at all major German sites in 2015 and are having an effect. A standard has been drawn up for our international sites and will be implemented in 2016. As well as supervising and evaluating contractors, we want to reward them for a positive performance. We therefore present the Partner Award to contractors with a good safety performance and integrate them into the Safety at Evonik program.

Health protection

Global management of health protection and health promotion at Evonik aims to maintain and foster the health and employability of our employees in the long term. We take an all-round approach that covers employees, their working situation, our products and the general working environment, and includes high-quality medical care where necessary, applying ergonomic and health-related measures to structure working conditions, and a functioning emergency management system at plant level. In addition, we offer a selective range of health promotion measures. These are part of the Group-wide well@work initiative, which aims to help employees adopt a healthy lifestyle.

The key objectives and aspects of our occupational health strategy are described in the Evonik Guidelines for Health Protection and Promotion. The corporate policy "Occupational Health and Health Promotion" sets binding worldwide standards for assessing health hazards, occupational medicine, emergency medical response, preventive check-ups, workplace ergonomics, rehabilitation and reintegration, health promotion in the workplace and dealing with alcohol and drug abuse.

There are Works Agreements on health topics at many of our sites, especially in Germany. In line with statutory requirements, at our German sites we have Occupational Safety Committees composed of employer and employee representatives, safety specialists, safety officers and occupational medicine specialists. They meet at least four times a year to discuss issues relating to occupational safety and the protection of health. They cover more than 99 percent of our employees in Germany. There are also comparable bodies at sites outside Germany.

Fulfillment of these requirements is checked regularly by corporate audits and regional environment, safety and health (ESH) audits, and through an extensive occupational health reporting system. Action is taken if this indicates potential for improvement or deviations from the applicable regulations. Where necessary, measures for improvement are suggested or required. In addition, in 2013 we introduced an occupational health performance index as an overriding indicator. This is composed of significant aspects of occupational healthcare, health management and emergency medical management and includes the quality and scope of the measures taken. It shows the extent to which internal regulations and goals are achieved. In future it will measure progress in occupational health as part of the continuous improvement process. For 2015 we set ourselves the goal of extending data capture for the performance index to further sites. We achieved this by including our two production sites in Singapore. We also intend to improve the index score at Group level. In 2015, the performance index was 5.2 (2014: 5.4; 2012 base line: 5.3, maximum possible value 6). For Germany, we also calculate a health ratio, which was 95.4 percent in 2015 (2104: 95.9[1] percent). This is the ratio of target working hours less sickness-related hours lost to target working hours.

Emergency medical management

The Group-wide standard on Medical Incident and Emergency Management defines binding basic requirements for emergency medical management at Evonik's sites. The exact equipment and human resources required at each site depend on production-related risks and the quality of the local infrastructure (e.g. emergency services and hospitals).

Specific treatment instructions have been defined for accidents where employees come into contact with chemicals. Emergency medical management also includes pandemic plans and regular training exercises. An extensive preventive program is in place for employees on business trips and foreign assignments, including a global emergency management system for medical problems and risks to personal safety.

[1] Figure restated due to correction of reference base.

Workplace-related preventive healthcare

The results of our hazard assessment help us take suitable preventive measures to avoid work-related illnesses and health problems. Where this shows an elevated risk for specific employees, technical and organizational measures have priority over the use of personal protective equipment. Information and training of employees in risks and preventive measures play an important part in avoiding health impairments. At preventive medical check-ups, employees receive advice on their individual health risks and, where necessary, appropriate precautions.

Evonik regularly reports on occupational illnesses. The indicator used for this is the Occupational Disease Rate (ODR), which is defined as the number of recognized occupational illnesses per 1 million working hours. The calculation includes all new cases of recognized occupational illnesses in the reporting period, including latent illnesses (i.e. those where the causes lie well in the past). The ODR was 0.3 in 2015 (2014: 0.4).

The well@work company health management program

In the area of health promotion, Evonik supports long-term programs on exercise, diet, stress and work-life balance, substance abuse and avoiding infections. The aim is to encourage employees to adopt a healthy lifestyle. We also offer our employees fit-for-life seminars. These run over several days and focus on a healthy lifestyle and maintaining long-term well-being and employability.

In the intermediate term, we aim to establish programs in these five basic areas at all sites. There are already health promotion offerings and measures of various types at almost all sites around the world.

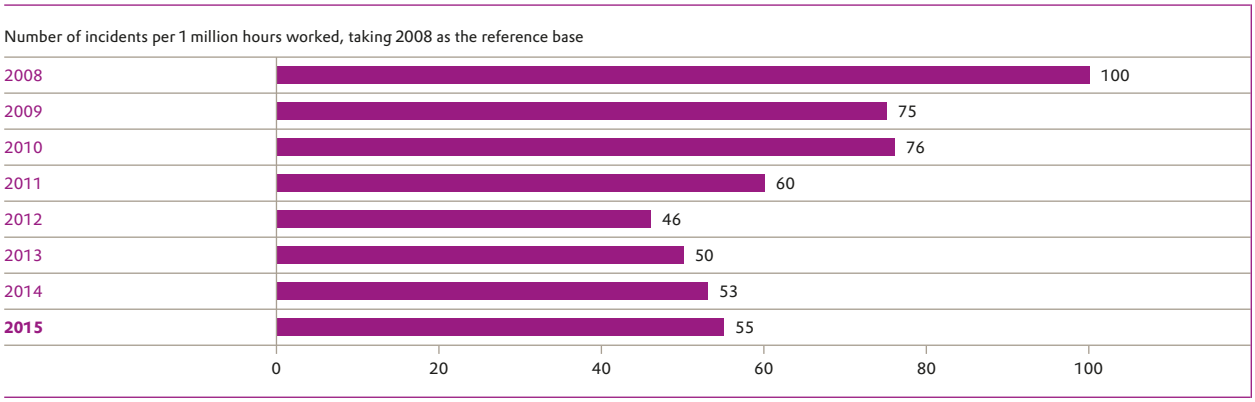
These basic programs are supplemented by campaigns, which concentrate on different topics each year, and general medical check-ups to screen for treatable risk factors and diseases. The combined focus of the campaigns at our German sites in the reporting period was on intestinal cancer and preventive measures, circulatory disorders of the legs (PAOD), and anxiety disorder. In North America, health promotion activities in 2015 centered on avoiding heart attacks.

At most of our German sites there are interdisciplinary health task forces that concentrate on local implementation of health management as part of the Group-wide well@work initiative.

Plant safety

Process safety at our production installations is analyzed in detail at regular intervals. The aim is timely identification of risks so we can develop appropriate measures that reliably prevent these risks. Process safety is a key element in our management approach, which is based on Safety at Evonik. For constant monitoring and evaluation of plant safety we use a process safety performance indicator based on the standards set by the European Chemical Industry Council (Cefic). This indicator covers incidents involving the release of substances, fire or explosion, even if there is little or no damage. It is calculated from the number of incidents per 1 million working hours in the segments' production facilities. A decline in this indicator shows a positive trend. We compare this indicator with 2008, the year in which it was calculated for the first time (reference base: 100 points). This indicator deteriorated slightly to 55 points in 2015 (2014: 53), which meant we once again failed to meet our defined target of a maximum of 48.

C23 Incident frequency indicator



As in the previous year, there was a cluster of incidents in one operational unit. In fact, in 2015 they were confined to a single site in the USA. Long-term technical measures to automate plant and monitor mechanical integrity were adopted there in 2015 and are currently being implemented. We expect these measures to be fully effective in 2016, leading to an improvement in this indicator.

Compared with other companies where the plant safety indicator is applied to all employees in the Group, Evonik achieves a very good score of 1.3 (number of incidents per 1 million working hours).

To ensure that our safety concepts to prevent the release of substances, fire and explosion meet uniformly high safety standards throughout the world, they are produced with the involvement of selected and experienced safety experts, who are assigned to our Global Process Safety Competence Center (GPSC) and form the Global Safety Expert Network led by the GPSC. The GPSC's ability to issue instructions is set out in a binding Group policy and was reiterated by the Executive Board in 2014. The new Technical Standard: Process Safety Concepts, which is binding for all segments, specifies how this is to be implemented throughout the Group. That includes, for example, the frequency of revision of safety concepts and the selection of the necessary experts and methods. Various stakeholders such as our property insurers, who have a special interest in the technical safety performance of our plants, receive reports from our organization on process safety and progress in the implementation of the technical standard.

Evonik has been a member of the European Process Safety Centre (EPSC) for years. The EPSC brings together process safety experts from all leading European companies which use chemical substances in production processes. By sharing experience and best practices, we support other companies in the ongoing development of process safety.

Transportation safety and logistics

Safe transportation of goods has top priority for us. We use a uniform process to select the logistics service providers for transportation. We also regularly review their performance. In keeping with our understanding of sustainability, that includes evaluating the Responsible Care performance of all transportation providers. Our aim is to minimize risk during the entire process, from loading through transportation to unloading.

Although there are national and international regulations on the transportation of dangerous goods, we set even higher standards.

To support safe transportation by logistics partners, in 2015 we completely revised our requirements profile for logistics service providers and the minimum requirements for collection by customers. In addition, in April and November Evonik held a truck inspection day at all major German sites. The inspection in the fall was not pre-announced. The aim was to continuously reduce safety shortcomings. The checks by Evonik managers and staff were not confined to shipments of dangerous goods: all inbound and outbound shipments were checked at the gate. The checks covered, for example, technical condition, protective equipment, securing of the load, labeling and drivers. The Chemical Industry Association in the federal state of North Rhine-Westphalia awarded this campaign third place in its Responsible Care competition "We have good ideas on transportation safety and sustainable logistics". We are planning similar campaigns for our international sites.

In order to be registered by our logistics procurement unit for transportation, all logistics service providers have to recognize and actively acknowledge our requirements. These specify that, as well as ensuring safety, the transportation of goods must be ecologically sustainable, and that the provider must meet its social responsibility and comply with all statutory provisions. For customers who collect goods themselves or use their own logistics service providers, we revised our minimum requirements on the basis of our requirements profile to ensure that no compromises are made in transportation safety.

Safety and care also have top priority at interfaces between production (storage tanks) and transportation (tankers and containers). To avoid product spillages during filling and emptying in our plants, which could result in accidents, environmental damage or production incidents, our occupational and logistics safety experts organized a week-long campaign on safe filling and emptying of tanks. In partnership with an external rail tanker rental company, training tankers and dummy valves were used to supplement the theoretical content by many practical exercises on the use of transportation equipment. More than 200 people attended the training at our German sites. The campaign will be repeated regularly at various Evonik sites in the future in addition to our regular safety instruction and training sessions.

Evonik maintains close and constant dialogue with other chemical companies and with logistics service providers to draw joint lessons from incidents and recommend precautionary measures. We both give and receive support through the European Council of Chemical Associations (Cefic). One outcome of this cooperation is the Cefic/ECTA Guidelines on Transport Incident Investigation and Root Cause Analysis, which we were involved in developing. We use these guidelines as the basis for analyzing the causes of serious logistics-related incidents in order to learn from them.

Risk assessment is also an important tool for us in the management of transportation risks.

Where there is an elevated risk potential associated with specific products, our experts conduct transportation risk analyses using a systematic method developed by an international insurer. Safety and environmental risks relating to transportation processes are evaluated, risks are identified and measures are taken to minimize them. Here, we use the Cefic Guidance on Transport Risk Assessment for Chemical Transport Operations.

Regular training of employees to raise awareness of hazardous goods and help them meet statutory requirements in the transportation of such goods is essential. Evonik publishes a monthly Group-wide newsletter that highlights topical issues in the area of hazardous goods. This has a firm place in the Safety at Evonik initiative.

In the reporting period we also introduced a rule that only Evonik employees may take samples from tankers when accepting deliveries of raw materials; sampling may not be undertaken by the driver of the vehicle. This also applies for samples of outgoing shipments. This implements the Cefic/ECTA/Fecc Best Practice Guideline for Safe Loading and Unloading of Road Freight Vehicles.

T40 Outgoing shipments of hazardous goods

in thousand metric tons	2014	2015
Air	0.9	0.3
Ocean	379	384
Inland waterway	1,168	1,081
Rail	871	749
Pipeline	1,806	1,814
Road	1,625	1,502
Total	**5,849**	**5,531**

T41 Outgoing shipments of other goods

in thousand metric tons	2014	2015
Air	4	3
Ocean	981	898
Inland waterway	16	22
Rail	182	173
Pipeline	18	16
Road	2,331	2,326
Total	**3,531**	**3,438**

In 2015, shipment of goods decreased by about 4.4 percent to 8.9 million metric tons. The proportion of hazardous goods declined by 5.4 percent.

We use uniform Responsible Care criteria to evaluate transportation incidents. In 2015, as in the past, there were no reportable incidents in transportation operations for which Evonik was responsible.

In selected pilot projects we are using tracking and tracing systems, which allow complete monitoring of all stages in the transportation of hazardous goods. These systems can also monitor pressure and product temperature, and respond to leaks. Safety-related data allow preventive action to be taken quickly to avoid transportation accidents.

Should accidents nevertheless occur, the German Chemical Industry Association (VCI) can provide rapid assistance through the TUIS information and assistance system. Around 130 site fire services and many specialists throughout Germany are able to offer competent assistance ranging from initial advice by phone to the provision of trained personnel with special equipment. Our experienced site fire services participate in this system and the site fire service in Marl is one of ten nationwide emergency call centers.

To ensure continuous improvement, our operational logistics and logistics procurement teams regularly examine whether utilization of road transportation capacities can be optimized and scope to combine shipments for transportation by rail, inland waterway and ocean. The aim is for logistics to contribute to reducing CO_2 emissions. A successful model is the collaboration with the transshipment terminal Umschlagsterminal Marl GmbH. This actively drives forward the shift from road to rail transportation.

In recent years, we have constantly optimized the process for returning rigid used industrial packaging. Instead of being disposed of as waste, such packaging is collected by recognized reconditioning firms. This has a positive impact on our CO_2 profile. Switching to this returns process alone avoids around 2,500 metric tons of CO_2 emissions a year.

Statistically, transportation of hazardous goods via pipelines is safest. However, since this method of transportation entails relatively high investment costs and construction of a pipeline is only economically viable for large throughput volumes, pipelines are not available everywhere. Where we use them, the highest standards of transport safety are applied. Evonik's pipelines are monitored centrally round the clock. They have several simultaneous devices to detect leaks. Continuous plausibility checks are performed on the volumes fed into the pipelines and removed from them, and the temperature and pressure in them. Visual pipeline inspections are conducted regularly by specialist personnel, including inspection from helicopters as well as road vehicles and on foot. This is supplemented by a range of technical safety checks and inspection by independent experts at least every two years. An operational manager is in charge of each pipeline and has special responsibility for its safety. Further checks are performed on the pipelines at longer intervals, for example intelligent pigging (inspections) and special water pressure checks.

Product stewardship [1]

Evonik is working continuously to make a measurable contribution to avoiding and improving environmental impact and thus to enhancing the quality of life. That includes timely identification and evaluation of potential health and environmental risks associated with our products. In this context, we include the entire value-added chain and take an all-round view of each product—from cradle to grave. By that we mean the process from the procurement of raw materials to delivery to industrial customers, who receive all relevant information on the handling and disposal of our products.

As well as complying with statutory requirements such as REACH, the European Chemicals Regulation, and worldwide implementation of the Globally Harmonized System of Classification, Labelling of Chemicals (GHS), product stewardship at Evonik includes substantial voluntary commitments. For example, we have been committed for years to the chemical industry's international Responsible Care initiative. The International Council of Chemical Associations (ICCA) included its understanding of sustainability in the revised Responsible Care Charter 2014, which adds aspects such as security and the Global Product Strategy (GPS). Our long-standing commitment to this was renewed in 2014 by the signature of the Chairman of the Executive Board. We are also committed to the ICCA guideline on the Global Product Strategy. At Group level, corporate values on the environment, safety, health and quality have been defined. A regulation defines how product stewardship is to be put into practice at Evonik, including control mechanisms to check its implementation.[2] In addition, we play an active part in many national and international associations and initiatives that are driving forward scientifically based risk assessment.

Responsible handling of chemicals

We have set up an extensive information system to help us meet our responsibility in this field. This includes, for example, information portals, safety data sheets in more than 30 languages, technical data sheets, Product Safety Summaries, 24/7 emergency phone numbers with an interpreting service, email addresses, and extensive information on our website.[3] Where necessary, we give customers training in how to handle our products. The safety of our products has top priority for us.

[1] ESHQ Values available under "Responsiblity" at www.evonik.com, www.responsible-care.de, www.icca-chem.org
[2] See Structure of Corporate ESHQ steering bodies, p. 63.
[3] For further information see ESHQ/Product Stewardship at www.evonik.com/responsibility

How we live up to our responsibility

The lifecycle of a product starts with research and development and ends with recycling or safe disposal. Our specialist departments provide advice for customers at all stages in the product lifecycle, from selection of the raw materials through possible toxicological, ecotoxicological and physical chemistry properties and the resulting exposure-based risks, planned application and statutory regulations right up to transportation and disposal.

The Chemicals Management System

We have used the proprietary Evonik Chemicals Management System (CMS) to evaluate our substances since 2001. This system supports us in global product evaluation, analogously to a lifecyle analysis. In view of global trade in chemicals and chemical products, it is important to encourage broad communication on their safe handling and use. We evaluate all substances placed on the market (> 1 metric ton p.a.). Particularly dangerous substances are included from lower tonnages. That allows a soundly based assessment of the risks. In individual cases, certain usage patterns are restricted or, in the extreme case, a complete ban on the use of our products is issued.

We are committed to the aim of the International Council of Chemical Associations (ICCA) of establishing global standards for product stewardship. In 2006 the ICCA set up the Global Product Strategy (GPS). Here, Evonik compares the content with its own CMS. Our global aim is to conduct a risk assessment of 99 percent of substances marketed in quantities exceeding 1 metric ton p.a. by 2020 at the latest.[1] Information in accordance with the GPS is available in Safety Summaries for more than 150 substances on Evonik's website and the ICCA portal. They are written in understandable English. Some are also available in Japanese, Korean and Chinese.

Chemicals Management System^{PLUS}

The Chemicals Management System^{PLUS} is an extension of the CMS described above for substances of very high concern. These are subject to a more detailed examination. We want to bring about a further reduction in the negative impact on people and the environment. Our global target is therefore to conduct a more detailed examination of all substances containing > 0.1 percent of substances of very high concern in line with the defined criteria by 2020 at the latest.[1]

REACH—the EU Chemicals Regulation

Under the EU Chemicals Regulation REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), all substances produced, imported or placed on the market in quantities of more than 1 metric ton p.a. have to be registered. Evonik systematically applies this Regulation and supports its aim of protecting health and the environment in the handling of chemicals. Based on the measures defined for the period up to 2018, as far as we are aware we have currently undertaken about two-thirds of the necessary registrations. Significant human resources and organizational measures are required to implement the complex requirements of the REACH Regulation. These require well-trained personnel, appropriate IT systems, high financial expenditures and the involvement and active collaboration of our customers and industry associations.

Alongside registration, greater priority is being given to evaluating dossiers and substances, and to restriction and authorization. We constantly compare the substance lists published by the authorities with our own portfolio to ensure timely identification of any of our substances that are affected. In such cases, we examine the action to be taken. We also collaborate closely with our customers to work out the next steps. In addition, we examine the raw materials we procure. If they are categorized as being of very high concern or are on the list of potential candidates, we discuss the steps to be taken with our suppliers or look for alternatives. We have set up an email address[2] for all REACH-related inquiries from customers and suppliers to ensure they receive timely and full replies.

1 See Our objectives, p. 91.
2 reach@evonik.com

Globally Harmonized System of Classification and Labeling of Chemicals (GHS)

The Globally Harmonized System of Classification and Labeling of Chemicals initiated by the United Nations classifies dangerous goods and substances for labeling on packaging and in safety data sheets. Evonik has ensured timely implementation of the European version of GHS, "Classification, labeling and packaging of substances and mixtures" (CLP) for both substances (end of 2010) and mixtures (mid-2015). The GHS is still not applied uniformly around the world. Evonik has therefore set up an in-house database to gather information on progress, changes and national requirements for internal communication.

Nanotechnology

Nanotechnology is a generic term for a wide range of developments and innovations. Their common feature is the investigation, production and use of minute structures measuring around 1 to 100 nanometers (nm). Evonik has decades of experience of producing nanostructured materials. We handle nano materials responsibly and utilize the possibilities they offer. They make a substantial contribution to environmental and climate protection through new products and efficient system solutions for our customers. For example, we see considerable opportunities in non-scratch coatings and electronic applications. In these applications, nanomaterials are enclosed in a fixed matrix or contained in a fluid.

In our measures to protect employees, customers and consumers when handling nanomaterials, we are guided by the latest scientific research findings on hazards and risk evaluation and by epidemiological and toxicological studies. We also support the establishment of new methods of investigation aligned to the specific effects of nanomaterials, which refine the evaluation of risks. For example, we are involved in the OECD Working Party on Manufactured Nanomaterials (WPMN). For that, we work closely with leading research institutes. We are also involved in various research projects which are examining, for example, the impact of the release of nanomaterials from such matrices. That includes membership of the ECETOC[1] Nano Task Force. The potential hazards and safe handling of these materials are also being investigated.

The results of our research are communicated openly and transparently to our stakeholders. Representatives of Evonik take part in the German government's NanoDialog, where experts from industry, science, authorities and industry associations discuss the opportunities and potential risks of nanotechnology, and ways of avoiding the possible risks.

Biotechnology

Evonik utilizes the opportunities offered by biotechnology to develop efficient and environmentally compatible production processes for innovative products and thus create the basis for profitable growth. We use micro-organisms for biocatalysis processes and fermentative production processes. We use biotechnology to produce essential amino acids, nutritional supplements, and pharmaceutical cosmetic ingredients that are difficult or impossible to access through conventional chemical synthesis. Such products have to be registered before they can be produced and placed on the market. The products, together with the production process and micro-organisms used, are explained in detail. We minimize potential risks because safe and responsible handling of this technology is a matter of course for us. This is also set out in our guidelines. We respect the desire of our customers and the general public for transparent action and communication, and stringent action to prevent risks.

Animal protection

We need toxicological and ecotoxicological data to assess the safety of our products. Although we examine all alternatives in detail (QSAR, read-across, literature, non-animal testing), from a scientific and legal perspective in many cases tests on animals are the only way to meet the necessary data requirements. For such tests on animals, Evonik only uses test institutes that are validated in accordance with the applicable national and international legal provisions. Test institutes with a good reputation are selected and are required by master contracts to observe the highest quality and animal protection standards. They are monitored regularly by Evonik's animal protection officer. As a responsible company, we have also drawn up our own animal protection guidelines.

[1] European Centre for Ecotoxicology and Toxicology of Chemicals.

Society

As a world leader in specialty chemicals, Evonik has a presence in more than 100 countries and operates production facilities in 24 countries around the world. We accept responsibility worldwide—for our business, our employees, the environment and society. That responsibility is firmly anchored in our understanding of our values.

Our social responsibility is demonstrated by our wide-ranging commitment to education, science, the arts and sport, and our support for charitable undertakings. Fostering good social development at our sites and in the area around them is especially important to us. We therefore support many projects aligned to specific regions.

We make a distinction between donations and sponsorship. Sponsorship is part of Evonik's marketing strategy and is always designed to position the core Evonik brand in an emotionally appealing manner. By contrast, donations are made without expecting anything specific in return.

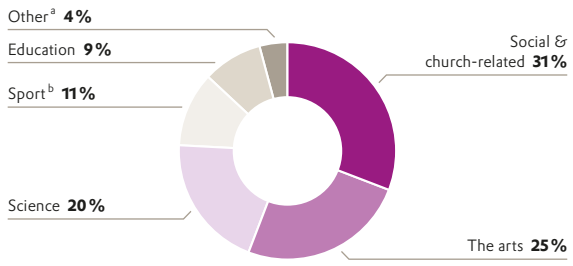
All of these activities are divided between the company itself and the Evonik Foundation. In September 2015, the statutes of the Evonik Foundation were amended to broaden its remit. Alongside not-for-profit activities, it is now also able to support charitable and church-related undertakings. This allows it to play an active role, for example, in providing assistance for refugees.

The Executive Board defines the aims and conditions for the Group's donations and sponsorship. It has delegated coordination and monitoring to the Board Office/Communications division on the basis of specific policies and guidelines. For example, individual donations of supra-regional significance and sponsorship from a threshold of €100,000 require the approval of the Executive Board. The segments and regions can decide on regional and site-specific activities within an annual budget approved by the Executive Board. At the Evonik Foundation, the managing director is responsible for coordinating and monitoring donations, while the Board decides on the focal areas of its work.

Donations and sponsorship of public projects in 2015

In 2015 the Evonik Group provided a total of €12.8 million for donations and sponsorship projects. This budget was used principally to fund social and church-related projects, the arts, science, sport, education and other projects and activities.

C24 Donations and sponsorship of public projects in 2015[a]



[a] Includes donations of €230,000 to political parties in Germany: €100,000 to the CDU/CSU, €90,000 to the SPD, €20,000 to the FDP, and €20,000 to Bündnis 90/Die Grünen (total amounts in each case).
[b] Excludes sponsorship of the Borussia Dortmund soccer club.

Evonik Foundation

An important element in the assumption of our social responsibility is the work of the Evonik Foundation, which is based in Essen (Germany). The foundation was established in 2009 as the successor to the former Degussa Foundation. In the future, Evonik's entire social engagement will be bundled under the auspices of the foundation. Extending the purpose of the Evonik Foundation has enabled it to become actively involved in providing aid for refugees. In 2015, Evonik made €1 million available to the foundation as immediate aid for refugees. These funds are being used principally for activities in the areas of training, employment and language tuition, and for sustainable projects for refugees at Evonik's sites and the surrounding area.

The roots of the Evonik Foundation are fostering scientific education for young people. Under the motto "People open up future potential. We open up people potential.", for many years the Evonik Foundation has awarded scholarships for scientific research, especially doctoral theses. In the reporting period, the Evonik Foundation supported 18 young scientists. Its commitment goes beyond financial assistance: Regular meetings with the scholarship students, scientific colloquia and a mentoring program give them valuable insights into the day-to-day work of a large specialty chemicals company. Thanks to the close links between scientific theory and practice, the scholarships offered by the Evonik Foundation have an excellent reputation in academic circles.

Enthusiasm and enjoyment of science can be awakened in children at elementary school. Some years ago, the Evonik Foundation therefore launched Professor Proto's Fantastic Institute in collaboration with scholarship students. This web-based learning platform is constantly being developed. Through exciting experiments, videos and an interactive journey through the history of chemistry, Professor Proto opens up the fantastic world of science to children, parents and teachers.

Another element of our support for upcoming scientists is the "Deutschlandstipendium" program. Evonik has taken part in this scholarship program initiated by the German Ministry for Education and Research since 2011. The basic idea is to recognize outstanding achievement by committed students and make a contribution to the development of tomorrow's specialists. The concept of performance underlying this program specifically includes social engagement and overcoming obstacles in the educational background of scholarship students. In 2015, 200 scholarship students throughout Germany received support from the Evonik Foundation.

Social assistance projects

The massive influx of refugees was a big challenge for society in 2015. Evonik believes it is important to make a contribution, both by providing short-term humanitarian assistance and by opening up promising future prospects for migrants. The Evonik Foundation uses the funds donated by Evonik for this purpose to support a large number of relief and integration projects for refugees in Germany. The focus is on the areas around our sites.

Examples of this engagement include the establishment of meeting places to foster dialogue between refugees and local inhabitants, and cafés to encourage them to learn the language. For example, in Haltern am See the Evonik Foundation is supporting the setting up of a multi-functional meeting and communication room, which can be used for German courses, childcare, and sports and leisure activities.

Another example of its support comprises German courses at almost all Evonik sites in Germany, and funding of an additional 15 places on the "Start in den Beruf" program, which are reserved for refugees. This pre-training program prepares young people who find it difficult to secure a place on a vocational training course for regular apprenticeships. The program runs at our sites in Marl, Hanau, Darmstadt, Lülsdorf and Wesseling. Those who complete it have a good chance of further training: around 70 percent are taken on as apprentices at the end of the program.

As a company that trains a large number of young people, we believe that is very important for our apprentices to learn to recognize and engage in social responsibility. Under the motto "Do a good deed every month", our apprentices in Marl (Germany) take part in regional projects, such as assembling lighting for the route to an elementary school. For many years, our apprentices in Krefeld (Germany) have spent their fall vacation helping a local organization that distributes food to needy families. In addition, in the pre-Christmas season in 2015 they collected donations for a local children's home.

Internationally too, Evonik showed clear social commitment in 2015. In Southeast Asia, Australia and New Zealand (SEAANZ region)—especially Malaysia—the company supported educational projects, mainly in the area of science. The aim was to instill an enthusiasm for chemistry in children and young people from difficult backgrounds. Many charity collections are held at our US sites. One example is our site in Parsippany (New Jersey), where donations are made to local schools to provide school materials for children from disadvantaged families and provide financial security for their education. At our site in Americana (Brazil), Evonik finances training for inhabitants of poor communities to improve their chances of employment. We are also actively involved in improving the quality of life for people in Castro (Brazil). Efforts here include optimizing the infrastructure at a local retirement home and a children's home.

Fostering education and science

Fostering the education of children and young people is important to Evonik. We focus on scientific and technical projects because our aim is to interest children in science and foster their talent in this area. As well as demonstrating our social responsibility, our commitment in this area is an investment in our own future. A long-term horizon is a key driving force. As an innovation-driven company, we need well-trained young people.

One success story is our Young Spirit initiative, which has been running since 2003. Through this initiative Evonik employees regularly visit preschools and schools to present the world of chemistry to children through exciting hands-on experiments. In this way, around 150 volunteers, who receive regular training to prepare them for their educational role, give children an entertaining introduction to scientific processes. This initiative has now been extended to other regions where Evonik has a presence. Volunteers are already taking part in Asia and Young Spirit is scheduled to start in North America shortly.

Evonik's commitment to education is rounded out by initiatives such as the "Kid's University" in collaboration with the Rheinische Post media group, and science camps for employees' children. These initiatives also draw on the commitment and extensive knowledge of our employees. In Japan, for example, employees took part in a wide range of initiatives in the reporting period to encourage the development of young people in the fields of science and technology. The heart of this is the Chemical Experiment Show, where employees demonstrate chemical reactions at schools close to our sites. As well interesting the children in science, this show strengthens dialogue with the local community.

A similar program has been introduced at our site in Shanghai (China), where employees take the Dr. E Science Tour to preschools and elementary schools.

The Evonik Cyber Classroom has been used successfully at various partner schools in Germany and Brazil for a number of years to make complex scientific content clearer and more understandable with the aid of 3D technology. We therefore rolled out this project globally in 2015. The 3D technology is now available to all Evonik partner schools worldwide via the internet in nine languages. The Cyber Classroom at the Technopolis Science Center in Mechelen (Belgium) was popular for school outings in 2015. We intend to broaden the range of topics covered by the Evonik Cyber Classroom 3D learning tool in 2016.

Since 2013 Evonik has supported the Rebikoff-Niggeler not-for-profit foundation in deep-sea research. This foundation operates the Lula 1000 manned research submarine, which has a 1.40 meter PLEXIGLAS® dome. In cooperation with institutions such as the German Oceanographic Museum in Stralsund and the University of Cologne, the aim of this research project is to film a giant squid in its natural environment to find out more about this largely unresearched species.

Sponsorship of the arts

Our modern knowledge-based society is driven by ideas and innovations. Creativity is a key component, which we foster through our sponsorship of the arts. We are convinced that encounters with culture and the arts contribute to the ongoing development of society and to open and tolerant coexistence. As well as being a key aspect in identification, a shared cultural life and experience is a source of diversity and tolerance in society.

We are therefore the main sponsor of one of Europe's largest and most traditional theater festivals, the Ruhr Festival, which is dedicated to a greater extent than most other festivals to presenting culture as a broad social experience. In 2015, around 80,000 people attended the festival's wide-ranging productions and events, which centered on French culture, literature and drama.

Evonik also supports the "intonations" chamber music festival at the Jewish Museum in Berlin. This is an extension of the Jerusalem International Chamber Music Festival, one of the most important cultural events in Israel. It comprises a series of concerts under the direction of Elena Bashkirova, bringing together leading international musicians from various nations and religions. It is therefore a symbol of inter-cultural tolerance and understanding.

Another project where we are the main sponsor is the Küppersmühle modern art museum (MKM) in Duisburg (Germany). At MKM Evonik has sponsored the Young People Interpret Art competition since 2014. In this project, school students from all over Germany have an opportunity to demonstrate their creativity and organizational talent. The aim is to confront students with modern and contemporary art and encourage an understanding of aesthetic processes.

We also support the TUP in Schools initiative by the Essen Theater and Philharmonie (TUP), which provides an enthralling gateway to the arts for elementary school kids.

In 2015, Evonik was also a partner for the CHINA 8 international art project. Museums in eight cities in the Ruhr region of Germany organized a combined exhibition to bring contemporary Chinese art to a broad public. Around 500 works—paintings, photography, calligraphy, ink drawings, sculptures, installations, and videos—were exhibited for the first time in Germany.

Sports sponsorship

As the main sponsor of the professional soccer club Borussia Dortmund (BVB), Evonik has a strong commitment to fostering children and young people. The Evonik BVB Soccer School runs a wide range of soccer courses for boys and girls aged between seven and thirteen. Around 6,500 children received instruction through this soccer school in 2015. Overall, the school ran more than 125 courses in Dortmund and 90 other courses elsewhere in Germany and in the Netherlands, Poland, Austria and Japan. In Tokyo it runs year-round courses for children aged six to 15 under the instruction of a BVB trainer who is permanently based in Japan.

Evonik uses its role as main sponsor of the BVB to teach students that team spirit is a key success factor in working life as well as on the soccer pitch. The first Evonik Student Network Day, which was held at the BVB soccer stadium, was attended by 60 selected students from all over Germany, who examined team spirit from a variety of perspectives.

Dialogue with our neighbors

A trustful relationship with the communities close to our sites is particularly important to us. To strengthen trust in Evonik, we give local residents and employees' families a variety of opportunities to take a look behind the scenes at our sites. That is in keeping with our claim to be an open and transparent company.

In 2015, many people used the opportunity to take site tours in Hanau and Marl, and a tour organized as part of the "Industrial Heritage Route". Similarly, open evenings are held regularly at our sites in Essen and Krefeld to foster dialogue with our neighbors. Employees provide information on topical issues and take visitors on site tours. Our site in Darmstadt organized a first "We + Evonik" community festival in 2015 to give local residents a chance to put forward suggestions and voice issues related to the site.

Visitors days are not the only way people can contact us. We have set up environmental and neighborhood hotlines at many sites and acceptance is high. In addition, we hold regular meetings to inform local residents about the latest developments and projects of significance for the site. Antwerp is a good example. Here, Evonik meets with local residents and politicians, the media and representatives of other local companies once a quarter to discuss issues such as safety and health protection, the environment, human resources policy and future investment projects.

Advocacy

Evonik plays an active part in many societal debates and is a partner in opinion-forming processes at national and international level. Our offices in Berlin and Brussels are important interfaces for dialogue with representatives of politics and public life. Our employees there network closely with politicians, trade associations and the general public, support them in shaping political conditions and take up issues in the areas of energy and climate protection, the environment, sustainability and trade policy.

Key aspects of our advocacy work in Berlin in 2015 were the amendment of chemicals legislation in light of the Seveso III Directive, shaping the future of the electricity market and implementing the shift in energy policy through the amendment of the German Renewable Energies Act (EEG) and the German Cogeneration Act. Evonik took part in consultations, hearings and debates. We also monitored legislation in areas of employment and social policy, for example, on the minimum wage, temporary staffing and the workplace regulations. Evonik's support for refugees, the bioeconomy, the use of renewable raw materials in the chemical industry and environmentally compatible livestock farming were other important topics. At European level, the focus was on the fundamental reform of trading in emission allowances and the European Commission's proposals on recycling. In addition, the political debate in Brussels was dominated by the negotiations on the transatlantic trade agreement (TTIP). Evonik renewed and refined its entry in the joint list of lobbyists maintained by the European Commission and European Parliament.

Evonik is involved in a large number of associations and organizations such as the German Chemical Industry Association (VCI), the European Chemical Industry Council (Cefic), the Federation of German Industries (BDI), the World Business Council for Sustainable Development (WBCSD) and specialist forums and associations, such as the German Council on Foreign Relations (DGAP), Atlantik-Brücke, and the Forum for Future Energy.

ANNEX

Our objectives ✓

T42 Our objectives[a]

Target achieved ⬆ Target partially achieved or process is still under way ➡ Target not achieved ⬇

Section	Target for 2015	Status/target attainment Dec. 31, 2015		Targets 2016 ff.	Planned deadline
Sustainability management					
Sustainability analysis of the business	Continue to develop the method used for sustainability analysis of Evonik's business and integrate it into key strategic processes	Sustainability analysis of Evonik's business extended: partial validation of the outcome through the limited assurance review See page 26	➡	Further structuring of the sustainability analysis of Evonik's business; plus plans for external validation of the method See page 27	2016
Dialogue with stakeholders	Step up the systematic stakeholder dialogue and exchange of experience on sustainability	Stakeholder dialogue conducted at local, national and international level; stakeholder groups surveyed as part of the materiality analysis	➡	Step up dialogue with key stakeholder groups See page 31	2016
What we stand for: Code of Conduct			New target	Update the Code of Conduct for Evonik employees See page 33	2017
The business					
Supplier management	Continue to analyze suppliers defined as a risk by checking 90 percent of identified potential risk suppliers using self-assessments Update 2015: Continue the analysis of suppliers classified as a risk as part of the Together for Sustainability (TfS) initiative, using the shared assessment principle: involve 200 suppliers, response ratio at least 60 percent	373 suppliers selected and addressed in the review of potential (risk) suppliers; ongoing process: about 58 percent had submitted usable data by the reporting date See page 46	➡	Continue to analyze potential risk suppliers through the TfS initiative.	2016 (annual)
Supplier management			New target	Renewed review of suppliers assessed in 2012 and 2013	2016
Supplier management	Conduct at least 20 sustainability audits of suppliers Update 2015: Conduct at least 20 initial supplier sustainability audits under the shared audit principle of the TfS initiative	39 suppliers audited by Evonik through the TfS initiative	⬆	Conduct at least 20 initial supplier sustainability audits through the TfS initiative	2016 (annual)
Supplier management			New target	Continue follow-up of audits performed in 2015	2016

Section	Target for 2015	Status/target attainment Dec. 31, 2015		Targets 2016 ff.	Planned deadline
Supplier management	Update internal sustainability training for 50 percent of procurement staff who deal with suppliers classified as a potential risk and carry out at least four internal audits Update 2015: Update internal sustainability training for at least 60 percent of procurement staff affected by the TfS initiative	Initial or renewed training of around 79 percent of process-related procurement staff		Continue internal sustainability training for at least 60 percent of procurement staff affected by the TfS initiative	2016 (annual)
Research & development			New target	Total R&D expenses of over €4 billion See page 48	2025
Employees					
	Develop and introduce a Group-wide HR KPI system to manage and optimize global HR work	HR indicators within the Group transferred to a uniform global system and supplemented by best practices from the market		Develop and introduce a Group-wide HR KPI system to manage and optimize global HR work	2016
	Ongoing development of Group-wide master policies on remuneration and fringe benefits	Group-wide remuneration concept developed in 2014; existing master policies adapted to the new requirements in 2015		Ongoing development of Group-wide master policies on remuneration and fringe benefits	2016
	Develop further training modules on sustainability issues	Development of training modules on sustainability issues postponed See page 31			
The environment					
Management approach	Conduct at least 18 ESHQ audits in the Evonik Group	17 ESHQ audits conducted See page 62		Conduct at least 60 ESHQ audits in the Evonik Group [b,c]	2016 (annual)
Environmental targets	Reduce specific greenhouse gas emissions by 12 percent (reference base 2012)	Reduce specific greenhouse gas emissions [d] by 11 percent to 89 percent See pages 63 and 65		Reduce specific greenhouse gas emissions [d] by 12 percent (reference base: 2012)	2020; 80 percent target attainment by 2018
Environmental targets	Reduce specific water intake by 10 percent (reference base 2012)	Specific water intake unchanged at 100 percent See pages 63 and 70		Reduce specific water intake by 10 percent (reference base: 2012)	2020; 80 percent target attainment by 2018
Biodiversity and ecosystem services	RSPO certification (palm oil) for a further five plants in accordance with palm oil roadmap	Palm oil: certification of eight Evonik sites worldwide 23 products switched to RSPO-certified palm oil derivatives See page 73		RSPO certification of three further Evonik sites	2016

Section	Target for 2015	Status/target attainment Dec. 31, 2015		Targets 2016 ff.	Planned deadline
Safety					
Guiding principles	Establish the content and behaviors set out in the guiding principles for safety, with the aim of reaching 90 percent of employees in the operating units	Guiding principles for safety anchored in the Group: instruction provided for 90 percent of employees in the operating units See page 75		Follow-up on Employee Survey 2015: derive and implement safety-related measures	End-2017 as target for 90 percent of the measures defined
Plant safety	Plant safety indicator: improve Cefic Process Safety Performance Indicator for Evonik (business units with production activities) (Target: <= 48 points compared with 2008 [reference base = 100])	Cefic Process Safety Performance Indicator improved in units with production activities: target <= 48 points compared with 2008 [reference base = 100]; indicator in 2015: 55 See page 78f		Improve the Cefic Process Safety Indicator for Evonik (units with production activities) (Target: < = 48 points compared with 2008 [reference base = 100]) See page 79	2016 (annual)
Occupational safety	Occupational safety KPI: accident frequency at Evonik should be < = 1.3	Occupational safety: accident frequency indicator 1.0 See page 76		Accident frequency indicator should be < = 1.3 See page 76	2016 (annual)
Health protection	Further increase in the proportion of employees included in the occupational health performance index and further improvement in performance	Proportion of employees included in the occupational health performance index increased; performance improved further			
Product stewardship	Conduct a risk assessment for at least 99 percent of all substances marketed in quantities exceeding 1 metric ton p.a.	Information on more than 150 substances provided in Safety Summaries See page 82		Risk evaluation conducted for at least 99 percent of all substances marketed in quantities exceeding 1 metric ton p.a. See page 82	2020
Product stewardship			New target	Further evaluation of all products containing > 0.1 percent of chemicals of very high concern See page 82	2020

[a] For attainment of the target for "Society" see page 86.
[b] Organizationally, audits previously performed on a decentralized basis have now been bundled at Group level.
[c] In the Sustainability Report 2014 this target was listed in the section on "Sustainability management".
[d] Scope 2 emissions pursuant to the Greenhouse Gas Protocol, measured by the market-based method.

About this report

Evonik's Sustainability Report 2015

This is the eighth full Sustainability Report (CR Report) published by Evonik Industries and continues the tradition of reporting introduced by the companies from which Evonik was formed. The report covers the 2015 fiscal year (January 1 to December 31, 2015) and is based on Evonik's organizational structure in 2015. The aim is to give our customers, employees, owners and the general public an insight into how we run our business and live our values. The Sustainability Report supplements the ecological and societal aspects included in the annual report for 2015. The next report will be published in 2017.

Method

G4-23 This report is based on the guidelines of the Global Reporting Initiative (GRI) and the ten principles of the UN Global Compact (UNGC). For 2015, we apply the GRI G4 guidelines for the first time in accordance with the "core" option. Material aspects of the content played a key role in the revision of the guidelines. In this report, we therefore concentrate to a greater
G4-22 extent than in the past on our material reporting issues. This report is also Evonik's progress report for the UN Global Compact.

Scope of reporting, boundaries and data capture

G4-22 Our data cover the relevant companies and organizational
G4-23 units worldwide that were included in the scope of consolidation for the annual financial statements of the Evonik Group for the period from January 1 through December 31, 2015. Evonik Industries AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), while the separate annual financial statements for the company are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Alongside Evonik Industries AG, the consolidated financial statements include all material German and foreign subsidiaries directly or indirectly controlled by Evonik Industries AG. Joint operations are included on a pro rata basis. Material associates and joint ventures are recognized at equity if Evonik is able to exert a significant influence. Initial consolidation or deconsolidation takes place as of the date on which the company gains or loses its controlling influence. In fiscal 2015 the Evonik Group comprised 45 German and 109 foreign companies. Reporting focuses on the continuing operations. Relevant data on personnel and social indicators are based largely on the global SAP HR information system. For supplementary information, we use the HR information collector application (SAP notes management). The focus of our reporting and thus the boundaries of our report are derived principally from the sustainability issues derived from our materiality analysis and the associated six areas of action, for example, safety, the environment and governance/compliance. G4-22 G4-18 G4-23

The ecological data for our specialty chemicals business in 2015 comprise emissions and consumption at 85 production sites in 24 countries and thus cover around 95 percent of total output. Occupational safety data include other small production and non-production sites (mainly administration), so the data here cover 132 locations in 41 countries. All data are compiled using sustainability reporting software developed specifically for this purpose (SuRe). The reporting segments reflect Group and segment interests in order to provide a detailed reflection of production activities. In some cases, data are reported at plant level to ensure this.

All reporting segments are clearly coded to allocate them to organizational and business units and geographical region. This allows consolidation at management and legal entity level as well as a detailed regional analysis of the data. The ecological data are updated annually without taking changes in the Group into account. The prior-year figures are not adjusted for changes in the portfolio of companies consolidated. The figures for each company are included in full, without adjustment to reflect Evonik's stake in them.

The key data in this report are rounded in line with standard commercial practice. In some cases, this may mean that individual values do not add up exactly to the totals given and percentages are not an exact reflection of the values stated.

This report is published in German and English. To ensure it is up-to-date, we have included all relevant data available to us as of the editorial deadline on February 29, 2016.

Major acquisitions/divestments of relevance for ESH in 2015

G4-22 G4-23 Under an agreement dated April 29, 2015, Evonik sold its 100 percent stake in Evonik Litarion GmbH, Kamenz (Germany) to Electrovaya GmbH, Düsseldorf (Germany). The 100 percent stake in Evonik Litarion GmbH, comprising the remaining lithium-ion business, was classified as a discontinued operation until the divestment was completed on April 29, 2015. Under an agreement dated September 30, 2015, Evonik sold its 52 percent stake in Qingdao Evonik Chemical Co., Ltd., Jiaozhou (China) to Orion Engineered Carbons International GmbH, Frankfurt (Germany). The stake was deconsolidated on October 27, 2015 and was classified as held for sale until that date. Until completion of these transactions, the shares were included in the segment report in other operations. Evonik acquired all shares in Monarch Catalyst Pvt. Ltd. (Monarch), Dombivli (India) on June 5, 2015. Monarch's global activities in the field of oil and fat hydrogenation catalysts extend Evonik's portfolio of catalysts. The company has been renamed Evonik Catalysts India Pvt. Ltd. On October 30, 2015 Evonik acquired all shares in PeroxyChem Netherlands B.V., Amsterdam (Netherlands). The production facilities in Delfzijl (Netherlands) complement Evonik's European production network for hydrogen peroxide, comprising three sites. The company has been renamed Evonik Peroxide Netherlands B.V. Both acquisitions have been integrated into the Resource Efficiency segment. In 2015, Evonik's organic growth was boosted by a large number of capacity increases in attractive markets and regions with high growth momentum. The various extensions and new plants included, for example, a new facility for biotechnological production of the amino acid Biolys® (L-lysine) for animal feed in Castro (Brazil), a plant to produce Mepron® for nutrition of dairy cattle in the USA, production of specialty silicones in Essen (Germany), the company's largest production facility for oil additives in Singapore, production facilities for specialty silicas in Ako (Japan), and a plant for C_4-based products in Marl (Germany). These affect product streams and emissions and consumption data. The main impacts are commented in the data section of this Sustainability Report.

Acquisitions, capacity expansions and new facilities are recognized as soon as possible. However, if the facilities are only acquired at the end of a fiscal year or new plants have not yet come into service or are at an early stage of start-up, inclusion of environmental aspects in the Sustainability Report can normally only start in the following year.

Updated data

G4-22 Our ESH data are constantly checked by a large number of internal and external audits. In addition, large amounts of data have to be reported to national authorities. In most cases, their submission and approval dates are later than the internal deadline for Evonik's ESH data. To enhance efficiency, we endeavor to use a single set of data for both internal and external reporting. Since internal and external audit findings are examined for any possible change in ESH indicators, our databases are naturally subject to dynamic change. If such adjustments reveal discrepancies of more than 3 percent compared with published data for prior periods, (principle of materiality), the data are corrected and indicated accordingly. If the English version of this report differs from the German version, the statements and phrasing of the original German shall prevail.

External review

G4-23 The "Sustainability management", "The business", "Employees", "The environment" and "Safety" sections were subject to a limited assurance review by PricewaterhouseCoopers AG (PwC) (indicated by ☑). The corresponding independent practitioner's limited assurance report is printed on pages 112–113.

Market positions

T43 Market positions 2015[a]

Product	Application	Global ranking[a]	Capacity in metric tons p.a.
Nutrition & Care			
Amphoteric surfactants	Shampoos, shower gels	1	[d]
Ceramides, phytosphingosines	Cosmetics	1	[d]
Fat chemistry, quaternary derivatives	Fabric softeners	1	[d]
Organically modified silicones	Additives for polyurethane foams, cosmetics, radiation-cured separation coatings	1–2	[d]
Superabsorbents	Diapers, feminine hygiene products, incontinence products, technical applications	1–2	570,000
Amino acids and amino acid derivatives	Pharmaceutical intermediates and infusion solutions	3	[d]
Exclusive synthesis	Intermediates and active substances for pharmaceuticals and specialty applications	3	[d]
Pharmaceutical polymers	Drug delivery systems (e.g. tablet coatings) and medical products (e.g. bioresorbable implants)	2	[d]
DL-methionine	Animal nutrition	1	580,000
Resource Efficiency			
Hydrogen peroxide	Bleaching of pulp and textiles, oxidation agent for the chemical industry, starting product for polyurethane	2	>900,000
Activated nickel catalysts	Life sciences and fine chemicals, industrial chemicals	3	[d]
Precious metal powder catalysts	Life sciences and fine chemicals, industrial chemicals	1	[d]
Oil and fat hydrogenation catalysts	Life sciences and fine chemicals, industrial chemicals	3	[d]
Amorphous polyalphaolefins	Thermoplastic hot melt adhesives	1	[d]
Polybutadienes	Automotive manufacturing (adhesives and sealants)	2	[d]
Polyester resins	Can- and coil coating, reactive hot melt adhesives	1	[d]
Thermoplastic and reactive methacrylate resins	Binders for paints and coatings	1–2	[d]
Organically modified silicones	Binders for paints and printing inks	2	[d]
Isophorone chemistry	Environment-friendly coating systems, high-performance composites (crosslinkers)	1	[d]
PEEK	Special applications in the oil and gas, automotive and aviation industries, electronics/semiconductors, specialty medical technology (e.g. implants)	3	[d]
Polyamide 12	High-performance specialty polymer applications (e.g. automotive, medical, sport, gas and offshore oil pipelines)	1	[d]
Oil additives	Viscosity index improvers	1	[d]
Organosilanes, chlorosilanes	Rubber, silicone rubber, paints and coatings, adhesives and sealants, building protection materials, pharmaceuticals, cosmetics, optical fibers	1[b]	[d]
Fumed silicas, fumed metal oxides, precipitated silicas, matting agents	Silicone rubber, paints and coatings, adhesives, sealants and plastics, pharmaceuticals, cosmetics, high-temperature insulation, electronics, reinforcement of rubber, consumer products, additives for the coatings and printing inks industry	1	600,000

T43 Market positions 2015[a]

Product	Application	Global ranking[a]	Capacity in metric tons p.a.
Performance Materials			
Butene-1	Co-monomer for polyolefins	1[c]	235,000
DINP	High-molecular plasticizers for use in flexible PVC	2	220,000
Isononanol	Intermediate for high-molecular plasticizers	2	400,000
Cyanuric chloride	Industrial applications and specialties (e.g. crosslinkers and optical brighteners), crop protection (especially Chinese producers)	3	31,000
Alcoholates	Catalysts for biodiesel, pharmaceuticals, agrochemicals and other applications	1	>200,000
Methacrylate monomers	Dispersions, coatings, plastics, additives, adhesives, optical lenses	1–2	[d]
Methacrylate polymers (PMMA molding compounds and PMMA semi-finished products)	Construction materials for the automotive and electrical/electronics industries, specialty medical technology, architecture, design and communication applications	1–2	400,000

[a] Evonik's assessment based on various individual market reports/information and in-house market research.
[b] Chlorosilanes: freely traded volumes. Overall assessment—market position differs depending on application.
[c] Freely traded volumes.
[d] No data available.

Major sites

T44 Major sites [a]

Employees	2013	2014	2015
Germany			
Marl	6,837	6,923	6,939
Hanau-Wolfgang	3,348	3,385	3,391
Essen	2,396	2,435	2,447
Darmstadt	1,648	1,691	1,736
Wesseling	1,318	1,334	1,358
Other European countries			
Antwerp (Belgium)	1,040	1,007	1,029
Slovenská Ľupča (Slovakia)	243	251	247
Ham (France)	217	209	192
Gramatneusiedl (Austria)	167	165	157
Kaba (Hungary)	122	124	124
North America			
Mobile (Alabama, USA)	753	731	789
Lafayette (Indiana, USA)	556	544	570
Parsippany (New Jersey, USA)	421	409	415
Greensboro (North Carolina, USA)	281	205	188
Mapleton (Illinois, USA)	177	176	168
Central and South America			
São Paulo (Brazil)	194	197	206
Castro (Brazil)	25	99	107
Americana (Brazil)	37	70	85
Mexico D.F. (Mexico)	74	64	76
Barra do Riacho (Brazil)	46	44	46
Asia-Pacific			
Shanghai (China)	1,386	1,418	1,448
Singapore (Singapore)	430	523	496
Nanning (China)	394	357	369
Nanping (China)	389	370	353
Dombivli (India)	0	0	275
Middle East/Africa			
Midrand (South Africa)	35	28	44
Umbogintwini (South Africa)	32	30	32
Dubai (United Arab Emirates)	17	19	20
Teheran (Iran)	14	14	17
Elandsfontein (South Africa)	7	7	16

As of December 31

[a] The list covers about 70 percent of Evonik employees.

Major shareholdings

T45 Major shareholdings [a]

Name of company	Registered office	Shareholding in %
Consolidated subsidiaries		
Germany		
CyPlus GmbH	Hanau	100.00
Evonik Degussa GmbH	Essen	100.00
Evonik Goldschmidt Rewo GmbH	Essen	100.00
Evonik IP GmbH	Eschborn [b]	100.00
Evonik Nutrition & Care GmbH	Essen [b]	100.00
Evonik Oil Additives GmbH	Essen	100.00
Evonik Performance Materials GmbH	Essen [b]	100.00
Evonik Resource Efficiency GmbH	Essen [b]	100.00
Evonik Röhm GmbH	Essen	100.00
Evonik Technochemie GmbH	Essen [b]	100.00
Evonik Technology & Infrastructure GmbH	Essen [b]	100.00
Other countries		
Evonik Canada Inc.	Calgary (Canada)	100.00
Evonik Corporation	Parsippany (New Jersey, USA)	100.00
Evonik Cyro LLC	Wilmington (Delaware, USA)	100.00
Evonik Degussa Antwerpen N.V.	Antwerp (Belgium)	100.00
Evonik Degussa Brasil Ltda.	São Paulo (Brazil)	100.00
Evonik Degussa (China) Co., Ltd.	Beijing (China)	100.00
Evonik Hong Kong Ltd.	Hong Kong (Hong Kong)	100.00
Evonik Industries de Mexico S.A. de C.V.	Mexico City (Mexico)	100.00
Evonik Japan Co., Ltd.	Tokyo (Japan)	100.00
Evonik Methionine SEA Pte. Ltd.	Singapore (Singapore)	100.00
Evonik Oil Additives Asia Pacific Pte. Ltd.	Singapore (Singapore)	100.00
Evonik Oil Additives USA, Inc.	Horsham (Pennsylvania, USA)	100.00
Evonik Oxeno Antwerpen N.V.	Antwerp (Belgium)	100.00
Evonik (SEA) Pte. Ltd.	Singapore (Singapore)	100.00
Evonik Specialty Chemicals (Jilin) Co., Ltd.	Jilin (China)	100.00
Evonik Specialty Chemicals (Shanghai) Co., Ltd.	Shanghai (China)	100.00
Evonik Thai Aerosil Co., Ltd.	Bangkok (Thailand)	100.00
Nippon Aerosil Co., Ltd.	Tokyo (Japan)	80.00
PT. Evonik Indonesia	Cikarang Bekasi (Indonesia)	100.00
Silbond Corporation	Weston (Michigan, USA)	100.00
Joint operations recognized on a pro rata basis		
Germany		
StoHaas Monomer GmbH & Co. KG	Marl	50.00
Companies recognized at equity		
Other countries		
CyPlus Idesa, S.A.P.I. de C.V.	Mexico City (Mexico)	50.00
Daicel-Evonik Ltd.	Tokyo (Japan)	50.00

[a] A list of the companies included in the consolidated financial statements can be found in the Annual Report 2015 on page 160 ff.
[b] Utilizes the exemptions permitted under Sections 264 Paragraph 3 and 264b of the German Commercial Code (HGB).

Awards and accolades 2015

T46 Awards and accolades

Category	Awards and accolades	Presented by
Products and projects		
Creavis[a] for the Composites 2.0 project	CFK Valley Innovation Award 2015	CFK-Valley e. V. and City of Stade
Performance Materials segment, Acrylic Polymers Business Line, for the CoverForm® surface for the Mercedes touchpad	SPE Grand Award	Society of Plastics Engineers, Inc. and the International Society for Plastics Technology
Creavis[a] for the CAMISMA project (fiber-reinforced lightweight automotive components)	JEC Americas Award 2015	JEC
Nutrition & Care segment, Personal Care Business Line, for VARISOFT® EQ 100 (hair conditioners)	Innovation Zone Best Ingredient Silver Award, Category: Functional Active Ingredients	Soap Perfumery and Cosmetics journal
Nutrition & Care segment, Interface & Performance Business Line, for TEGO® RC silicones	L.I.F.E. sustainability certificate	Tag and Label Manufacturers Institute
Resource Efficiency segment, Coating Additives Business Line, for SILIKOTOP® E 900 and SILIKOTOP® E 901 silicone resins	Ringier Technology Innovation Award 2015	Ringier Trade Media
Employees		
Evonik Technology & Infrastructure GmbH, Technical Service Business Line	Best Employer in Europe – European HR Award, Maintenance	European Federation of National Maintenance Societies
Evonik Industries AG	3rd place in employer ranking in the chemical and pharmaceutical sector in the large companies category	"FOCUS" magazine
Awards from customers		
Nutrition & Care segment, Health Care Business Line	Excellent Partner Award (2014)	Lilly Suzhou Pharmaceutical Co. Ltd.
Resource Efficiency segment	Honored as a partner supplier and member of the "Maxxis Family"	Maxxis International GmbH
Resource Efficiency segment, Silicas Business Line	Performance and Social Responsibility Award	Michelin Group
Resource Efficiency segment, Silicas Business Line	Preferred supplier	Daramic Xiangyang Battery Separator Co., Ltd., China
Nutrition & Care segment, Personal Care Business Line	Best raw material supplier Qlicar Natura	Natura
Other		
Resource Efficiency segment, Oil Additives Business Line	Best Suggestion Award	Singapore Ministry of Trade & Industry

[a] Evonik's strategic innovation unit

In addition, Evonik's sustainability performance is regularly analyzed and evaluated by rating agencies. We publish the main findings in the internet.

Membership of networks and initiatives

Responsible Care
Evonik is a signatory to the Responsible Care Global Charter of the International Council of Chemical Associations (ICCA). Evonik is committed to this initiative.

UN Global Compact
Evonik joined the UN Global Compact in 2010. Evonik supports the principles of the Global Compact, which are geared to sustainable and ethical business management.

World Business Council for Sustainable Development
Evonik is a member of the World Business Council for Sustainable Development (WBCSD) and supports its objectives. This international business leadership forum has around 200 member companies that are committed to sustainable development.

Global Reporting Initiative
Evonik supports the Global Reporting Initiative as an organizational stakeholder. GRI is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. Evonik has used it as a guideline since 2009.

Together for Sustainability
As a founding member of this initiative established by chemical companies, Evonik is driving forward transparency and sustainability in the supply chain.

econsense
Evonik is a founder member of econsense, an association of leading German companies and organizations that promotes corporate social responsibility and sustainable development.

Chemie³
Evonik plays a central role in the Chemie³ sustainability initiative of the German Chemical Industry Association (VCI), the German Mining, Chemical and Energy Industrial Union (IG BCE) and the German Chemical Industry Employers' Federation (BAVC).

G4 content index of the Global Reporting Initiative (GRI) including the ten principles of the UN Global Compact (UNGC)

For 2015, we have applied the G4 guidelines of the Global Reporting Initiative for the first time in accordance with the "core" option. The index also refers to the corresponding principles of the UN Global Compact.

The Sustainability Report 2015 was submitted to the GRI Materiality Disclosures Service. The GRI has verified that the materiality disclosures in accordance with G4 (G4-17–G4-27) are correctly located.

T47 GRI index and UN Global Compact

AR = Annual report

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	General standard disclosures				
	Strategy and analysis				
	G4-1	Statement from the most senior decision-maker	Foreword	2–3	
	G4-2	Key impacts, risks and opportunities	Business model	25	
			Principles and objectives, business management systems	73–74 (AR)	
			Opportunity and risk report	113–122 (AR)	
			Sustainability management	27–28	
	Organizational profile				
	G4-3	Name of the organization	Credits	119	
	G4-4	Primary brands, products and services	Decentralized corporate structure	25–26	
			Market positions	94–95	
	G4-5	Location of the organization's headquarters	Credits	119	
	G4-6	Countries where the organization has significant operations	Major shareholdings	97	
			About this report	92	
	G4-7	Nature of ownership and legal form	Evonik on the capital markets	67 (AR)	
			Credits	119	
	G4-8	Markets served	Evonik's end-markets	72 (AR)	
	G4-9	Scale of the organization	Key figures for the Evonik Group	38	
			About this report	92	
			Balance sheet	140–141 (AR)	
			Production inputs and output	64	
6	G4-10	Employees by employment contract, region and gender	Employees worldwide	54–55	
3	G4-11	Percentage of employees covered by collective bargaining agreements	Trustful collaboration	59–60	
			Perform	57	
	G4-12	Description of the supply chain	Supply chain management	44–46	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	G4-13	Significant changes during the reporting period	About this report	93	
			Major events	77 (AR)	
			Procurement in 2015	44–45	
	G4-14	Precautionary approach or principle	What we stand for	32–33	
			House of Compliance	34–37	
			Safety	75–79	
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives which the organization endorses	Membership of networks and initiatives	3, 27–28, 32–33, 81, 89	
	G4-16	Memberships of associations and advocacy organizations	Membership of networks and initiatives	3, 73, 89	
			Close dialogue with stakeholders	31–32	
			Safety	80–82	
	Identified material aspects and boundaries				
	G4-17	List of consolidated entities	Scope of consolidation and list of shareholdings	160–166 (AR)	
	G4-18	Process for defining the report content	About this report	92	
			Materiality analysis	28–31	
	G4-19	All material aspects	Materiality analysis	29–30, GRI-Index	
	G4-20	Material aspects within the organization	Value chain	30	
	G4-21	Material aspects outside the organization	Value chain	30	
	G4-22	Effect of restatements of information and reasons for restatement	Updating our materiality analysis	28	
			About this report	92–93	
	G4-23	Significant changes in the scope and aspect boundaries of the report	About this report	92–93	
	Stakeholder engagement				
	G4-24	Stakeholder groups engaged by the organization	Evonik's stakeholder groups	31	
	G4-25	Identification and selection of stakeholders	Close dialogue with stakeholders	31–32	
	G4-26	Approach to stakeholder engagement and frequency of engagement	Close dialogue with stakeholders	31–32	
			Materiality analysis	28	
			Employee survey	31, 52	
			Trustful collaboration	59–60	
			Safety	75	
	G4-27	Key topics or concerns raised by stakeholders	Materiality analysis	29	
			Close dialogue with stakeholders	31–32	
			Sustainability analysis of the business	26	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Report profile				
	G4-28	Reporting period	About this report	92	
	G4-29	Date of most recent previous report	About this report	92	
	G4-30	Reporting cycle	About this report	92	
	G4-31	Contact point for questions	Credits	119	
	G4-32	"In accordance" option and GRI Content Index chosen	GRI Index	100–111	
			About this report	92	
	G4-33	Reference to external assurance report	About this report	93	
			Independent Assurance Report	112–113	
	Governance				
	G4-34	Governance structure, including committees of the highest governance body	Overview of the Executive Board	5 (AR)	
			Report of the Supervisory Board	48–49 (AR)	
			Sustainability management at Evonik	27	
	G4-35	Delegation of authority for economic, environmental and social topics	Sustainability management at Evonik	27	
			Shareholders and the Shareholders' Meeting	65 (AR)	
			Active support for the reorganization of the Group	106 (AR)	
			The environment	62	
	G4-36	Executive-level responsibility for economic, environmental and social topics	Overview of the Executive Board	5 (AR)	
			Sustainability management chart	27	
	G4-37	Processes for consultation between stakeholders and the highest governance body	Close dialogue with stakeholders	31–32	
			Sustainability management chart	27	
			Employee survey	31, 52	
			Employee performance and development review	31, 60	
	G4-38	Composition of the highest governance body and its committees	Supervisory Board	48–49 (AR), 214–215 (AR)	
	G4-39	Independence of the Chair of the highest governance body	Corporate Governance Report, Supervisory Board	61–63 (AR)	
	G4-40	Nomination and selection processes for the highest governance body	Corporate Governance Report, Supervisory Board	61–63 (AR)	
	G4-41	Processes to avoid conflicts of interest	Corporate Governance Report, Supervisory Board	61–62 (AR)	
	G4-42	Highest governance body's role in strategies and goals	Report of the Supervisory Board	48–49 (AR)	
	G4-43	Measures to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Report of the Supervisory Board	49–50 (AR)	
	G4-44	Evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Report of the Supervisory Board	50 (AR)	
			Remuneration report	132–133 (AR)	
	G4-45	Highest governance body's role with regard to opportunities and risks of relevance to sustainability	Corporate Governance Report, Supervisory Board committees	63–64 (AR)	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	G4-46	Highest governance body's role in reviewing the effectiveness of risk management	Corporate Governance Report, Supervisory Board committees	63–64 (AR)	
	G4-47	Frequency of the highest governance body's review of sustainability-related risks and opportunities	Corporate Governance Report	63 (AR)	
			Opportunity and risk report	113 (AR)	
	G4-48	Highest committee that approves the sustainability report	Foreword	2–3	
	G4-49	Process for communicating critical concerns to the highest governance body	www.evonik.com/annual-shareholders-meeting		
			Sustainability management and bodies	27	
			Employee survey	31, 52	
	G4-50	Critical concerns that were communicated to the highest governance body	www.evonik.com/annual-shareholders-meeting		
			Report of the Supervisory Board	50–51 (AR)	
	G4-51	Remuneration policies for the highest governance body and senior executives	Remuneration report	132–133 (AR)	
			Performance-related remuneration	34, 192–194 (AR)	
	G4-52	Process for determining remuneration	Remuneration report	125–133 (AR)	
			Performance-related remuneration	192–194 (AR)	
			Perform	57–58	
	G4-53	Stakeholders' views regarding remuneration	Corporate Governance Report	61, 63 (AR)	
			www.evonik.com/annual-shareholders-meeting		
	G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees			Evonik believes it is very important to offer specialists and executives market-oriented and performance-related salaries based on uniform global evaluation criteria. Remuneration is therefore based on objective criteria such as the required knowledge and skills, and performance. Personal characteristics do not have any impact. We do not consider this to be a relevant indicator to assess the appropriateness of our remuneration systems. It is not available.
	G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country to the median percentage increase in annual total compensation for all employees			Evonik believes it is very important to offer specialists and executives market-oriented and performance-related salaries based on uniform global evaluation criteria. Remuneration is therefore based on objective criteria such as the required knowledge and skills, and performance. Personal characteristics do not have any impact. We do not consider this to be a relevant indicator to assess the appropriateness of our remuneration systems. It is not available.

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Ethics and integrity				
10	G4-56	Values, principles, standards and norms of behavior	Obligations and commitments	27–28	
			What we stand for	32–33	
10	G4-57	Mechanisms for seeking advice on ethical and lawful behavior	Corporate governance	33–34	
			House of Compliance	34–35	
10	G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior	Corporate governance	34–35	
			House of Compliance	34–37	
	Specific Standard Disclosures				
	Category: Economic				
	Aspect: Economic performance				
7	G4-DMA	Management approach	An excellent performance in 2015	38	
	G4-EC1	Economic value generated and distributed	Total value added	40	
7	G4-EC2	Risks and opportunities posed by climate change and their financial implications	Carbon Disclosure Project	69	
			Opportunity and risk report	117 (AR), 119 (AR)	
			Perspective change	12–13 (AR), 20–21 (AR), 44–45 (AR)	
	G4-EC3	Defined benefit plan obligations	Defined benefit obligations	180–184 (AR)	
	G4-EC4	Financial assistance received from government	Research & development	47	Evonik is involved in research activities that receive government assistance
	Aspect: Market presence				
6	G4-DMA	Management approach	Employees	52–53	
6	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Remuneration—Uniform global evaluation criteria	58	This indicator is not relevant for our sector. Evonik believes it is very important to offer specialists and executives market-oriented and performance-related salaries based on uniform global evaluation criteria. Remuneration is therefore based on objective criteria such as the required knowledge and skills, and performance. Personal characteristics do not have any impact.
6	G4-EC6	Proportion of senior management hired locally	Attract	55–56	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Aspect: Indirect economic impacts				
	G4-DMA	Management approach	Business model, sustainability management, dialogue with stakeholders	25, 27–28, 31	
	G4-EC7	Development and impact of infrastructure investments and services supported	Total value added	40	
			Research & development	47–48	
			Vocational training	57	
			Society/Donations and sponsorship	84–87	
	G4-EC8	Significant indirect economic impacts, including extent of impacts	Total value added	40	
			Regional development	88–89 (AR)	
			Biodiversity and ecosystem services	73–74	
	Aspect: Procurement practices				
	G4-DMA	Management approach	Supply chain management	29–30, 44	
	G4-EC9	Proportion of spending on local suppliers	Procurement in 2015	44	
	Category: Environmental				
	Aspect: Materials				
7, 8	G4-DMA	Management approach	The environment	29–30, 62–64	
7, 8	G4-EN1	Materials used by weight or volume	Production inputs and output	64	
	Aspect: Energy				
7, 8	G4-DMA	Management approach	The environment	29–30, 62–64	
7, 8	G4-EN3	Energy consumption within the organization	Energy inputs	64–65	
	Aspect: Water				
7, 8	G4-DMA	Management approach	The environment	29–30, 62–64	
7, 8	G4-EN8	Total water withdrawals by source	Water data and emissions into water	70–71	
8	G4-EN10	Water recycled and re-used	Water data and emissions into water	70–71	
	Aspect: Biodiversity				
8	G4-DMA	Management approach	The environment	62–64	
8	G4-EN11	Operational sites owned/leased in or adjacent to protected areas and areas of high biodiversity outside protected areas	Biodiversity and ecosystem services	73–74	
	Aspect: Emissions				
	G4-DMA	Management approach	The environment	29–30, 62–64	
7, 8	G4-EN15	Direct GHG emissions (Scope 1)	Emissions into the air	66	
7, 8	G4-EN16	Energy indirect GHG emissions (Scope 2)	Emissions into the air	66	
7, 8	G4-EN17	Other indirect GHG emissions (Scope 3)	Emissions into the air	66	
			Evonik Carbon Footprint	67–69	
8	G4-EN18	GHG emissions intensity	Emissions into the air	66	
8, 9	G4-EN19	Reduction of GHG emissions	Emissions into the air	66–67	
7, 8	G4-EN20	Emissions of ozone-depleting substances	Other emissions into the air	69	
7, 8	G4-EN21	NO_X, SO_X and other significant air emissions	Other emissions into the air	69	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Aspect: Effluents and waste				
8	G4-DMA	Management approach	The environment	29–30, 62–64	
8	G4-EN22	Total water discharge by quality and destination	Water data and emissions into water	70–71	
8	G4-EN23	Total weight of waste by type and disposal method	Waste	72	
	Aspect: Products and services				
7, 8, 9	G4-DMA	Management approach	The environment, safety	29–30, 62–64	
7, 8, 9	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Product stewardship	81–83	
	Aspect: Compliance				
8	G4-DMA	Management approach	House of Compliance	29–30, 34–35	
8	G4-EN29	Sanctions for non-compliance with environmental laws and regulations		120 (AR), 185 (AR)	Risks relating to legal disputes and legal proceedings are disclosed in the annual report.
	Aspect: Transport				
8	G4-DMA	Management approach	Safety	29–30, 75–76, 79–80	
8	G4-EN30	Significant environmental impacts of transporting products	Transportation safety and logistics	79–81	
	Aspect: Overall				
8	G4-DMA	Management approach	The environment	29–30, 62–64	
8	G4-EN31	Total environmental protection expenditures and investments by type	Environmental protection investment and operating costs	64	
	Aspect: Supplier environmental assessment				
8	G4-DMA	Management approach	Supply chain management	29–30, 44–45	
8	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Sustainability in the selection of suppliers	45, 46	
	Aspect: Environmental grievance mechanisms				
8	G4-DMA	Management approach	The environment	29–30, 34, 36	
8	G4-EN34	Formal grievance mechanisms for environmental impacts	House of Compliance		We do not report the number of grievances about environmental impacts. We report within the compliance and ESHQ management system. A meaningful statistical evaluation of the questions and complaints submitted to our sites by local residents via telephone hotlines is not possible as they cannot be assigned clearly to Evonik.

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Category: Social Sub-category: Labor practices and decent work				
	Aspect: Employment				
6	G4-DMA	Management approach	Employees	29–30, 52, 54	
6	G4-LA1	New hires and employee turnover	Attract	55	
			Retain	58	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Perform	57–58	
			Work/life balance	60	
6	G4-LA3	Return to work after parental leave	Work/life balance	61	
	Aspect: Labor/management relations				
3	G4-DMA	Management approach	Employees	29–30, 52–53	
6	G4-LA4	Minimum notice periods regarding operational changes	Trustful collaboration	59	
	Aspect: Occupational health and safety				
1, 6	G4-DMA	Management approach	Safety	29–30, 75–76	
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Trustful collaboration	59–60	
			Health protection	77	
	G4-LA6	Injury, occupational diseases, days lost and fatalities	Occupational safety	76–77	Reporting injuries by gender is not material to us and is not permitted in some regions. Our focus is on general prevention, analyzing incidents and the lessons that can be learned.
			Health protection	77	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Workplace-related preventive healthcare	78	
			Product stewardship	81–82	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	Safety	75–76, 78	
	Aspect: Training and education				
6	G4-DMA	Management approach	Employees	29–30, 52, 54	
6	G4-LA9	Average hours of training	Vocational and further training	57	Our data on advanced training currently cover around 85 percent of our employees. Drawing a distinction by gender or employee category is not significant for us. The data on average hours of training do not include the hours of vocational training provided to our around 1,800 in-house apprentices.
	G4-LA10	Programs to support the continued employability of employees	Vocational and further training, talent management	57	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
6	G4-LA11	Percentage of employees receiving regular performance and career development reviews	Employee performance and development review	60	The systematic performance and development reviews introduced by Evonik are not restricted by gender or employee category.
	Aspect: Diversity and equal opportunity				
6	G4-LA12	Composition of governance bodies and breakdown of employees by indicators of diversity	Employees worldwide	54–55	Differentiation by minority groups is not relevant for our management practices.
			Diversity	59	
			Corporate Governance Report	60–65 (AR)	
	Aspect: Equal remuneration for women and men				
6	G4-LA13	Ratio of basic salary and remuneration of women to men	Remuneration—Uniform global evaluation criteria	58	Evonik believes it is very important to offer specialists and executives market-oriented and performance-related salaries based on uniform global evaluation criteria. Remuneration is therefore based on objective criteria such as the required knowledge and skills, and performance. Personal characteristics do not have any impact.
	Aspect: Supplier assessment for labor practices				
	G4-DMA	Management approach	Supply chain management	29–30, 44–45	
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Sustainability in the selection of suppliers	45–46	
	G4-LA15	Significant negative impacts for labor practices in the supply chain and actions taken	Sustainability in the selection of suppliers	45–46	We do not report in detail on negative impacts on labor practices identified in the assessment of our suppliers. We report on the findings as part of the evaluation process.
	Aspect: Labor practices grievance mechanisms				
	G4-DMA	Management approach	Code of Conduct and Global Social Policy	27–28 , 29–30, 33	
	G4-LA16	Formal grievances relating to labor practices	House of Compliance	34–35	
			Respecting workers' and human rights	59	
	Sub-category: Human rights				
	Aspect: Non-discrimination				
6	G4-DMA	Management approach	Global Social Policy, employees	27–28, 29–30	
6	G4-HR3		Respecting workers' and human rights	59	
	Aspect: Freedom of association and collective bargaining				
2, 3	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken	What we stand for	32–33	In the reporting period, we did not become aware of any restrictions on freedom of association or collective bargaining.
			Trustful collaboration	59–60	
			Respecting workers' and human rights	59	
			Sustainability in the selection of suppliers	45	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Aspect: Child labor				
2, 5	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor and measures taken	What we stand for	32–33	
			Employees worldwide	48	
			Respecting workers' and human rights	59	
			Sustainability in the selection of suppliers	45–46	
	Aspect: Forced or compulsory labor				
2, 4	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor and measures taken	Respecting workers' and human rights	59	
	Aspect: Security practices				
1	G4-HR7	Percentage of security personnel trained in human rights policies or procedures	Corporate security	36	
			Workplace-related preventive healthcare	78	
			Respecting workers' and human rights	59	
	Aspect: Supplier human rights assessment				
2	G4-DMA	Management approach	Supply chain management	29–30, 43–44	
2	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Sustainability in the selection of suppliers	45–46	We do not report on the percentage of suppliers that were specifically screened using human rights criteria. We report on the screening procedure.
2	G4-HR11	Significant negative human rights impacts in the supply chain and actions taken	Sustainability in the selection of suppliers	45–46	We do not report in detail on negative impacts on any violation of human rights criteria identified in the assessment of our suppliers. We report on the findings as part of the evaluation process.
	Aspect: Human rights grievance mechanisms				
1	G4-DMA	Management approach	House of Compliance, Code of Conduct, Global Social Policy	29–30, 33–35	
1	G4-HR12	Formal grievance on human rights violations	Code of Conduct and Global Social Policy	33	We do not report on the number of complaints on human rights violations received through formal grievance mechanisms. We take up the reason for the grievance in internal procedures and take appropriate action in line with our corporate policies.
	Sub-category: Society				
	Aspect: Local communities				
1	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	Close dialogue with stakeholders	31–32	Given heterogeneous size of our sites, percentage data would not be meaningful. Therefore, we do not calculate a percentage.
			Dialogue with our neighbors	87	
			Corporate security	36	

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
1	G4-SO2	Operations with possible negative impacts on local communities	Plant safety	78	
			Transportation safety and logistics	79	
			Emissions into the air	65	
			Emissions into water	71	
			Biodiversity and ecosystem services	73–74	
	Aspect: Anti-corruption				
10	G4-DMA	Management approach	House of Compliance	29–30, 34–35	
10	G4-SO3	Number and percentage of operations assessed for risks related to corruption and the risks identified	Fighting corruption	37	Given the heterogeneous size of our sites, data on the number or percentage of operations would not be meaningful. The procedure is described in the uniform Group-wide compliance management system.
10	G4-SO4	Communication and training on anti-corruption policies and procedures	Fighting corruption and the Code of Conduct	36	
			Compliance training	37	
			Fighting corruption	37	
10	G4-SO5	Confirmed incidents of corruption and actions taken	Fighting corruption and the Code of Conduct	36	
			Fighting corruption	37	
	Aspect: Public policy				
10	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Donations	84	
	Aspect: Anti-competitive behavior				
	G4-DMA	Management approach	House of Compliance	29–30, 34–35	
	G4-SO7	Legal actions for anti-competitive behavior, anti-trust and monopoly practices		120 (AR), 185 (AR)	Risks relating to legal disputes and legal proceedings are disclosed in the annual report.
	Aspect: Compliance				
2, 3	G4-DMA	Management approach	House of Compliance	29–30, 34–35	
	G4-SO8	Fines and sanctions for non-compliance with laws and regulations		120 (AR), 185 (AR)	Risks relating to legal disputes and legal proceedings are disclosed in the annual report.
	Aspect: Supplier assessment for impacts on society				
	G4-DMA	Management approach	Supply chain management	29–30, 43–44	
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Sustainability in the selection of suppliers	45–46	We do not report on the percentage of suppliers that were specifically screened for impacts on society. We report on the screening procedure.

UNGC principle	G4 Standard Disclosures		Reference	Page	Comments
	Aspect: Grievance mechanisms for impacts on society				
	G4-DMA	Management approach	Sustainability management, House of Compliance	27, 29–30, 34–35	
2, 3	G4-SO11	Grievances on social impacts received through formal mechanisms	Dialogue with stakeholders	31–32	We do not report on the number of complaints on impacts on society received through formal grievance mechanisms. We take up the reason for the grievance in internal procedures and take appropriate action in line with our corporate policies.
	Sub-category: Product responsibility				
	Aspect: Customer health and safety				
	G4-DMA	Management approach	Safety	29–30, 75–76, 81–82	
	G4-PR1	Percentage of significant products and services for which health and safety impacts are assessed	Product stewardship	81–83	Our assessments focus on products not services.
	G4-PR2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products		120–121 (AR)	We do not report on the number of incidents of non-compliance with regulations and voluntary codes of conduct relating to the health and safety impact of products and services. Any incidents and proceedings are reported in the section on legal risks in the annual report.
	Aspect: Product and service labeling				
7	G4-DMA	Management approach	Safety	29–30, 75–76, 81–82	
7	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Product stewardship	81–83	
	G4-PR4	Non-compliance with regulations and voluntary codes concerning product and service information and labeling			Risks relating to legal disputes and legal proceedings are disclosed in the annual report.
	Aspect: Compliance				
	G4-DMA	Management approach	House of Compliance	29–30, 34–35	
	G4-PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			Risks relating to legal disputes and legal proceedings are disclosed in the annual report.

Independent Practitioner's Limited Assurance Report[1]

To Evonik Industries AG, Essen

We have been engaged to perform a limited assurance engagement on the sections marked with ✓ in the Sustainability Report of Evonik Industries AG (hereafter "Sustainability Report"), Essen, (hereafter the "Company") for the period from 1 January to 31 December 2015.[2]

Management's Responsibility

The Company's Management is responsible for the preparation and presentation of the Sustainability Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the "GRI-Criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Sustainability Report, which is free of material misstatements due to intentional or unintentional errors.

Audit Firm's Independence and Quality Control

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the joint opinion of the Wirtschaftsprüferkammer (Chamber of German Public Auditors; WPK) and the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements for quality control for audit firms ("Gemeinsamen Stellungnahme der WPK und des IDW: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis": "VO 1/2006") – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express an opinion on the sections marked with ✓ in the Sustainability Report based on our work performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Sustainability Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sections marked with ✓ in the Sustainability Report has not been prepared, in all material respects, in accordance with the GRI-Criteria. In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. This includes the assessment of the risks of material misstatements in the Sustainability Report with regard to the GRI-Criteria.

[1] Our engagement applied to the German version of the Sustainability Report. This text is a translation of the Independent Assurance Report issued in German—the German text is authoritative.

[2] Our engagement refers to the German version of the Sustainability Report.

Within the scope of our work we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement;
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the underlying internal control system and the Sustainability Report sections marked with ✓ ;
- Analytical procedures on selected information of the Sustainability Report;
- Comparison of selected sustainability information with corresponding data in the consolidated financial statements and in the group management report ;
- Assessment of the presentation of selected sustainability information in the Report regarding the sustainability performance;
- Performance of site visits or web conferences as part of the inspection of processes for collecting, analyzing and aggregating selected data at the corporate headquarters in Essen, as well as at selected sites or group companies in Essen/ Goldschmidtstraße and Lülsdorf (Germany), Antwerp (Belgium) as well as Tokyo (Japan);
- Gaining further evidence for selected data of the Sustainability Report due to inspection of internal documents, contracts and invoices/reports from external service providers.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information marked with ✓ in the Sustainability Report of the Company for the period from 1 January to 31 December 2015 has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Further development of a systematic approach and integration of material business and stakeholder issues, in particular with regards to the further development of the sustainability strategy in a global business context;
- Further development of management approach and reporting for the material sustainability issues, e.g. by increased emphasis on Key Performance Indicators (KPIs) and by consistently connecting those KPIs with (ideally quantified) targets;
- Further standardization and formalization of the reporting process and the underlying internal control system for sustainability information.

Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with Evonik Industries AG. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, April 4, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer

ppa. Dr. Patrick Albrecht

Glossary

Accident frequency
Number of accidents in the workplace involving Evonik employees and contractors' employees under Evonik's direct supervision per 1 million working hours.

Adsorbable organic halogen compounds (AOX)
Total organic halogen compounds in water that can be adsorbed by activated carbon using a standardized process. X stands for the halogens fluorine, chlorine, bromine and iodine. Adsorption is the accumulation of a substance on the surface of a solid as a result of molecular forces.

Audit
An audit is an investigation used to check that specific products, sites and/or processes meet certain specified criteria. Audits may be performed by internal specialists or external auditors, especially if validation in compliance with official standards is required.

Carbon dioxide (CO_2)
Gaseous combustion product of all carbon-containing compounds (e.g. coal, natural gas and oil).

Carbon Disclosure Project
The Carbon Disclosure Project (CDP) is currently the world's largest and most important initiative by the financial sector on climate change. Investors use the data to derive a climate risk profile for companies, which they then use in their investment decisions.

Carbon footprint
This shows the aggregate impact of all relevant carbon dioxide emissions of the entity under consideration (e.g. an organization, product or person).

Carbon monoxide (CO)
Odorless, toxic gas produced by incomplete combustion of carbon-containing fuels with insufficient oxygen; converted into CO_2 in the atmosphere.

Chemical oxygen demand (COD)
Metric showing the sum of all organic substances in water. COD shows how much oxygen is required to oxidize these substances.

CO_2 equivalents
Parameter used to compare the global warming potential of various different greenhouse gases. The reference basis is carbon dioxide and the abbreviation is CO_2e. The global warming potential (GWP) provides information on the impact of the various gases compared with CO_2.

Compliance
Compliance refers to all activities to ensure that the conduct of a company, members of its governance bodies and its employees respects all applicable mandatory standards such as legal provisions, statutory requirements and prohibitions, in-house policies and voluntary undertakings.

Conflict minerals
Conflict minerals are minerals extracted in infringement of human rights and that are sold to finance armed conflict. Under the Dodd-Frank Act, they currently comprise tungsten, tantalum, tin, gold and their derivatives from the east of the Democratic Republic of Congo.

Corporate governance
Corporate governance comprises all principles on the management and supervision of a company. As an expression of good and responsible management, it is therefore a central element in a company's management philosophy. The principles relate mainly to collaboration within the Executive Board and Supervisory Board and between these two boards and the shareholders, especially at Shareholders' Meetings. They also relate to the company's relationship with other people and organizations with which it has business dealings.

Corporate Responsibility (CR)
See sustainability.

Cross referencing
A sensitivity analysis of ecological impact, based on the results of existing lifecycle assessments (LCAs). Cross referencing is a comparative evaluation that covers the ecological impact of products and product groups that are not directly included in the underlying LCA. Certain preconditions have to be met. For example, the production of identical products or products with a very similar chemical structure at a different site and with a different energy mix.

Dinitrogen oxide (N_2O)
Colorless gas, also known as laughing gas. Its greenhouse gas impact is about 300 times greater than that of CO_2.

Diversity
Evonik defines diversity as a balanced employee structure, not just in terms of gender, but also in relation to specialist areas, experience of different organizational units and functional areas, a broad age range and various nationalities, in other words, diversity across the board.

Dodd-Frank Act, Section 1502
The Dodd-Frank Wall Street Reform and Consumer Protection Act (known as the Dodd-Frank Act for short) was adopted in 2010. Its prime aim is regulation of the US financial market. Section 1502 has a humanitarian purpose and aims to protect people in the east of the Democratic Republic of Congo from the violation of human rights and to counter financing of armed conflict in the region.

Fluorinated hydrocarbons (HFC)
These compounds do not occur naturally. They have an extremely damaging effect on the climate, even compared with methane and dinitrogen oxide. They are sometimes used as refrigerants.

Global Reporting Initiative (GRI)
This organization publishes the world's most commonly used guidelines on sustainability reporting. The aim is to ensure comparable presentation of the economic, ecological, social and societal performance and impacts of the reporting company. Evonik's Sustainability Report 2015 has been prepared for the first time on the basis of the GRI G4 Guidelines, in accordance with the "core" level.

Greenhouse Gas Protocol (GHG Protocol)
The Greenhouse Gas Protocol is regarded as the most widespread voluntary international standard for calculating and compiling data on greenhouse gas emissions from industry. It was developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

Incident frequency (plant safety indicator)
Process safety performance indicator based on the standards set by the European Chemical Industry Council (Cefic). Analogously to the accident indicator for occupational safety, this indicator covers incidents involving the release of substances, fire or explosion, even if there is little or no damage. It is calculated from the number of incidents per 1 million working hours in the operational units' production facilities.

International Labor Standards
The International Labor Standards are set out in a Declaration of the International Labour Organisation. This United Nations agency sets global employment and social standards to improve people's living and working conditions.

Lifecycle assessment
A lifecycle assessment comprises compiling and assessing the inputs and outputs and potential environmental impact of a product system during its lifecycle, based on a standardized international method (DIN EN ISO 14040/44). Alongside lifecycle assessments, Evonik performs lifecycle-based analyses with reduced scope to obtain information on specific environmental impacts (e.g. carbon footprints).

Materiality
A materiality analysis is used to identify significant areas of action for sustainability policy. The aim is to evaluate the relevance of issues from the viewpoint of stakeholders and the company. A materiality matrix is derived from the expectations of both groups.

Megatrends
Megatrends are long-term, global societal developments which companies can help to solve through their business activities. They are large, wide-ranging and durable trends of strategic significance.

Methane (CH_4)
Colorless, odorless combustible gas; main component in oil. Methane is one of the most important natural greenhouse gases and is utilized in synthesis reactions in the chemical industry.

Nitrogen oxides (NO_X)
Compounds comprising nitrogen and oxygen; mainly generated by combustion in production plants and engines.

Non-methane volatile organic compounds (NMVOC)
Collective designation for organic substances that are volatile or present as gases at low temperatures—excluding methane gas.

Plant safety
See incident frequency.

REACH
REACH is an EU Regulation. It stands for Registration, Evaluation, Authorisation and Restriction of Chemicals. The REACH Regulation aims to improve protection of health and the environment from the risks that can arise from chemicals. In addition, it encourages the development of alternative methods of determining the damaging effects of substances in order to reduce animal experiments.

Responsible Care
Responsible Care is a global initiative of the chemical industry, which aims to bring about a continuous improvement in environmental protection, health and safety. As well as complying with legislation, it encourages the industry to engage in voluntary initiatives in cooperation with government agencies and other stakeholders. The original principles were extended in the Responsible Care Global Charter to include a greater focus on modern demands with regard to transparency and communication. Responsible Care also dovetails with the principles set out in the UN Global Compact. The International Council of Chemical Associations (ICCA) monitors the implementation and integrity of Responsible Care.

RSPO
The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder initiative that aims to place global production on a sustainable basis in the long term. The RSPO has set rules for sustainable production of palm oil and monitors their observance. Further, the RSPO encourages sustainable production and use of palm oil through cooperation between palm oil plantations and the subsequent supply chain. Evonik has been an RSPO member since 2010.

Scope 1, Scope 2 and Scope 3 emissions
To harmonize reporting of greenhouse gas emissions in the corporate sector, emissions are allocated to three categories (scopes): emissions from a company's own plants (Scope 1), emissions from purchased energy (Scope 2), and indirect emissions (Scope 3).

Stakeholders
Stakeholders are individuals or groups that have a legitimate interest in the activities and decisions of a company or organization. They may be, for example, the company's shareholders, suppliers, customers, politicians, non-governmental organizations, the media and people who live and work close to its production facilities. They are often directly or indirectly affected by the company's business activities.

Sulfur oxides (SO_X)
Sum parameter for various sulfur oxides. The main source is sulfur contained in fuels such as hard coal, lignite and oil, which is oxidized during combustion and released as sulfur dioxide.

Sustainability
Sustainability is based on the need to balance the economic, ecological and social dimensions. Sustainable development is a commitment to the perspectives for the lives of future generations, as expressed in the Vision 2050 published by the World Business Council for Sustainable Development (WBCSD) and the United Nations' 17 goals for sustainable development. At the same time, sustainable development is an opportunity to establish a successful long-term corporate strategy that combines business success with social and societal responsibility and protection of the environment.

Sustainable Development Goals
In fall 2015 the United Nations published 17 global sustainable development goals, to be achieved by 2030. They replace the eight Millennium Development Goals, which expired in 2015.

Together for Sustainability (TfS)
Together for Sustainability (TfS) is an initiative set up by a number of multinational chemical companies. It aims to develop and implement a global program for responsible procurement of goods and services and use standardized audits to improve suppliers' ecological and social standards. A uniform questionnaire is used worldwide for all suppliers and TfS members. TfS has selected EcoVadis, a rating agency based in Paris (France) as its partner for sustainable procurement management.

Total nitrogen load (N), total phosphorous load (P)
The total nitrogen and phosphorous loads are sum parameters indicating the amount of organic and inorganic nitrogen and phosphorous compounds in water.

UN Global Compact
The United Nations' Global Compact is a strategic initiative for companies that undertake to respect ten universally recognized principles relating to human rights, workers' rights, environmental protection and fighting corruption in their business operations and strategy. As a major driving force behind globalization, industry should ensure that all regions and societies benefit from the development of markets and trade relations, technologies and the finance sector. Companies that join the Global Compact give an undertaking that they will report annually on their progress (COP—Communication on Progress).

Vision 2050
The Vision 2050 of the World Business Council for Sustainable Development (WBCSD) describes the pathway to achieving a sustainable world with around 9 billion people living well within the limits of the planet by 2050. Companies play a key role in this.

List of tables and charts

Tables

Charts

This report contains forward-looking statements based on the present expectations, assumptions and forecasts made by the Executive Board and the information available to it. These forward-looking statements do not constitute a guarantee of future developments and earnings expectations. Future performance and developments depend on a wide variety of factors which contain a number of risks and unforeseeable factors and are based on assumptions that may prove incorrect.

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