SUSTAINABILITY REPORT 2023

Implement!

EVONIK
Leading Beyond Chemistry

Implementing sustainability

Welcome to Evonik's sustainability report 2023.

At Evonik, our goal is to make life better for present and future generations. We work towards that every day by implementing our strategy and ambitious targets.

In the past few years, we have made sustainability an integral part of our core processes. This report shows how we are putting the transformation to **Next Generation Evonik** into practice—as reflected in the title **"Implement!"**.

We explain what we have already achieved and what we still want to achieve, with a special focus on our three most important sustainability topics: **green energy, portfolio transformation,** and **circular economy.**

A special magazine section in the center of the report contains examples illustrating our daily work with our employees, customers, suppliers, and other partners.

This report highlights what we have achieved so far. At the same time, we are aware that there is still a long way to go. We are moving consistently towards Next Generation Evonik, supported by an understanding of the different perspectives of our stakeholders.

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SPECIAL

Implement!—Our focus projects p. 66

INTERACTIVE PDF

Optimized for on-screen use with Adobe Acrobat

GRI INDICATORS

The indicators used in our sustainability reporting correspond to the Global Reporting Initiative (GRI) and are marked with the symbol .

You can find supplementary videos in our ONLINE REPORT

→ sustainability-report.evonik.com

Foreword

2-14, 2-22

Ladies and gentlemen:

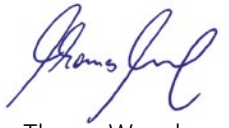
WE GO BEYOND—Enabling transformation and going beyond what is familiar are the keys to a sustainable world. That is a route we at Evonik have been traveling for a long time, paving the way forward with our passion for outstanding products and technologies. Competitiveness and sustainability are complementary elements in a future-oriented business model: the more resources we save, the more profitable and innovative we are, the better we secure our future. That is our conviction. Moreover, it is precisely why we are implementing our sustainable corporate strategy—**Next Generation Evonik**—even in times when our business and society are challenged by geopolitical, ecological, and social crises.

We are driving forward the transformation of industry and society by working closely with our customers. That is the only way we can give our products properties that offer them the competitive advantage they need to be successful. Our focus is on using our innovative capability to create a future worth living. We are cooperating closely with partners in projects on green energy, portfolio transformation, and the circular economy—the top topics identified in our materiality analysis.

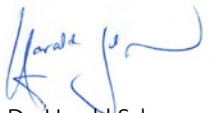
We are extending our business with **NextGen Solutions**. In other words, we are investing specifically in producing sustainable and cost-effective products—from specialty solutions for battery technologies for e-mobility through membranes to treat biogas and extract hydrogen to lipids for modern therapies for infectious disease control and cancer immunotherapies. At the same time, we are continuing our endeavors to reduce greenhouse gas emissions with our **NextGen Technologies**. In the reporting period, we therefore invested in projects to avoid CO_2 emissions in the future. In short: In these challenging times, we are investing in our future.

We have more than 30,000 employees around the world. They are the key success factor for the implementation of our ambitious targets. **NextGen Culture** is about giving sustainability a firm place in our hearts and minds. The people who work for Evonik aspire to achieve something together, to strike out in new directions and do something that is meaningful. Together with our customers, we are going beyond what is considered possible today and creating completely new solutions for the most important issues of our shared future. In keeping with our purpose: **Leading beyond chemistry to improve life, today and tomorrow.**

Christian Kullmann



Thomas Wessel



Dr. Harald Schwager

Maike Schuh

*»Through **Next Generation Evonik**, we have integrated sustainability into our corporate strategy—from research and development to portfolio management and our corporate culture. Together with our committed and creative employees, we will show how competitiveness and sustainability complement each other as factors for a successful and viable business model.«*

THOMAS WESSEL

CHIEF HUMAN RESOURCES OFFICER AND LABOR DIRECTOR
Executive board member responsible for sustainability.

CHRISTIAN KULLMANN

CHAIRMAN OF THE EXECUTIVE BOARD

*»Climate neutrality, circular economy, digitalization, and calls for zero emissions are not only challenges, they are also the basis for today's business activities. For me, that is genuine **transformation**! We are already in the middle of a process that many others are only talking about.«*

*»We are **investing** in the future—that's easy to say. But when we say it, we mean it! We are continuing to invest in sustainable projects, even in this economically challenging year. We are building a production facility for fumed aluminum oxide for batteries in Japan. In Austria, we are increasing our capacity for gas separation membranes. This is how we are driving forward the industrial transformation to mitigate climate change. Moreover, we have also started to build a facility for specialty lipids for pharmaceuticals in the USA.«*

MAIKE SCHUH

CHIEF FINANCIAL OFFICER

DR. HARALD SCHWAGER

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

*»'Be a force for good'—for me, this is an important principle and an incentive for **innovative action**. At Evonik, we accept responsibility, and our **NextGen Solutions** and **NexGen Technologies** play a part in tackling the major challenges of our time. Today, and above all, in the future.«*

Implementing our top 10 sustainability targets 2-22

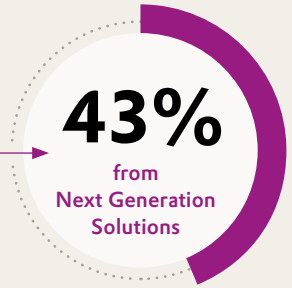
C01

Sustainability areas of action	Top 10 strategic targets for 2024 and beyond	Status 2023	Status 2022
Strategy and growth p. 13	**» Portfolio transformation:**		
	• Increase the proportion of sales generated with Next Generation Solutions to > 50 percent by 2030	43%	43%
	• Proportion of sales from challenged products should be permanently < 5 percent	2%	2%
Value chain and products p. 28	» Generate at least €1 billion in additional sales with circular products and technologies by 2030	--	--[a]
The environment p. 46	» Reduce absolute greenhouse gas emissions		
	• Scope 1 and 2 by 25 percent between 2021 and 2030	−15%	−6%
	• Scope 3[b] by 11 percent[c] between 2021 and 2030	−17%	−7%
	» Reduce both absolute and specific energy consumption by 5 percent between 2020 and 2025	−8% absolute +10 specific	−1% +/−0%
	» Reduce specific freshwater intake by 3 percent between 2021 and 2030	+12%	+6%
	» Reduce the specific volume of production waste by 10 percent between 2021 and 2030	+7%	+2%[d]
Employees p. 85	» Proportion of women and intercultural mix		
	• Proportion of women in top management should be 23 percent at each level by 2026	22.2%	17.1%
	• Proportion of women in senior management should be 23 percent at each level by 2026	18.5%	17.1%
	• Intercultural mix[e] at executive level should be 20 percent by 2026	18.4%	15.8%
	» Learning time per employee per year in LILY and LinkedIn Learning >3 hours by 2026	–	–[a]
Safety p. 102	» Occupational and plant safety:		
	• Lost time injury rate (LTI-R) ≤ 0.26	0.21	0.25
	• Process safety incident rate (PSI-R) ≤ 0.40	0.43	0.49
Governance and compliance p. 110	» 100 percent of all raw materials suppliers where annual procurement volume is > €100 thousand to be covered by TfS assessments by year-end 2025[f]	66.7%	66%

You can find a full overview of the status of our sustainability targets for 2023 on p. 146. | You can find an overview of the main sustainability indicators used for the Evonik Group on p. 142. | [a] New target set in 2023. | [b] Scope 3 emissions from all upstream categories and the category "Downstream transportation and distribution." | [c] Exact target: 11.07 percent. | [d] Relative to production volume. | [e] Employees whose nationality is not German. | [f] Annual procurement volume > €100 thousand.

Evonik in figures

€15.3
billion sales



€1.7
billion adjusted EBITDA

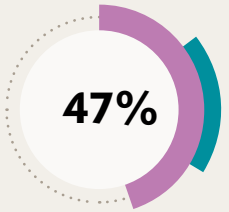
109
nationalities

approx. 33
thousand employees

27
% female employees

Shareholder structure 2-1 C02

RAG-Stiftung



Free float

45%
thereof sustainability investors[1]

As of: December 31, 2023.

[1] Investors who include the ESG (environmental, social, and governance) performance of potential investments in their investment strategy.

How we drive forward sustainability

Evonik is one of the world's leading specialty chemicals companies, with operations in more than 100 countries. We do not make car tires or mattresses, tablets or animal feed. Yet there is a bit of Evonik in all these products—and many more as well. Often it is the small amounts of our products that make a real difference. Because Evonik makes tires more fuel-efficient, mattresses more elastic, tablets more effective, and animal feed more healthy.

2015 – 2017
FOUNDATIONS

- Realignment of management and organization
- Development of analytical methods
- Start of stakeholder dialogue

2018 – 2021
INTEGRATION

- Purpose: Leading beyond chemistry to improve life, today and tomorrow
- Integration of sustainability into corporate strategy
- Green Finance Framework
- Identification of the SDGs[1] of relevance for Evonik

2022 – 2030
NEXT GENERATION EVONIK

- Portfolio transformation (Next Generation Solutions[2])
- SBTi[3] and new climate targets; EAGER[4] project (Next Generation Technologies[5])
- Integration of sustainability into HR processes (Next Generation Culture)
- Increased focus on sustainability in long-term remuneration of executives

[1] SDGs = UN Sustainable Development Goals.
[2] Increase the proportion of sales generated with Next Generation Solutions, i.e., products with a strong sustainability profile that is above or well above the market reference level.
[3] Science Based Targets initiative. Targets validated by SBTi in June 2023.
[4] EAGER = Evonik Assessment of Greenhouse Gas Emission Reduction.
[5] Technologies for the ongoing development of production processes and infrastructure with the aim of reducing scope 1 and 2 emissions.

Five key messages on sustainability at Evonik

What sustainability means for our company and our stakeholders.

1 Our purpose

We aspire to create sustainable, value-added solutions for our customers. That promise is expressed in our purpose: Leading beyond chemistry to improve life, today and tomorrow. We lead beyond chemistry by networking competencies, perspectives, and partners.

2 Next Generation Evonik

We have integrated sustainability comprehensively into our corporate strategy—from research & development through portfolio management to our corporate culture. The core process is the sustainability analysis of our business. Research & development play a key role in the ongoing transformation of our portfolio. In 2023, Evonik generated additional sales of over €650 million with, among others, innovative solutions for health, cosmetics, and membranes (reference base 2015) p. 29.

3 Next Generation Solutions (handprint)

We already generate 43 percent of our sales with products and solutions that have a strongly positive sustainability profile. We aim to increase the proportion of sales generated with these Next Generation Solutions to over 50 percent by 2030 p. 23.

4 Next Generation Technologies (footprint)

Evonik supports the objectives of the Paris Agreement on Climate Change. This is underscored by our commitment to the Science Based Targets initiative (SBTi). Between 2021 and 2030, we aim to reduce our scope 1 and 2 emissions by 25 percent. For the reduction in our scope 3 emissions, we are committed to a target of –11 percent[1]. Our targets are aligned to the SBTi target level of "well below 2°C." p. 17.

5 Next Generation Culture (heartprint)

We integrate sustainability into our human resources processes at all levels, from recruitment through vocational training and continuing professional development to engagement programs and remuneration p. 17.

Sustainability is the backbone of our purpose and our strategy

[1] Exact target: 11.07 percent.

Evonik's 15 material topics 3-2

How we create value for society: Resources and value contributed by Evonik in 2023

2-28, 203-1, 203-2

C03

Inputs

Financial capital

€6,294 million
Property, plant and equipment

€860 million
Capital expenditures

Productive capital

€11.3 billion
Procurement volume

104
Production sites worldwide

Intellectual capital

approx. 23,000
Patents

€443 million
R&D expenses

Human capital

33,409
Employees

€76.7 million
Investment in vocational training and CPD

Social capital

approx. 33,000
Customers

34,000
Suppliers

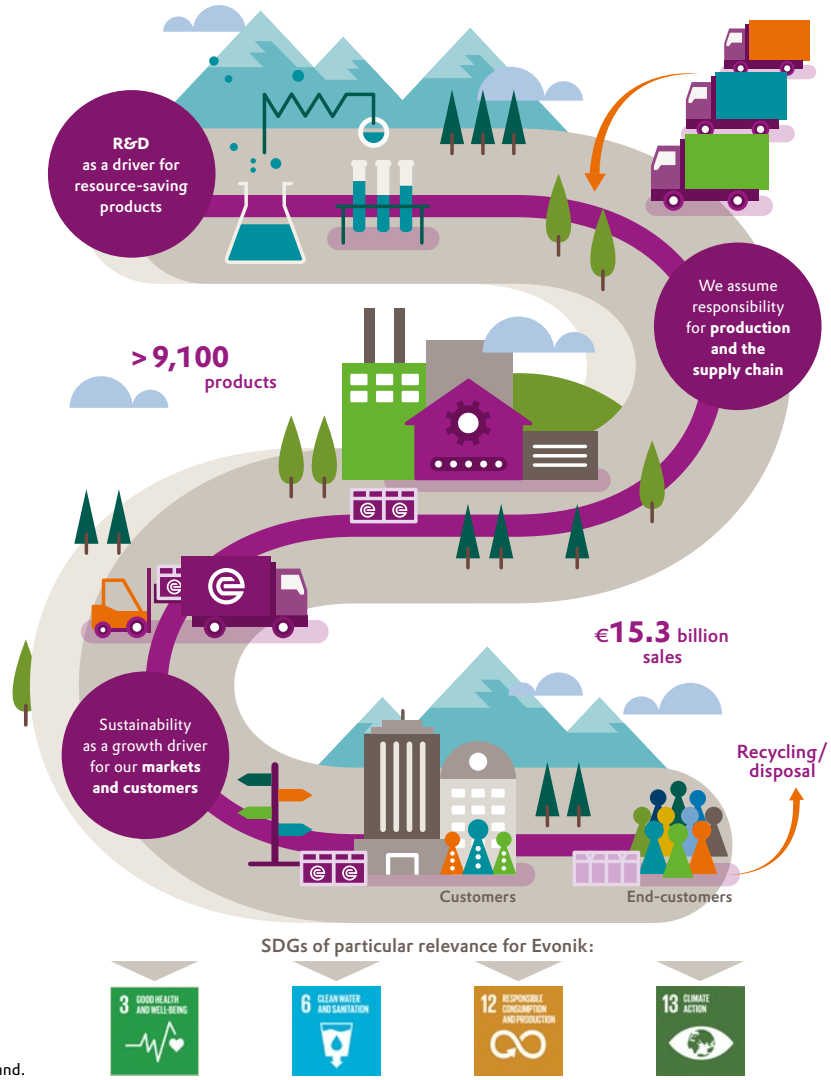
Natural capital

59.77 petajoules
Energy inputs

approx. 403 million m³
Water intake

[a] Outside the scope of the auditor's limited assurance engagement.
[b] Learning time spent by employees with electronic access to LILY (Learning and Individualized Library) and LinkedIn Learning.
[c] TfS assessments of suppliers where annual procurement volume is > €100 thousand.
[d] For further water data, see C16.

Our business



Output

Financial capital

€1.7 billion
Adj. EBITDA

€801 million
Free cash flow

Productive capital

7.5 million metric tons
Production output

43%
Sales from Next Generation Solutions

Intellectual capital

227
New patents

>€650 million
Additional sales in innovation growth fields[a]

Human capital

2.2%
Early employee turnover

3.8 hours
Average learning time with LILY and LinkedIn Learning[b]

Social capital

67%
Suppliers evaluated[c]

approx. 800
Memberships in industrial associations (Evonik and subsidiaries)

Natural capital

5.4 million metric tons
CO_2 emissions (scope 1 and 2)

6 million m³
Water consumption[d]

Strategy and growth

Evonik aims to be a best-in-class specialty chemicals company. Our sustainability strategy is an expression of this aspiration, including ambitious environmental targets and an understanding of how to translate sustainability into profitability.

MATERIAL TOPIC

- **Portfolio transformation**

SDGS OF PARTICULAR RELEVANCE FOR EVONIK

43% Proportion of sales from Next Generation Solutions

5% "Gold" status from EcoVadis. Evonik is ranked among the top 5 percent of companies evaluated

15 Evonik's material topics

Contents

Strategy and growth

- **Implementation of the strategic transformation**
- **Significant investment in Next Generation Solutions**
- **Systematic alignment of the portfolio to sustainability, transformation, and core processes**

Business model ✓[1]

Evonik is one of the world's leading specialty chemicals companies. Our strengths include the balanced spectrum of our activities, end-markets, and regions. Our strong competitive position is based on collaboration with customers, our innovative capability, and our integrated technology platforms.

Our specialty chemicals products make an indispensable contribution to the benefits of our customers' products, which generate their success in global competition. Close cooperation with customers enables us to build up a deep knowledge of their business, so we can offer products tailored to their specifications and extensive technical service. Technology centers and customer competence centers play an important role in this around the world. Market-oriented research and development is an important driver of profitable, resource-efficient growth.

Sustainability is integrated into our strategic management process. Our goal for the future is to substantially increase the proportion of sales from attractive growth businesses with a clearly positive sustainability profile (Next Generation Solutions). Evonik supports the objectives of the Paris Agreement on Climate Change. This is underscored by our commitment to the Science Based Targets initiative (SBTi). We aspire to be climate-neutral by 2050.

Our employees are a key success factor. They drive forward Evonik on a daily basis through their hard work and identification with the company. We have therefore developed a wide range of activities to gain and develop talented and qualified employees and to position Evonik as a preferred employer in order to retain them.

We systematically examine the positive and negative effects of business activities along the value chain. Early identification of future opportunities and risks makes our business model more resilient and sharpens our understanding of the long-term value that our activities create for society.

Market-oriented corporate structure

Our specialty chemicals operations are divided into four chemical manufacturing divisions, which operate close to their markets and customers. The chemicals divisions—Specialty Additives, Nutrition & Care, Smart Materials, and Performance Materials—are clearly aligned to our technology platforms to allow more selective management. They are supported by the Technology & Infrastructure division.

[1] Limited assurance engagement by the external auditor.

Corporate structure C04

Divisions	Specialty Additives	Nutrition & Care	Smart Materials	Performance Materials	Technology & Infrastructure	Evonik Group [a]
Sales (in € million)	3,520	3,611	4,461	2,549	1,073	15,267
Employees	3,492	5,630	8,103	1,738	8,197	33,409

[a] Including enabling functions, other activities, consolidation.

The Specialty Additives, Nutrition & Care, and Smart Materials growth divisions offer their customers customized, innovation-driven solutions. The aim is to achieve above-average, profitable growth in attractive markets through innovations, investments, and acquisitions. The Performance Materials division 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. In keeping with our concentration on specialty chemicals, we are withdrawing from the three businesses in the Performance Materials division. We sold the Lülsdorf site, including the functional solutions business, on June 30, 2023, and we expect to complete the divestment of the Superabsorbents business in the first half of 2024. We are preparing to sell Performance Intermediates in the future; this business has operated as an independent unit since mid-2023. We intend to split the Technology & Infrastructure division into cross-site technology and site-specific infrastructure activities in the future. This will enable more differentiated management of their respective services, reduce complexity, and better meet the distinct requirements of the technology and infrastructure activities.

Broadly diversified end-customer markets

Most of our customers are industrial companies that use our products for further processing. The range of markets in which they operate is diverse and balanced. None of these end-markets accounts for more than 20 percent of our sales. In view of its focus on a broad spectrum of applications and its worldwide presence, Evonik operates in a business environment with many global and regional competitors.

Integrated technology platforms give us a competitive advantage

Our products are manufactured using highly developed technologies that we are constantly refining. Evonik has many integrated production complexes where key precursors are produced in adjacent production facilities. In this way, we offer our customers maximum reliability of supply. At the same time, integrated world-scale production facilities, combined with technologically demanding production processes, act as entry barriers.

Global production

Evonik has a presence in more than 100 countries, and 83 percent of sales are generated outside Germany. We have production facilities at 104 locations in 27 countries on six continents and are therefore close to our markets and our customers. Our largest production sites, for example, in Marl, Wesseling, and Rheinfelden (Germany), Antwerp (Belgium), Mobile (Alabama, USA), Shanghai (China), and Singapore, have integrated technology platforms, most of which are used by several operating units.

Fiscal 2023

Fiscal 2023 was adversely affected by geopolitical crises, high energy prices, and global inflation. In this challenging environment, our operating business registered considerably lower demand, partly due to significant destocking by customers. Since our business performance was below our original expectations, we had to revise our forecast downwards in summer 2023. We delivered on this revised forecast.

The Evonik **Group's sales** fell 17 percent to €15.3 billion as a result of lower volumes, a slight drop in selling prices, and negative currency effects. **Adjusted EBITDA** decreased by 33 percent to €1.7 billion. The adjusted **EBITDA margin** declined to 10.8 percent (2022: 13.5 percent) and was therefore significantly below our target mid-term range of between 18 percent and 20 percent. **ROCE** dropped to 3.4 percent as a result of the drop in earnings. It was therefore below the cost of capital and our mid-term target of 11 percent. As a consequence of the weak business performance, impairment losses on assets totaling €736 million had to be recognized in 2023. **Net income** was therefore –€465 million, compared with the prior-year level of €540 million. After adjustment for special items, adjusted net income, continuing operations was 65 percent lower at €370 million. Thanks to our clear focus on liquidity management, the

Evonik Group generated **free cash flow** of €801 million. The cash conversion rate[1] was 48 percent, which was above our target of around 40 percent. Evonik has had a solid **investment grade rating** for many years. Our net financial debt remains moderate. In addition to a comfortable liquidity position, we have high unutilized credit lines.

Despite the challenging environment, we have made further progress with our plans to divest the businesses in the Performance Materials division. We sold the Lülsdorf site as of June 30, 2023 and expect to complete the sale of the superabsorbents business in the first half of 2024. To optimize our cost position, we are embarking on a realignment: The Technology & Infrastructure division is to be split into cross-site technology and site-specific infrastructure activities to give it a more focused market presence. In addition, Evonik's entire administration is to be reorganized through the internal Evonik Tailor Made program. The goals are far leaner structures, faster decisions, and more efficient workflows.

Total value added

Value added is calculated from sales and other revenues less the cost of materials, depreciation, amortization, and other expenses. Evonik's total value added decreased by 30 percent to €3,222 million in 2023. Payments to employees totaled €3,254 million, which was slightly more than the total value added. €176 million was paid to the state in income and other taxes, and interest payments amounted to €244 million.

Breakdown of value added 201-1 **T01**

in € million	2022	2023
Total value added	4,609	3,222
Split		
Employees	3,487	3,254
State	445	176
Creditors	122	244
Non-controlling interests	15	13
Net income	**540**	**–465**

Transformation and core processes

Evonik continued to work on the strategic transformation of its business in the reporting period. As part of **Next Generation Evonik**, sustainability is an integral component of important core processes such as portfolio and innovation management, production and technology, and human resources work. This strategic integration paves the way for us to meet our promise to be an enabler of sustainability in a wide range of markets and areas of life. Therefore, we have set ourselves ambitious sustainability targets. These relate, for example, to the transformation of our portfolio and the continuation of our climate strategy for the period 2021 through 2030, in keeping with our commitment to the Science Based Targets initiative (SBTi). In 2023, the focus was on implementing measures to achieve these targets. In addition, we have set ourselves the goal of generating additional sales of at least €1 billion a year with circular products and technologies by 2030 p. 33.

There were further economic challenges and geopolitical crises in 2023. We do not see this as a reason to reduce our commitment to greater sustainability. On the contrary, we see our sustainability management as an important basis to safeguard and extend Evonik's long-term resilience and market success.

Our ongoing project work in 2023 again focused on the topics identified as material (see "Materiality analysis p. 24). A special magazine section in this report contains extensive examples of how we are implementing our three most important material sustainability topics: green energy, portfolio transformation, and circular economy p. 66 – 85.

[1] The cash conversion rate shows the proportion of adjusted EBITDA that was converted into cash.

Through our sustainable corporate strategy, we address the UN Sustainable Development Goals (SDGs) of particular relevance for Evonik. This strategy comprises the following elements:

- Giving sustainability a firm place in our market proposition and purpose
- Integrating sustainability into our strategic management process
- Increasing the proportion of attractive growth businesses in our portfolio with a clear focus on sustainability (see "Portfolio transformation" p. 23)
- Foresighted resource management with ambitious environmental targets, including systematically considering the impact of our business along the value chain and on the SDGs
- Selective improvement of our sustainability reporting

In view of the transformation requirements made on our business activities, we draw a distinction between market-driven, asset-related, and human resources influences. In line with this, our sustainable corporate strategy is focused on three core processes: **Next Generation Solutions** (market perspective), **Next Generation Technologies** (asset perspective), and **Next Generation Culture** (human resources perspective) (C05). Between 2022 and 2030, we aim to invest more than €3 billion in the growth of our Next Generation Solutions, in other words, products and solutions whose sustainability profile is above or even significantly above the market reference level. In the same period, we intend to invest €700 million in Next Generation Technologies. These are, in particular, measures at production plants and infrastructure that are geared to our goal of further reducing our CO_2 emissions. The aim of Next Generation Culture is to establish sustainability firmly at all levels of the human resources process—from recruiting through training and continuing professional development to including sustainability indicators in remuneration systems p. 18. Through these three elements of Next Generation Evonik, we are employing our full agility to achieve a business model that balances economic, ecological, and social aspects and thus strengthens our resilience. 2-22, 2-23

Transformation requirements and core processes C05

Transformation perspective	Our response	Core processes
Market	Next Generation Solutions	Sustainability analysis of our business
Assets	Next Generation Technologies	Evonik Carbon Footprint
Human resources	Next Generation Culture	All levels of HR work

Evonik has integrated sustainability into the strategic management process (SMP). Quantifiable effects are included in the SMP through the sustainability analysis of our business p. 20. In this way, sustainability aspects play a direct and effective part in the management of our operating businesses. In our growth divisions—Specialty Additives, Nutrition & Care, and Smart Materials—we are extending our product portfolio and specifically increasing sales with Next Generation Solutions. For example, the Silica business line (Smart Materials division) is investing a sum in the mid-double-digit million range to extend capacity for fumed aluminum oxide for batteries in Yokkaichi (Japan). This production facility will be geared to special solutions for battery technology for e-mobility. In Austria, the High Performance Polymers business line (Smart Materials division) is expanding production capacity for SEPURAN® membranes, for example, for the treatment of biogas and the extraction of hydrogen. Here too, Evonik's investment is in the mid-double-digit million range. It will facilitate defossilation of the energy sector on the road to a sustainable gas industry. The Health Care business line (Nutrition & Care division) has started construction of the Lipid Innovation Center in Lafayette (Indiana, USA). Evonik is investing a sum in the mid-three-digit million range in this production facility for specialty lipids. Lipids are building blocks for novel mRNA and other nucleic acid-based medications. RNA technologies can be used in infectious disease control, cancer immunotherapy, protein replacement, and gene therapy.

Our contributions to improved sustainability are allocated to four **Sustainability Focus Areas (SFAs)**: fight climate change, drive circularity, safeguard ecosystems, and ensure health & wellbeing p. 140. For each SFA, we show how Evonik reduces its own ecological footprint and the handprint[1] resulting from the use of our products and solutions in the relevant markets. In 2023, we drove forward the quantification of positive and negative environmental influences.

[1] We define handprint as positive impacts of our products along the value chain compared with other established products and applications on the market, especially in customers' applications.

Sustainability is closely integrated into the management of our innovation portfolio. Our innovative contributions to the transformation of many areas of application include novel membrane technologies and our formulating expertise. Evonik also gains access to innovative technology and new business options through its corporate venture capital activities (see "Value chain and products" p. 28).

In 2023, SBTi validated our targets for reducing direct and indirect greenhouse gas emissions in our production and processing.[1] Selective investment in Next Generation Technologies will help reduce our scope 1 and 2 emissions by 25 percent between 2021 and 2030. We aim to reduce our scope 3 emissions by around 11 percent[2] by 2030. The first measures to achieve this were developed by our global project "Evonik Assessment of GHG Emissions Reduction" (EAGER) and are currently being implemented. Evonik invested around €81 million in EAGER projects in the reporting period. Our aim is to reduce scope 1 and 2 CO_2 emissions by 170,000 metric tons CO_2e p.a. from 2026 (see "The environment" p. 46). At our site in Herne (Germany), we are investing in a pilot electrolyzer to produce green hydrogen as a starting product for isophorone diamine (IPDA), an important precursor for rotor blades for wind turbines p. 73.

As part of Next Generation Culture, we focused, in particular, on putting this working culture into practice. To achieve that, we launched a cultural initiative that invites them to help shape our corporate culture (see "Employees" p. 85).

Given the increasing relevance of sustainability for corporate management, we integrated further sustainability aspects into our governance framework in the reporting period. The supervisory board's finance and investment committee will be extending its focus to sustainability in the future and has therefore been renamed the investment and sustainability committee. We drove forward risk management by increasing the alignment between sustainability risks and conventional risk management (see "Governance and compliance" p. 110 and p. 114). Furthermore, we adopted a climate policy and a water policy, which are available on our website (see "The environment" p. 46). Moreover, from 2023, we integrated sustainability more closely into the remuneration of the executive board and other executives. As well as including occupational safety in short-term remuneration as in the past, we introduced sustainability targets, such as reducing scope 1 and 2 emissions, increasing the proportion of sales from Next Generation Solutions, and employee engagement, as an additional component of long-term remuneration. 2-19, 2-20

We also drove forward our sustainability reporting in 2023. We reviewed our materiality analysis, which was already based on the perspective of double materiality p. 24. Furthermore our reporting is aligned with the SASB[3] and TCFD[4] ("Basis of reporting" p. 151). A cross-functional project team is working to implement the reporting requirements of the new Corporate Sustainability Reporting Directive (CSRD). We therefore consider that we are well-prepared for future European and international sustainability reporting requirements.

In order to manage Evonik's business development with a view to non-financial indicators, we need high-quality sustainability data. That is also necessary to avoid a lack of transparency in external reporting. Our **sustainability data management** project plays an important part in this. Following the successful automation of the sustainability analysis of our business, we continued our work on the greenhouse gas emission management module. In the coming years, we want to successively add further sustainability-related management and reporting data to this platform. In 2023, we greatly extended the overview of Evonik's sustainability indicators by areas of action and material topics, further improving transparency and ensuring rapid access to data p. 142.

Sustainable finance

The transformation of our portfolio and the sustainability alignment of our products and processes are becoming increasingly important for the long-term financing of our business activities. Products and solutions from Evonik play a part in the sustainable transformation of many end-markets. Examples are the focus on circularity and climate neutrality for the future. The capital

[1] The exact wording of all Evonik emissions reduction targets validated by SBTi can be viewed at sciencebasedtargets.org/companies-taking-action#dashboard
[2] Exact target: 11.07 percent.
[3] SASB = Sustainability Accounting Standards Board.
[4] TCFD =Task Force on Climate-related Financial Disclosures.

markets recognize our strategic and operational progress towards greater sustainability. For some years now, Evonik has been established among the leaders in renowned sustainability ratings and rankings ("Ratings and indices" p. 168). In 2023, the EcoVadis rating agency awarded us "gold" status for our sustainability performance. Sustainalytics classified Evonik as "low risk" for the first time, positioning it among the top 5 percent of the chemical industry worldwide.

In 2022, Evonik successfully issued its second green bond—a senior bond with a nominal value of €750 million. In keeping with the allocation of funding outlined in our Green Finance Framework, in 2023, we allocated €580 of the proceeds to investment and research expenses to expand our Next Generation Solutions. **More**.

Sustainability also has a firm place in the management and investment of our pension assets. Since 2014, we have developed ESG criteria for the risk analysis of the portfolio of pension assets held by Evonik Industries AG, which are therefore directly under the control of the company (contractual trust arrangement). Since 2019, the Degussa VVaG pension fund has had its own strategy for addressing sustainability risks. We regard sustainability in the investment process as a holistic and evolutionary process. It is applied to both liquid and illiquid investments and fine-tuned as required. Within the organization of the investment vehicle itself, the focus is on governance requirements such as risk management, compliance, and fighting corruption, as well as cybersecurity and diversity. 50 percent of the members of the executive board at the Degussa VVaG pension fund are women.

EU taxonomy—little focus on specialty chemicals so far

As part of the Green Deal, the EU taxonomy[1] is designed to direct financing towards sustainable investments. The EU taxonomy has six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Reporting obligations for 2023 cover taxonomy eligibility and taxonomy alignment for the first two environmental objectives. Their main focus is on economic activities that currently result in high carbon dioxide emissions, where a reduction in emissions would make the biggest contribution to achieving the EU's climate targets. Consequently, the chemical products mainly affected by the delegated acts for these two environmental objectives are commodity chemicals. At present, only a few categories of precursors are affected. Delegated acts published in 2023 added further economic activities for these climate objectives[2] and the other four economic objectives[3]. In these as well, chemicals and precursors are only rarely included in the taxonomy-eligible economic activities. For the four other environmental objectives, reporting obligations in 2023 related only to taxonomy eligibility.

Consequently, Evonik's portfolio of specialty chemicals is currently only partly affected by the EU taxonomy: Some of our activities are listed in the environmental objectives climate change mitigation and pollution prevention and control and are therefore taxonomy-eligible[4]. In 2023, these taxonomy-eligible activities accounted for just 17 percent of turnover, 13 percent of CapEx[5], and 15 percent of OpEx. None of Evonik's activities are taxonomy-eligible for the environmental objectives climate change adaptation, protection of water and marine resources, transition to a circular economy, and protection and restoration of biodiversity and ecosystems.

The taxonomy-aligned[6] activities relating to the environmental objective climate change mitigation account for 1 percent of turnover and less than 1 percent of both CapEx and OpEx. The background to these low ratios is that for the climate change mitigation objective for chemical products, the EU taxonomy mainly addresses the carbon footprint of the products and especially their raw materials. By contrast, it disregards the positive impacts (handprint)[7] of many products. In view of the rising use of

[1] Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment.
[2] Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023, which adds economic activities for the climate-related objectives, did not result in any modifications at Evonik.
[3] Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023.
[4] Taxonomy-eligible economic activities are those activities of a company that fall within the scope of the EU taxonomy and are listed in the delegated acts supplementing Regulation (EU) 2020/852.
[5] As defined by the EU taxonomy, see financial report. **More**.
[6] Taxonomy-aligned economic activities are taxonomy-eligible activities that meet the stringent technical screening criteria, do-no-significant-harm (DNSH) criteria, and minimum social safeguards set out in the delegated acts on the EU taxonomy.
[7] Positive impacts of our products along the value chain compared with other established products and applications on the market, especially in customers' applications.

non-fossil raw materials and greater certification, we assume that we can increase this percentage in the coming years.

Unlike the EU taxonomy, the sustainability analysis of our business covers the footprint, handprint, and further signals and market requirements. Many Evonik products are differentiated from competing products principally through their handprint. Our sustainability analysis, with its holistic approach, therefore remains the key tool for the strategic management and ongoing development of our portfolio.

UN Sustainable Development Goals of relevance for Evonik

The Sustainable Development Goals (SDGs) provide guidance on actively aligning our current business activities to overarching development paths. Evonik supports the realization of the SDGs and has intensively examined its own positive and negative contributions for a number of years. Examples of the positive contributions made by our products and solutions to implementing the SDGs can be found on our website. **More**. We have also developed a methodology to identify the SDGs that are especially relevant for the Evonik Group. This approach includes the 169 sub-targets of the 17 SDGs.

An SDG is especially relevant for us if there is a significant positive or negative influence on or by Evonik. To this end, we use a multi-step process to examine and weight key criteria such as sales, earnings contribution, and inclusion in our growth engines or innovation growth fields. The evaluation also includes the expectations of internal and external stakeholders and the results of our materiality analysis. The SDGs of particular relevance for Evonik are:

In 2023, 52 percent of sales from our chemicals businesses (2022: approx. 52 percent) contributed to SDGs 3, 6, 12, and 13, which are of particular relevance from the viewpoint of the Evonik Group.

Throughout this report, you can find information on how our activities relate to the SDGs of relevance to Evonik (Sustainability Focus Areas **p. 140**, the SDG index **p. 153**, and mapping of the 17 SDGs to the GRI content index **p. 154**).

Measurability and management

Extensive transparency and sound analyses are our response to the growing interest shown by our stakeholders in sustainability. We take into account ecological, social, and economic effects to arrive at a holistic assessment of our sustainability performance. Alongside potential future opportunities and risks for our business, we highlight the cost/benefit effects of Evonik's activities for society. We see this as an important contribution to the acceptance by society of new technologies and industrial production.

Sustainability analysis of our business

The sustainability analysis of our business is the key tool for the strategic management and ongoing development of our portfolio. The methodology is based on the chemical industry standard for portfolio analysis. The extensive evaluation of these sustainability signals in all three dimensions of sustainability—economic, ecological, and social—gives us insights for the foresighted management of individual products and entire business areas. The results of the analysis are used in our strategic management process.

Methodology

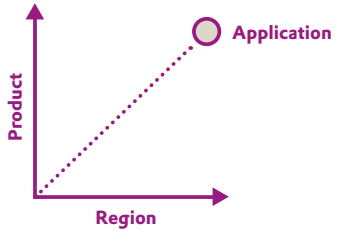
The market signals identified as being significant for Evonik form the heart of our sustainability analysis. These include anticipated regulatory trends, such as those relating to chemical safety along the value chain, ecological and social performance compared to alternative solutions and major sustainability ambitions in our markets. The evaluation is based on the framework for Portfolio Sustainability Assessment (PSA) developed by the World Business Council for Sustainable Development (WBCSD). This enables us to take account of different market signals in the various end-markets for our business. The unit of evaluation is defined through a differentiated assessment of the relevant products in specific product-application-region combinations (PARCs). For each PARC, we identify the benefits of using the product and will gradually quantify these in greater detail. We dynamically extend the PARC approach to include new requirements, for example, in the area of circularity. In the reporting period, we therefore analyzed our entire chemical business in more detail from the perspective of the circular economy (see "Value chain and products **p. 28**). **2-7, 201-2, 203-1, 203-2**

Sustainability analysis of our business: methodology

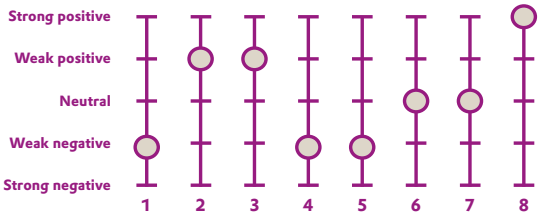
C06

I Defining objectives, scope, and processes

II Defining assessment segments



III Detecting market signals

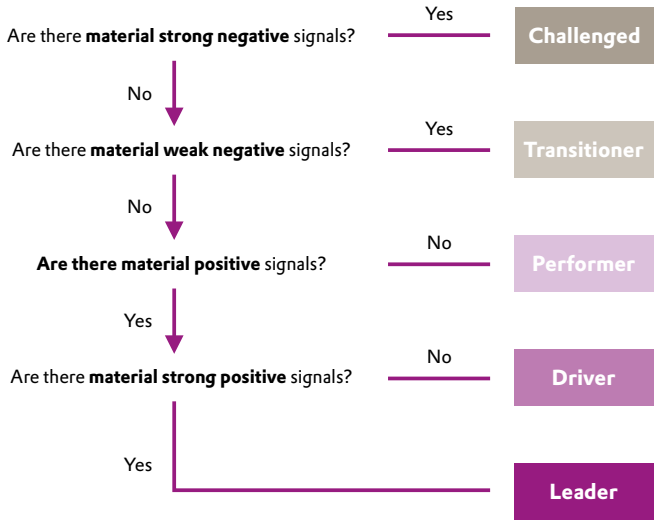


Market signals[a]

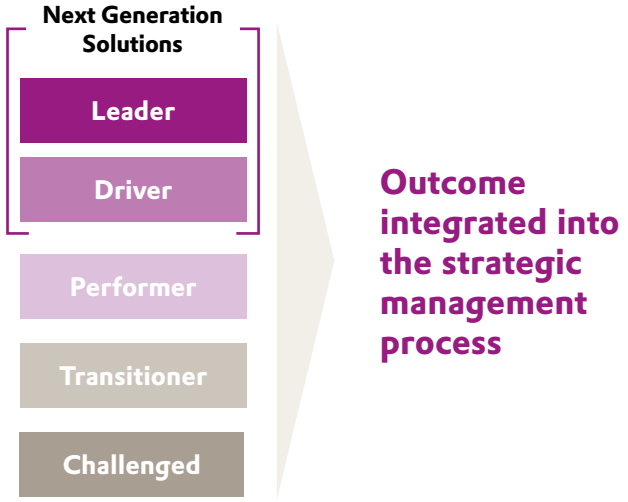
1 **Critical substances**
2 **Regulatory trends and global commissions**
3 **Sustainability ambitions along the value chain**
4 **Ecolabels, certification, and standards**
5 **Relative environmental and social performance**
6 Contribution to ecological and social value creation
7 Contribution to the SDGs
8 Internal guidelines and objectives

[a] Signal categories 1-5 are compusory for the evaluation of the PARCs (product-application-region combinations); categories 6-8 are optional (additional evaluations).

IV Categorizing the portfolio



V Reporting and using the results



Analysis of the measurability of sustainability T02

Type of analysis	Questions addressed
Sustainability analysis of our business	What are the strengths and weaknesses of the products in our portfolio with regard to sustainability requirements? What economically viable measures help us reduce the carbon footprint of our products? (Inside-out perspective)
Evonik Carbon Footprint	What is the annual carbon footprint of the entire Evonik Group? (Inside-out perspective)
Life cycle assessments	What are the environmental impacts resulting from the production of our products (cradle-to-gate), including their application by our customers (cradle-to-grave)? (Inside-out perspective)
Analysis to determine which Sustainable Development Goals are relevant for Evonik	Which products and solutions for our customers address the challenges facing society? How do we contribute to meeting the 17 SDGs? (Outside-in perspective)
Impact valuation	What positive and negative impacts do our business activities have on the environment and society? (Outside-in perspective)
Supply chain analysis	From the perspective of our stakeholders, what opportunities and risks are associated with our products in their respective value chains? (Outside-in perspective)

The assessment of all the PARCs analyzed is used in a structured overall evaluation of the sustainability performance of our portfolio, resulting in allocation to the performance categories leader (A++), driver (A+), performer (B), transitioner (C-), or challenged (C--) (C06 p. 21). We refer to products and solutions allocated to the categories leader (A++) and driver (A+) as Next Generation Solutions. These have attractive growth rates and stand out positively in their markets because of their clear sustainability benefits.

2023 findings

In recent years, we have accelerated the processes used to compile and evaluate data for the Evonik Carbon Footprint (2020) and the impact valuation (2021) so that the results can be presented simultaneously with our financial results at our financial press conference. As a reflection of its strategic importance, in 2022, the sustainability analysis was synchronized with the overall process. Therefore, we now report the findings for the current reporting period.

For fiscal 2023, we examined 531 PARCs (2022: 534 PARCs), covering the total sales generated by Evonik with chemicals in the fiscal year. The number of PARCs was almost unchanged year-on-year, firstly, because we take an increasingly differentiated view of applications and regions and secondly, because the number of PARCs was reduced by divestments. The most important findings are:

- Evonik generated 91 percent of sales with products and solutions whose sustainability performance was at least in line with the market reference level (leader, driver, or performer category). The figure for 2022 was also 91 percent.

- 43 percent of Evonik's sales came from Next Generation Solutions. These are products and solutions with a clearly positive sustainability profile that is above or even well above the market reference level (leader and driver categories). In 2022, the proportion was also 43 percent.

- Weak negative market signals were identified for 7 percent of sales (transitioner category), and strong negative signals were identified for 2 percent (challenged category) (2022: also 7 percent transitioner, 2 percent challenged). We are addressing these in dialogue with our customers through innovation or active portfolio management.

Life cycle assessments

Life cycle assessments are a focal area of our sustainability analysis. The proven expertise and good operational networking of our internal life cycle management group play an important part in continually enhancing our knowledge of the impact of our business activities. A broad spectrum of life cycle assessments is used for this. We use the findings for selective improvements such as more product-oriented measures to reduce our carbon footprint or optimize water management at our sites worldwide.

Value chain analysis

We involve the product managers of our businesses through workshops where we analyze the opportunities and risk potential of the relevant value chains. That includes disruptive factors observed in their markets, for example, as a result of changing customer requirements or increased regulation. In this way, we derive strategic recommendations for action on short- and long-term developments in our four Sustainability Focus Areas.

Portfolio transformation

Portfolio transformation is one of the three top topics identified in our most recent materiality analysis. By transforming our portfolio, we want to make Evonik even more resilient and gain access to new, high-growth business opportunities. At the same time, our innovative products and technologies improve our customers' sustainability performance and can therefore strengthen customer loyalty.

Strategy and management

A key tool for the strategic management and development of our portfolio is the sustainability analysis of our business. This gives us important insights into the quality of our portfolio, from determining the proportion of sales generated by our Next Generation Solutions to showing which products we classify as transitioners or challenged. To this end, our method takes into account steadily rising market aspirations. These are shaped by a dynamic competitive environment with changing customer requirements, new technologies, and rising regulatory requirements. Our sustainability analysis enables us to incorporate such factors and the resulting changes in consumer behavior into our strategic management process.

We want to increase the proportion of sales generated by our Next Generation Solutions from 43 percent in 2023 to over 50 percent by 2030. On a long-term view, we aim to keep the proportion of sales generated with products that are classified as challenged as a result of changes in market conditions, consumer behavior, rising reference levels, or tighter regulation below 5 percent. This is to be achieved, on the one hand, through the ongoing development of existing Next Generation Solutions and, on the other, by aligning our research and development in order to generate additional sales with new Next Generation Solutions. At the same time, we are reducing the proportion of sales from products classified as transitioners or challenged through selective reformulation or withdrawal from specific businesses. For example, in 2023, we sold the Lülsdorf site in Germany and the related cyanuric chloride business in Wesseling (Germany). As a result, PARCs in the transitioner category left our portfolio.

Our special strength is working in close partnership with our customers. Most of our customers are industrial companies that use our products for further processing. The innovative solutions and technologies provided by our businesses offer important additional benefits for our customers compared with competitors in their end-markets.

Evonik strives to be integrated into customers' value chains where possible. That enables us to align our research and development, production, marketing, and distribution workflows closely to our customers' requirements. We also seek extensive contact with our stakeholders to enable the timely identification of relevant developments and help us understand their market impact. A global Marketing & Sales Excellence team supports our businesses in customer focus and the customer benefits of what we offer. To achieve that, we make available a wide range of internal analyses, training programs, and sales tools. In addition, research & development alliances help us to address new market trends, mitigate technological and commercial risks, and improve the market penetration of sustainable solutions.

See our special magazine section p. 81.

Portfolio transformation

We are cooperating with a broad spectrum of industrial partners to encourage the transformation to greater sustainability in our supply chains and end-markets. Our special magazine section features four practical examples of how we put this into practice by partnering with EnBW, Siemens Energy, BMW, and Beiersdorf p. 66. It also shows how these close collaborations relate to our top three material topics—green energy, portfolio transformation, and circular economy.

Quantifying the handprint of selected Evonik Next Generations Solutions

Evonik markets a range of products whose use has a clearly positive sustainability profile (handprint) compared with conventional alternatives. In addition to the CO_2e avoided by using our products, in 2023, for the first time, we calculated the contribution to saving resources in the usage phase. The savings relate to the application life cycle of the product and are based on volume sales of the products manufactured by Evonik. For this calculation, we use an internal method developed by Evonik to evaluate the handprint. This is based on the Avoided Emissions Guidance published by the WBCSD and the International Council of Chemical Associations (ICCA) and on the WBCSD's new cross-sector guidance. More. We updated the data on the six products and system solutions evaluated in the previous year: "green" tire technology, amino acids for animal nutrition, additives for hydraulic fluids, the hydrogen-peroxide-to-propylene-oxide process, POLYVEST® for tires with lower rolling resistance, and metal oxides for lithium-ion batteries. In addition, we examined five new product applications: the Excel® Rejuvenation process for the regeneration of catalysts, silica in paper production, additives that enable the use of sustainable base raw materials in the production of flexible foam (e.g., for mattresses), TEGO® RC silicones for linerless labels, and easy-to-disperse, silica-based rheology modifier specifically for coatings and printing inks.

In 2023, the use of these eleven products—with which we generated sales of €1.3 billion—avoided greenhouse gas emissions of 48 million metric tons CO_2e. With three of these products,[1] we also achieved resource savings totaling 379 kt. Since examples of further products were included in 2023, a direct comparison with the previous year is not meaningful. Evonik aims to extend the quantification of the benefits of its Next Generation Solutions in customer applications (handprint) in the future.

Materiality analysis

Basis: an extensive new materiality analysis in 2022

Our sustainability management is aligned with materiality. This report continues our strategic sustainability reporting, focusing on material topics. Steadily improving sustainability reporting is a key element in Evonik's sustainable corporate strategy. Going beyond the requirements of the GRI standards, we therefore started to address the upcoming EU reporting standards at an early stage and conducted a fundamentally revised materiality analysis in 2022.

This was based on the revised GRI Sustainability Reporting Standards and, in some aspects, on EFRAG's[2] working papers of January 2022, ESRG 1 Double materiality conceptual guidelines for standard-setting and ESRS[3] 4 Sustainability material impacts, risks, and opportunities. Similarly, we took into account certain content from the exposure drafts[4] of April 2022. In keeping with the GRI Sustainability Reporting Standards, in 2022, we wrote new texts on the management approach for all material topics. These include positive, negative, actual, and potential impacts of and on Evonik's activities. 3-1

Activities in 2023 relating to the materiality analysis

Since conducting the materiality analysis in 2022, the ESRS have been revised, with interim standards published in November 2022 and June 2023. The final version of the ESRS was published on July 31, 2023. In light of this, in the reporting period, we examined whether the approach used for our materiality analysis meets the requirements of the final versions of the ESRS.

Based on the double materiality standards set out in ESRS 1 and ESRS 2, we conducted a gap analysis in 2023. The aim was to identify whether the impacts on which our materiality analysis was based cover the sustainability matters and topics set out in the ESRS, especially the sub-topics and sub-sub-topics, and whether they are relevant for our business activities.

We compared the sustainability matters in the original long list with around 700 impacts. We identified some gaps relating to sub-sub-topics of ESRS S3 Affected communities and ESRS E4 Biodiversity and ecosystems. Experts then performed a qualitative and semi-quantitative assessment of their significance for Evonik in workstreams. Based on our business model, we consider that the gaps relating to S3 are not relevant because we do not have any mining, forestry, or agricultural activities that could

[1] Excel® Rejuvenation process for catalysts, silicas for paper production, and TEGO® RC silicones for linerless labels.
[2] EFRAG = European Financial Reporting Advisory Group.
[3] European Sustainability Reporting Standards.
[4] ESRS 1: General principles (exposure draft), April 2022; ESRS 2: General, strategy, governance and materiality assessment (exposure draft), April 2022.

give rise to land-use conflicts. Apart from direct exploitation, with a focus on water intake and consumption, the other sub-sub-topics of E4 are not currently considered to be material. Nevertheless, we are working to continuously improve our data so that we can update this assessment if necessary.

In addition, we refined our positive impacts by dividing them into actual and potential and performed a critical review of human rights impacts to assess whether sufficient attention had been paid to them. Neither of these validation steps resulted in any change in our 15 material topics.

We review the materiality analysis every year between extensive new analyses using a peer group and media analysis to make sure it is complete and up-to-date. This review also confirmed that our 15 material sustainability topics are complete and up-to-date. This method of validating our material topics was presented to the assurance practitioners.

For the sustainability topics identified in our materiality analysis and the underlying impacts, there is an anonymous complaints mechanism for both employees and external stakeholders. One important tool in this context is our whistleblower hotline (see "Governance and compliance" p. 110). 2-26, 3-2

Procedure used for the materiality analysis

We evaluated actual and potential positive and negative impacts of our business on our area of activity (inside-out perspective) and the impact of external factors on our business activities (outside-in perspective). In addition, we addressed the following questions in the context of double materiality:

- **Impact materiality:** How do our business activities impact the economy, the environment, and society (including human rights)?
- **Financial materiality:** Do sustainability aspects represent opportunities or risks for our business activities in terms of cash flow and enterprise value?

Materiality analysis process 2-14, 3-1, 3-2 C07

Analysis of Evonik's environment	Identification of impacts (outside-in and inside-out perspective)	Assessment of the significance of impacts	Cut-off, clustering, prioritization	Validation	Material topics		
• Purpose • Key figures • Business model • Markets • Sustainability strategy • Regions • Stakeholder groups • Value chain	**Impact materiality** • How do our business activities impact the economy, the environment, and society (including human rights)? **Financial materiality:** • Do sustainability aspects represent opportunities or risks for our business activities in terms of cash flow and enterprise value?	• Develop an evaluation sheet based on the long list for distribution • Assessment of the evaluation sheet	• Define materiality thresholds • Clustering of impacts by topic, followed by prioritization	• Validation of the material topics by internal and external experts and stakeholders • Approval by the executive board member responsible for sustainability • Definition of reporting boundaries	**E** **Top 3** • **Portfolio transformation** • **Circular economy** • **Green energy** • Product stewardship • Mitigating climate change • Water management • Biodiversity	**S** • Attractiveness as an employer • Employee satisfaction • Diversity and equal opportunity • Occupational and plant safety • Health protection and promotion	**G** • Responsible management/ human rights • Cybersecurity • Responsibility within the supply chain

Our materiality analysis comprised five steps.

1 Analysis/description of Evonik's environment

First, we examined Evonik's business environment using the list of criteria specified by GRI. This enabled us to identify actual and potential positive and negative impacts. To this end, we took into account, among other things, our business model, our sustainable corporate strategy, key performance indicators, and our collaboration with stakeholders.

2 Identification of impacts

The heart of the second step was the identification of impacts. For this, we evaluated a wide range of internal and external data sources. In addition, questions from major sustainability rankings, such as MSCI and EcoVadis, and reporting frameworks such as GRI, SASB, and TCFD were considered. In this way, we covered both the business perspective and the stakeholder perspective. The impacts identified from a total of around 700 were bundled in a long list of 67 impacts.

3 Assessment of the significance of the impacts

Based on this long list, we generated an evaluation sheet to determine the impact materiality and financial materiality. We sent this to a broad spectrum of specialist colleagues around the world—in various functions, divisions, and regions. In this, we paid attention to a balanced mixture of gender and professional experience.

The impacts were assessed using different criteria and scales. This impact materiality assessment was performed using the criteria defined by GRI and EFRAG on severity (scale, scope, remediability) and likelihood. Financial materiality was assessed using the EFRAG scale.[1]

4 Cut-off, clustering, and prioritization

The analysis of the evaluation sheets led to four impact rankings, subdivided into impact materiality and financial materiality—and further subdivided in each case into positive and negative impacts. To permit a comparison of the positive and negative impacts, we derived average values and defined a materiality threshold on the basis of significance.

The result of these four process steps was the total amount of material impacts in the categories impact materiality and financial materiality. By clustering these impacts in accordance with EFRAG and GRI, we identified the material topics.

These were then re-examined in light of company-specific and external conditions. As a result, diversity and equal opportunity was added as an additional topic in the prioritization process.

5 Validation of the material topics

We presented the results of the materiality analysis to internal and external sustainability and financial experts who had not previously been involved in the evaluation. The external validation was undertaken by representatives of industrial unions, industry associations, NGOs, sustainability consultancies, and the financial sector. As a result of the feedback, three material topics were renamed and thus refocused. 3-1

Table illustrating the assessment of our list of impacts by category and impact type T03

	Categories Environmental (E) Social (S) Governance (G)	Type of impact	Impact materiality	Financial materiality	Actual/potential impact	Human rights impact	Material topic
Impact 1	E	Positive	Yes	No	Actual	No	e.g., water management
Impact 2	G	Negative	Yes	Yes	Potential	Yes	e.g., cybersecurity
Impact 3	S	Negative	No	No	Potential	No	–

Result of the validation: complete refocusing of three material topics C08

Energy management	**Green energy**
Sustainable products/ solutions for customers	**Portfolio transformation**
Climate change	**Mitigating climate change**

[1] ESRG 1: Double Materiality conceptual guidelines for standard-setting (working paper), January 2022, page 19, paragraph 114.

The final outcome, following the prioritization and validation steps, was a list of 15 material topics (p. 11). This list was then approved by the member of Evonik's executive board responsible for sustainability. 2-14, 3-1

The three materiality topics identified that were ranked highest for Evonik are green energy, portfolio transformation, and circular economy. Compared with our previous extensive materiality analysis in 2018, the following new material topics were identified: green energy, cybersecurity, and employee satisfaction.

Topics that were no longer evaluated as material in our materiality analysis in 2022 but are nevertheless considered relevant to Evonik as a specialty chemicals company are still contained in this report. These include, for example, waste management and vocational training and continuing professional development. We continue to report on these topics.

As the final step, we used this as the basis to define the reporting content and boundaries, with a focus on the top topics. The material impacts and topics resulting from this process define the structure and depth of our sustainability report 2023. We have grouped these topics in six areas of action, which correspond to the chapters in this report. The focus of our reporting and the reporting boundaries are therefore based principally on the sustainability topics derived from our materiality analysis.
2-4, 3-1, 3-2

A compact overview of how we conducted our last extensive materiality analysis in 2022 can be found on our website. **More**. In connection with the materiality analysis, we revised our stakeholder management concept. **More**.

Our targets

Below is an overview of the targets set for our strategy and growth area of action.

Target attainment in 2023

Increase the proportion of sales generated with Next Generation Solutions to over 50 percent by 2030.
Status: 43 percent (2023)

Proportion of sales from challenged products should be permanently below 5 percent.
Status: 2 percent (2023)

Targets for 2024 and beyond

Increase the proportion of sales generated with Next Generation Solutions to over 50 percent by 2030.

Proportion of sales from challenged products should be permanently below 5 percent.

Target not achieved
Target partially achieved or target horizon extends beyond 2023
Target achieved

Value chain and products

In addition to our own production and business processes, we always have an eye on the supply chain for our raw materials, goods, and services, as well as on product benefits and applications for customers. Our innovative products help our customers meet their sustainability goals.

MATERIAL TOPICS

- Circular economy
- Product stewardship

SDGS OF PARTICULAR RELEVANCE FOR EVONIK

>99%
Percentage of risk estimates for substances placed on the market in quantities of >1 metric ton p.a.

227
New patent applications filed

>€1 billion
Additional sales[1] in our six innovation growth fields by 2025

>€1 billion
Additional sales from circular products and technologies by 2030[2]

[1] With products introduced in or after 2015.
[2] New target.

Contents

Value chain and products

- **Sustainability integrated into management of the innovation portfolio**
- **Development of circular business models**
- **Extension of the product range for mechanical and chemical recycling**
- **Product stewardship: new regulatory challenges**

Research, development & innovation

Strategy and management

Developing sustainable innovations is vital for our focus on profitable growth. In this way, we help our customers achieve their own climate protection, circularity, and biodiversity targets. Examples of our innovative contribution to a sustainable transformation are our membrane technologies and our lipid nanoparticles for modern mRNA vaccines.

Sustainability is an elementary component of our innovation portfolio. Our aim is to steadily improve both our handprint and our footprint. Therefore, some of the members of the research, development & innovation (RD&I) council and the sustainability council are the same. We use strategic perspectives to allocate our research and development (R&D) resources. These include an intensive sustainability assessment using the methodology that has become established for the sustainability analysis of our business (see "Strategy and growth" p. 13). Idea to Profit (I2P) is used to manage our R&D projects in several steps—from the idea through systematic development to profitable commercialization. Since 2022, this has included our Sustainability Focus Areas (see "Further elements of our sustainability management" p. 134)

Our innovative capability enables us to open up opportunities in new, future-oriented businesses in six innovation growth fields:

- **Sustainable Nutrition:** establishing new products and services for sustainable nutrition of livestock and people
- **Healthcare Solutions:** developing new materials for implants, as components of cell culture media, and for custom-tailored, innovative drug formulations
- **Advanced Food Ingredients:** creating a portfolio of health-enhancing substances and nutritional supplements as a contribution to healthy nutrition
- **Membranes:** extending SEPURAN® technology for efficient gas separation to further applications
- **Cosmetic Solutions:** developing further products based on natural sources for cosmetics and sensorially optimized formulations for skincare products
- **Additive Manufacturing:** developing products and technologies for additive manufacturing

Our aim is to generate additional sales of over €1 billion with these innovation growth fields by 2025.[1] We are making good progress towards this. Our R&D activities are guided by our Research, Development & Innovation (RD&I) function. This comprises the R&D teams of the growth divisions, innovation management, Creavis, which is our business incubator and strategic research institute, and Evonik Venture Capital. The strategic framework for our R&D is set by the RD&I council, which also manages the targeted allocation of human and financial R&D resources. It is chaired by the member of the executive board responsible for chemicals and innovation. Other members are the chief innovation officer, the head of Corporate Strategy, and the heads of the divisions.

Creavis serves the Evonik Group as an innovation driver for resource-saving solutions with a perspective that goes beyond 2025. In this role, it develops transformative innovations that go beyond the product and market focus of the operational units. Creavis bundles its activities in three incubation clusters:

- The Defossilation cluster helps industries become less dependent on fossil raw materials by developing high-growth solutions that make a contribution to the transition to a circular, climate-neutral economy.
- The Life Sciences cluster focuses on novel concepts for resource-efficient and sustainable food production for the world's continuously growing population. Another focal area is preventing and curing diseases, especially as many people are living to an advanced age.
- Solutions Beyond Chemistry fosters traceable, safe, and circular value chains based on special application know-how and data-based solutions. These increase the transparency, effectiveness, and sustainability of industrial systems.

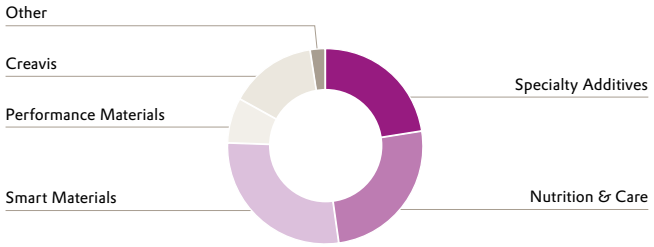
Our venture capital activities give Evonik an early insight into innovative technologies and business models. By collaborating with start-ups and technology funds around the world, Evonik gains more rapid access to attractive future technologies and markets. The Evonik Group has made more than 50 investments since the establishment of Evonik Venture Capital in 2012. More. One important instrument for this is the Sustainability Tech Fund, which was set up in 2022 and has a total investment volume of €150 million. This fund is oriented, on the one hand, towards climate-neutral technologies and business models and, on the other, towards innovative technologies that complement our Next Generation Solutions.

The Evonik Biotech Hub uses its extensive understanding of complex biological systems and biotechnological production processes to develop custom-tailored, competitive solutions for its customers, with a focus on all of Evonik's business lines.

We place our trust in industrial biotechnology for the production of biomolecules and micro-organisms, such as

- highly soluble, ultra-pure collagen of non-animal origin for use in pharmaceutical and medical applications, as well as in cell culture and tissue engineering;
- biosurfactants for household and cosmetic applications;
- omega-3 fatty acids produced from natural microalgae for animal nutrition;
- amino acids for low-protein diet formulations as a global standard for animal nutrition; and
- probiotics to reduce the use of antibiotics in livestock farming.

Breakdown of R&D expenses C09



Global research network

RD&I has more than 40 locations worldwide and around 2,650 R&D employees. R&D expenses totaled €443 million in 2023. The ratio of R&D expenses to sales was 2.9 percent (2022: 2.5 percent). At present, our operational chemicals divisions account for around 83 percent of our R&D expenses, while Creavis accounts for about 14 percent. In the reporting period, some of our projects received funding from the European Union or the Federal Republic of Germany. In all, we received funding of around €3.7 million. 201-4

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. 227 new patent applications were submitted in 2023, and we had around 23,000 patents and pending patents. To position ourselves close to our partners and customers with our innovative ideas, minimize geopolitical risks, and enable us to respond quickly to regional trends, we are

[1] Reference base: 2015.

driving forward our globalization strategy, for example, through innovation hubs in attractive growth regions. Outside of Germany, we currently have innovation hubs in:

- **Allentown** (Pennsylvania, USA): research focuses on applications for amines, high-performance polymers, and polyurethanes
- **Mumbai** (India): research focuses on formulations for the pharmaceuticals industry, catalysts for oils and lubricants, and the development of applications for construction and agriculture
- **Shanghai** (China): research focuses on applications for lithium-ion batteries, cosmetics, and silicone
- **Singapore** (Singapore): research focuses on cell cultures and skin models, coating additives, and photopolymers.

Research, development and innovation: progress in 2023

In the reporting period, we engaged in many research projects that contributed to the green transformation of Evonik and its customers towards sustainability and more efficient use of resources. These are illustrated by the following examples:

We are contributing our specialty chemicals expertise in plastics and additives for recycling to the Future Sustainable Car Materials (FSCM) project: A consortium of 19 leading industrial companies and research institutes is working on new processes to use sustainable materials for a circular economy in the automotive industry. The aim is to keep the materials in the value chain at the end of their useful life and use them to produce new objects, such as automotive parts, without using fossil resources. This project, which is funded for three years by the Federal Ministry for Economic Affairs and Climate Action, was launched at the end of 2022.[1]

Through our venture capital investment in the Chinese battery expert Hefei Haizhou New Material Co. Ltd., known as SuperC, we are supporting a key technology that improves the range, robustness, charging speed, and service life of batteries. In this way, we are stepping up our efforts to extend Next Generation Solutions, because high-performance batteries are a crucial factor for the electrification of road transport and a permanent reduction in CO_2 emissions. By working with SuperC, we are enhancing our understanding of this highly dynamic market and driving forward our growth strategy for battery solutions. The investment comes from the Sustainability Tech Fund set up by Evonik Venture Capital in 2022.

SuperC has developed an innovative process to produce few-layer graphene (FLG), which can be used in pastes for electrodes in lithium-ion batteries.

At the beginning of 2023, we also strengthened our position in sustainable products and recycling processes through a venture capital investment in the British company Interface Polymers Ltd., Loughborough. Its additives simplify the recycling of plastics. Interface Polymers' additive technology is therefore an excellent fit with Evonik's Circular Economy Program p. 32. This investment was also made by the Sustainability Tech Fund. In parallel with this investment, the Coating Additives business line has agreed to an extensive development partnership with Interface Polymers with the aim of using its technologies in paints and coatings.

In the EarLi project (extraction and purification of lithium hydroxide monohydrate from spent lithium-ion batteries for reuse in the production of battery cells), we are working with several partners from science and industry on an economically viable method for the recovery of high-purity lithium. We want to play our part in finding a solution that drives forward e-mobility with the lowest possible environmental impact. The project is funded by the Federal Ministry for Economic Affairs and Climate Action. It is scheduled to run for three years[2].

Creavis has developed IN VIVO BIOTICS™, an innovative platform for synbiotic dietary supplements, and brought further products to market maturity in the reporting period. The synbiotic solutions combine selected micro-organisms with health-enhancing ingredients, generating various positive effects in the human gut such as strengthening the immune system, and reducing inflammation or gluten degradation in people who suffer from gluten intolerance. The first products are already being marketed by the Health Care business line.

The growing popularity of fermented food and beverages and the increasing awareness of the role of the microbiome for health have significantly increased consumer acceptance of fermentation-based beauty products.

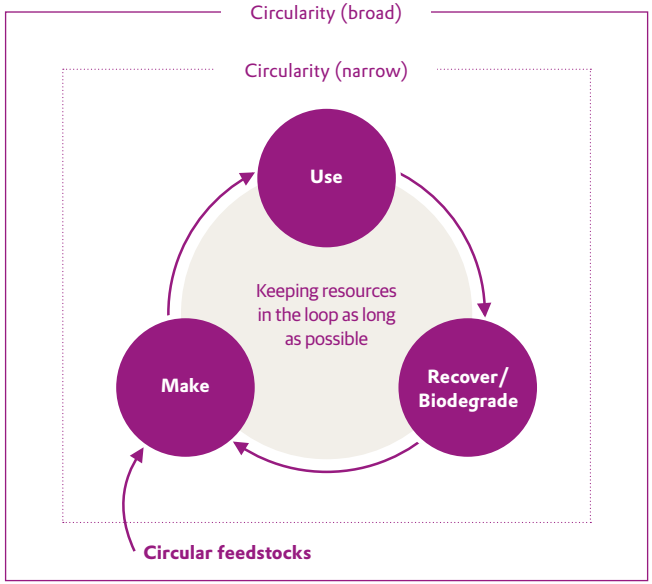
[1] Funding reference 19S22005b.
[2] Funding reference 16BZF305C.

Circular economy

Strategy and management

Circular economy is a system-oriented approach covering industrial processes and economic activities along the entire value chain. It aims to achieve a climate-neutral, resource-efficient economy, which preserves the value of products, materials, and resources for as long as possible. Circular economy means decoupling economic growth and the use of resources by returning valuable raw materials to the loop at the end of their useful life. Better use of resources and the circular economy are becoming increasingly important for Evonik in view of the limitations of our planet and the diversification of raw materials. As a specialty chemicals company, Evonik is an integral part of various value chains and has in-depth knowledge and expertise in the processes, technologies, opportunities, and risks of upstream and downstream elements. Our activities aim to mitigate the inadequate availability of resources in the supply chain and our production processes and to reduce their dependence on finite fossil-based and other non-circular resources. At the same time, circularity opens up new business opportunities and attractive growth potential for Evonik.

Circular economy C10



Circular economy involves looking at the entire life cycle of products (C10). The focal areas are the production phase, the usage phase, and the recyclability of the products. In the production phase, recycled, bio-based, or CO_2-based resources are used as a substitute for fossil-based raw materials. During the usage phase, products are characterized by durability, reparability, and reuse. To close the loop, products have to be recyclable or biodegradable at the end of their life cycle. In this way, less material is sent to landfill or for incineration.

Evonik sees circularity as a fundamental transformation of economic activity. We support all business activities, technologies, and innovations that help to speed up ecologically and economically viable measures to promote circular value chains. Circular economy is one of Evonik's top 3 material topics p. 11. We drove forward our activities in this area in 2023. For example, we started to draft a circular economy policy, which should be published on our website in 2024. In this way, we are substantiating the status and importance of circularity for Evonik's business activities.

Ongoing development of the sustainability analysis of our business

Within the WBCSD, Evonik is involved in the ongoing development of portfolio sustainability assessments (PSA p. 20) to improve the evaluation of product portfolios from the perspective of circularity. In view of this, we integrated our circular economy assessment into the sustainability analysis of our business in the reporting period. The aim is to determine the future opportunities and risks of our portfolio even earlier and more effectively, so that we can derive specific strategic recommendations on how to refine it. To determine the environmental impact of circular products, Evonik mainly uses life cycle assessments in accordance with ISO standards 14040 and 14044. In this context, we also examine which methods could be used for quantitative indicators in the future.

Global circular economy program

In 2023, we extended our global circular plastics program into a global circular economy program. In this way, we are strengthening the continuous development of our business activities towards a circular economy by integrating all business lines at Evonik. Going beyond the previous focus on the circularity of plastics, we will now look at the circularity of raw materials of all

types and the value chains in all of Evonik's markets. In light of this, our previous targets have been combined in a new target.

Previous targets (global circular plastics program):

- Generate more than €350 million in additional sales with solutions for the circular plastics economy from 2030
- Solutions for around 400,000 metric tons of recyclable plastics by 2025

New target (global circular economy program):

- Generate at least €1 billion in additional sales with circular products and technologies by 2030

The global circular economy program comprises short- to mid-term activities with a clear focus on business development. Here are some examples of our activities:

- the use of circular raw materials,
- the development of solutions for mechanical and chemical recycling technologies,
- the identification of business opportunities and the development of circular business models, and
- intensive examination and structuring of new value chains.

As a specialty chemicals company, Evonik is at the heart of various value chains. Therefore, refining our products and technologies and changing our raw material platforms are the basic preconditions for the circular economy. In addition to our own aspirations, major drivers are the self-commitments of our customers and other companies along the value chain, as they are defining increasingly ambitious plans to reduce CO_2 as well as targets for the use of circular materials.

See our special magazine section „Implement!" p. 77.

Circular economy

Working with partners along the entire value chain is an important key for Evonik to play a successful role in the transformation to a circular economy. Evonik divides its circular economy activities into upstream, gate-to-gate, and downstream activities.

Upstream
The procurement of circular raw materials covers bio-based, recycled (bio-based and non-bio-based), and CO_2-based materials. Evonik's aim is to increase the use of circular raw materials to reduce the consumption of limited resources, reduce its own carbon footprint, and, in particular, reduce scope 3 emissions along the value chain. We are therefore examining technical, economic, ecological, and social aspects and developing new business models.

For example, Evonik introduced the ECOHANCE® product program in the reporting period. In this program, skincare products are produced from plant-based residues. For instance, the raw material for ECOHANCE® Care PSC3 is a fatty acid-enriched olive oil that cannot be used in food production. Consequently, this process does not compete with food crops and plays a part in saving primary plant-based resources. Moreover, it supports the development of transparent supply chains and also includes smaller suppliers.

In order to build up a circular system for sustainable recycling of polyurethane, in the reporting period, Evonik teamed up with REMONDIS, one of the world's leading recycling companies. Within the framework of this cooperation, REMONDIS supplies us with end-of-life mattress foams as a circular raw material.

One ongoing challenge is the limited availability of circular raw materials due to regional fluctuations in supply, the legal framework, and the fact that infrastructure is still at the ramp-up stage.

Gate-to-gate

Continuous process optimization and the efficient use of resources have always been very important in our production activities. We use a wide variety of measures to drive our activities towards circularity. These include:

- measuring and reporting on waste from our production plants in keeping with our goal of reducing production waste,
- increasing resource efficiency by continuously optimizing production processes,
- leveraging the benefits of integrated production sites and systems for systematic waste management in alignment with the waste hierarchy, and
- reducing, reusing, and recycling the packaging used for our products.

In our production operations, we prioritize avoiding waste in accordance with the waste hierarchy defined in EU law, mainly by continuously optimizing operating processes and utilizing the benefits of integrated production sites and systems. As the next step, waste has to be reprocessed or used to generate energy. Safe disposal is merely the third option. Evonik's goal is to reduce specific production waste relative to production volume by 10 percent between 2021 and 2030. For detailed information on waste, see "The environment" p. 46

Our goals are to close the loop and design more sustainable packaging. In this way, we want to make a contribution to reducing our carbon footprint in the future.

Evonik already uses plastic packaging, including bulk packaging, with a high proportion of recyclate at various sites. The availability of more sustainable packaging options has increased significantly, not least due to more stringent national and European packaging regulations, the introduction of a tax on plastics in various EU countries, and higher demand from customers. Sustainable packaging has not altered the types, appearance, or handling of packaging (filling, palletization, transportation).

We are constantly endeavoring to increase the proportion of recyclable packaging. For categories of packaging where recycling rates are low, increasing the rates is held back by regulatory or technical barriers. We are addressing this in collaboration with representatives of the packaging industry within the German chemical industry association VCI and with our customers. Our recycling rates per category are shown in table **T04**. 301-1, 301-3

Recycling rates by packaging categories 301-3 **T04**

Category in %	Recycling rate per category[a]	Percentage of procurement volume[b]
Bulk containers (>180 l), e.g., IBC[c], metal drums	18.8	50.3
Small containers (<180 l), e.g., canisters	3.9	5.3
Pallets, e.g., wood and plastic	13.1	20.3
Film, e.g., refuse bags, flat film	8.8	4.6
Paper and cardboard, e.g., corrugated cardboard, paper bags	4.5	11.4
FIBCs[d], e.g., plastic	–	7.9

[a] Based on weighted average of the units.
[b] Based on invoice value, rounded.
[c] IBC = Intermediate bulk container.
[d] FIBC = Flexible intermediate bulk container.

We are working on various ways of increasing recycling rates for rigid bulk containers depending on the products, processes, and customers. These include the reuse of reconditioned IBCs (intermediate bulk containers; recycling rate: 100 percent) and rebottled IBCs[1] where the steel cage and pallet are reused with a new plastic liner (recycling rate: 70-80 percent). In other areas, we use IBCs with a plastic liner made from about 40 percent post-consumer recyclate (PCR), which results in a recycling rate of about 60-65 percent. Since 2022, we have been trialing PCR IBCs on the filling lines for non-hazardous goods at initial sites in Germany. We extended this to further sites and containers in the

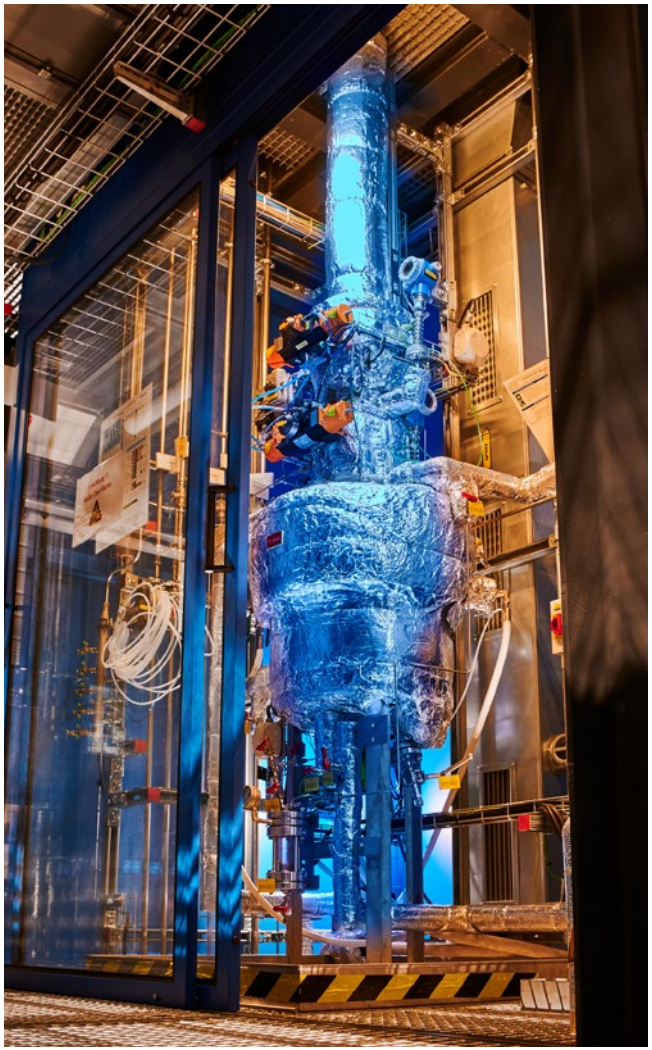
[1] Rebottled IBCs: IBCs where a completely new liner (bottle) is inserted into a used cage.

reporting period. The plan is to roll out usage further locally, nationally, and globally in the future. Since October 2023, we have also been using PCR IBCs and 220-liter plastic drums for hazardous goods. The plan is to roll out usage further locally, nationally, and globally. By increasing the use of reusable systems such as DrumGuard® to secure loads, we are also reducing the use of shrink-wrap film and therefore the amount of plastic waste for our customers.

Downstream

Evonik offers solutions that support customers' and consumers' circularity aspirations during the use of products and at the end of their life cycle. For example, our additives increase the durability of our customers' products and therefore make a contribution to saving resources. Furthermore, our additives improve mechanical and chemical recycling processes and recyclates. Evonik provides an extensive range of additives for mechanical recycling. In this way, we help our partners optimize the efficiency and quality of their circular processes and products. Durable products with good usability reduce the use of primary resources and waste. For example, our building protection additives enhance the stability and appearance of concrete structures that are exposed to weathering and environmental influences.

Our surfactants enable printing inks to be washed out of used plastics faster, so they reduce the ink residues in recycled plastics. Moreover, after the washing process, less water remains on the plastic, saving time and energy in the drying process. Our additives also minimize odor and improve the processability and mechanical properties of recyclates. This allows higher yields of secondary materials with better quality recyclates. We are involved in a consortium with BMW and other companies along the value chain that aims to increase the proportion of recyclates that can be used in automotive components to enable circularity in the automotive sector p.77



Evonik's pilot plant in Hanau (Germany) for recycling polyurethane mattresses.

In 2023, we continued to partner with Wildplastic, a start-up that supports countries with inadequate waste management systems in the collection of plastic waste from nature by providing fair payment. The recycled plastics are used, for example, in high-quality garbage bags and mailing bags. As well as additives for cleaning and reprocessing, we offer Wildplastic an extensive network and thus support the creation of jobs in the relevant countries. **More**.

Our products and technologies enable the recycling of used tires at the end of their life cycle for reuse in high-quality applications, thus avoiding incineration. Our partners reduce their ecological footprint by using tire granulates instead of fossil-based bitumen in road surfaces. As well as reducing traffic noise (low-noise asphalt) and cutting fuel consumption by cars, this greatly increases the service life of the road surface, reduces maintenance, and makes the surface recyclable.

Chemical recycling is a solution for waste streams that cannot be recycled eco-efficiently using mechanical or technical processes. That applies, for example, to mixed, heavily contaminated or colored thermoplastics and duroplasts that cannot be melted. To achieve this, Evonik makes additives, adsorbents, catalysts, and process know-how available to its partners. We therefore facilitate chemical recycling of plastics residues that would otherwise be incinerated or disposed of in landfills, for example, by enabling the use of heavily blended or contaminated plastics in the production of pyrolysis oils. In this technology, plastics streams are converted into pyrolysis oil at a high temperature without air. This can be used as a substitute for fossil naphtha in crackers, providing the basic ingredients for the synthesis of polymers. This technology is currently still in the pilot stage. To help meet the ecological and economic requirements on an industrial scale as well, we have increased our product offerings for the production of pyrolysis oils. We supply adsorbents and

catalysts for the separation of contaminants and purification as well as additives that enable the processing of pyrolysis oils at low temperatures. Our SiYPro™ additives help our partners make reprocessing in crackers safer and more robust. Another way of ensuring the circularity of heavily contaminated or mixed plastics streams is the production of synthesis gas. For this too, we provide cleaning technologies such as adsorbents.

Similarly, our alkoxide catalysts and process technologies enable the recycling of PET packaging and colored PET plastics, which are not suitable for mechanical recycling, at the end of their life cycle. We assume that alkoxides will play an important role in chemical recycling of PET plastics in the future. Evonik is expanding its global alkoxides business with a new facility in Singapore. Moreover, other material classes will become significant in the future. For example, Evonik has developed chemical recycling processes to regain the basic components of polyurethanes for use in the production of new polyurethanes. Evonik is providing the know-how in catalysts and process technology, while its partner REMONDIS secures the supply of circular raw materials and is also contributing expertise in recycling logistics at the end of the usage phase.

Since a circular economy extends beyond recycling approaches and includes the production and usage phases of products, Evonik's technologies are also used in design for recycling and design for circularity. For example, our binder for heat-sealing applications allows the production of packaging materials such as yogurt pots from a single material, so they can be recycled. Other examples are a monomaterial prototype of a car seat produced by 3D printing and monomaterial toothbrushes. In these applications, polyamide 12 is substituted for all previous material blends, facilitating cost-efficient and eco-friendly mechanical recycling. The concept should inspire other product designers to reduce the range of materials used. Moreover, new business models such as leasing could make such concepts viable in more price-sensitive markets. Evonik complements this technical approach by using bio-based products; these are particularly significant for our Nutrition & Care division. One important technology platform that should be mentioned here comprises our biosurfactants, which are a relevant raw material base for various product ranges. Alternative circular solutions are needed for products and ingredients that are difficult or impossible to collect and recycle because of their properties or application. Evonik's answers include, for example, biosurfactants derived entirely from renewable raw materials. For example, our rhamnolipids are used in cosmetic products and domestic cleaning agents. These sugar-based biological products are mild, highly efficient, and fully biodegradable, so they are returned to the biological cycle at the end of their useful life.

Circular economy: Our engagement in 2023

Evonik is a member of the European Circular Plastics Alliance. This EU initiative aims to return 10 million metric tons of plastic recyclate to the market in Europe every year from 2025. Further, we have extended our involvement with Plastics Europe in Germany and Europe and the European Chemical Industry Council Cefic[1], both of which support circularity. We are also a member of Circular Economy for Flexible Packaging, an initiative that develops circular solutions for all stages in the flexible packaging value chain. We support the Circular Valley initiative of WupperTalBeWegung e.V., which networks start-ups in the field of circular solutions with industry. It also offers representatives of industry, science, politicians, and the arts a platform for constructive dialogue to encourage the transformation to a circular economy.

Networks and partnerships are the lifeblood of the circular economy. Therefore, frameworks are vital to create a mutual understanding of activities. As a member of the WBCSD, we are continuing to play a part in working groups that are working on standardization and evaluation of circularity, both in the chemical industry and along the value chain.

Evonik is involved in the Carbon2Chem research project[2], which aims to convert exhaust gases from steelworks into chemical products such as ammonia for nitrogen fertilizers or methanol for use as a production input. We are a partner in the EU project ReProSolar, which is working on the complete recycling of photovoltaic modules[3]. In this context, all components of used modules are completely recycled. This allows pure silicon, silver, and glass to be returned to the manufacturing industry.

[1] Cefic = Conseil Européen des Fédérations de l'Industrie Chimique.
[2] Sub-project L IV: C2+ alcohols, C2+ olefins, synthetic fuel components, funding reference 03EW0008; funded by the Federal Ministry of Education and Research.
[3] EU funding reference 20028.

In the CEWI project, Evonik is working with companies, politicians, and other groups on circular models to drive forward the reprocessing of used cars. **More**.

Together with other companies in the plastics value chain in the federal state of North Rhine-Westphalia, we are setting up a networking platform and demonstration facility for practical research into recycling technologies up to market maturity. 306-2

Efficient use of scarce resources

Alternative and renewable raw materials

Evonik uses a wide range of raw materials in the production of its products. Like technical goods and services, they are sourced from a variety of suppliers. Production inputs decreased from 7.7 million metric tons in 2022 to 6.2 million metric tons in 2023. Production output was 7.5 million metric tons. Evonik replaces CO_2e-intensive raw materials with alternatives wherever this is possible and competitive.

In its fermentative production processes, Evonik uses dextrose and saccharose, mainly as substrates for the production of amino acids, rhamnolipids and sophorolipids. Natural fats and oils and their derivatives are used to produce precursors for the cosmetics, detergents, and cleaning agents industries and in technical processing aids. Renewable raw materials are classed as critical raw materials for procurement purposes, especially with a view to ecology and the reliability of supply. Consequently, they are subject to a special examination.

We are endeavoring to increase the proportion of renewable raw materials. That includes examining technical, economic, ecological, and social aspects. In 2023, the proportion of renewable raw materials increased to 12.0 percent of production inputs (2022: 11.1 percent).

The use of renewable raw materials, especially in personal care and cleaning products, has to meet the special expectations of customers and consumers. Therefore, the Care Solutions business line defined the requirements in more detail in the reporting period and included them in its CARETain Guidebook. This guidebook is a compilation of sustainability requirements, focusing on the personal care and cleaning agents markets. We use it to identify risks and opportunities and support new product developments. We also use it to better assess the scope for using alternative raw materials and next-generation raw materials in our products. The guidebook therefore reflects a high proportion of market and quality requirements. It uses a Sustainable Product Trend Index (SPTI) for internal visualization and guidance. The categories in this index include, among others:

- High biomass content, including the use of next-generation raw materials
- Support for the circular economy and the protection of ecosystems through defossilation
- Encouraging the diversification of raw materials to protect biodiversity

The first result of this initiative is a new ECOHANCE® product line, which combines next-generation raw materials with innovative processing and application properties. **More**.

Palm oil

Evonik mainly uses palm oil, palm kernel oil, and their derivatives to produce ingredients for the cosmetics, detergents, and cleaning agents industry (Care Solutions business line) and to produce polymers used to improve the viscosity index and reduce the pour point of lubricants (Oil Additives business line). Our annual requirements are around 80,000 metric tons. We are critical of the establishment of new palm oil plantations and the associated land use. Therefore, we pay special attention to the ecological and sociopolitical developments relating to this market.

For many years, Evonik has supported the use of sustainable palm oil in the supply chain. The focus here is on internationally recognized certification standards. Evonik has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2010. In our annual RSPO progress report, we outline our activities and targets to foster sustainable palm oil production. In keeping with our commitment to ensuring the responsible use of palm oil, we actively network with NGOs, customers, and other stakeholders in the value chain. Recommendations for sustainable procurement and use of palm oil, palm kernel oil, and their derivatives can be found on our website. **More**.

Evonik plans to use only RSPO-certified palm oil and palm kernel oil in its products by 2025. In addition to the sharp price rise, significant regional fluctuations in the supply of certified derivatives are challenging as this entails uncertainty in meeting demand. The preconditions for achieving our target are therefore the availability of the necessary raw materials and commercial feasibility on the global market.

In the RSPO 2022/2023 accounting period[1], around 60 percent of the palm oil used by the Evonik Group was RSPO-certified. Specific strategies, targets, and measures are defined by the operational management teams in the Care Solutions and Oil Additives business lines. About 90 percent of the palm-based raw materials used by the Care Solutions business line are RSPO-certified. Moreover, we have started to extend this to all available raw materials. Care Solutions' strategic priorities are the certification of its sites and extending its portfolio of certified products. The Care Solutions sites that use palm oil have been certified since 2018 as conforming to the RSPO's mass balance (MB) and segregated (SG) standards. This shows that our organizational structure at these sites meets the RSPO requirements, which is a basic precondition for the continuous transition to certified raw materials. Care Solutions continuously screens market supply and uses its influence on direct pre-suppliers so that it can switch products globally to the MB standard. The majority of the palm-based products marketed by this business line already conform to the RSPO MB or SG standard. This is indicated in the tradename of all RSPO-certified products marketed by Care Solutions. The strategic priorities of the Oil Additives business line are extending its portfolio of certified products. At present, all five production sites that use palm oil derivatives have been certified as conforming to the RSPO's MB or SG standard. In 2021, Oil Additives drew up a stepwise plan for RSPO certification of the raw materials it uses. This includes a phased transition to certified starting products. In the RSPO accounting period[1], more than 30 percent of palm-based raw materials are now RSPO-certified.

A joint project with Beiersdorf and WWF Germany supports smallholders.

Sustainable palm oil production: collaboration with WWF and Beiersdorf extended

Progressive deforestation to establish new palm oil plantations is a major challenge. Through a joint project with WWF Germany and Beiersdorf, we aim to strengthen sustainable development in the Malaysian region of Tabin in Sabah on the island of Borneo. This program takes a three-pronged approach—protect, produce, restore. The aim is to encourage the sustainable production of palm oil and other agricultural produce and stop deforestation. By 2026, around 15,000 hectares farmed by small- and mid-sized growers should be RSPO-certified. In addition, a political framework is to be created for sustainable agriculture and forestry. This is to be supplemented by the establishment of at least one ecological corridor to allow wild animals to migrate to other habitats. Moreover, the project in Tabin should stabilize the population of threatened and endangered species, such as rare Borneo elephants and orangutans, and protect their habitat.

Since 2022, Evonik has been partnering with the WWF and Beiersdorf on a further project on Borneo, in the Indonesian Province of West Kalimantan. The aim is to certify 200 independent palm oil producers with a total of 300 hectares of land as RSPO-compliant. The goal is to give these smallholders direct market access to a palm oil mill by 2026. This is an important building block for Beiersdorf and Evonik in their commitment to sustainability along the entire supply chain for palm (kernel) oil derivatives.

Transparency and traceability

Evonik advocates the responsible use of woodland and forests and the protection of the soil. Our Care Solutions and Oil Additives business lines are founding members of Action for Sustainable Derivatives (ASD). The goal of the ASD initiative is to ensure the traceability of palm (kernel) oil derivatives to mills and plantations. Its risk analysis methods and joint action plans aim to help counter progressive deforestation. Within ASD, Care Solutions and Oil Additives report annually on the degree of transparency in the supply chain and at the oil mills involved. At present, traceability is ensured for 97 percent of ascertainable volumes at mill level and 51 percent at plantation level. Evonik publishes corresponding lists of mills. **More**.

[1] RSPO accounting period: September 1, 2022 through August 31, 2023.

Product stewardship

Strategy and management

Product stewardship is a vital precondition for our business. It is our "license to operate". That includes evaluating the environmental and health risks of Evonik products and minimizing them where possible.

As well as complying with all statutory requirements, such as the European chemicals regulation REACH[1] and the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), product stewardship at Evonik includes voluntary commitments that go beyond these regulations. We have been committed for many years to the international Responsible Care® initiative and the Responsible Care Global Charter of the International Council of Chemical Associations (ICCA). The key elements of both aspects of product stewardship are defined in group-wide product stewardship standard, which defines how they are to be implemented and sets out control mechanisms to monitor their observance. In addition, the key elements of our product stewardship have also been defined in a product policy. More. Moreover, in 2023, Evonik started work on a product stewardship policy, which would be published on our website in 2024. 416-1, 417-1

Responsible handling of chemicals

We examine the entire value chain of our products from the procurement of the raw materials to the delivery to our industrial customers. This is a product stewardship approach and should not be confused with a complete life cycle assessment. In light of global trade in chemicals and chemical products, it is important to encourage broad communication on their safe handling and use. We therefore have an extensive worldwide information system. This includes information portals, safety data sheets—not just for dangerous products—in more than 35 languages, technical data sheets, and extensive information on our website. We also have 24/7 emergency hotlines, including an interpreting service and email addresses.

Our specialist departments provide advice for our customers at all stages in the product life cycle, from the selection of the raw materials through dealing with possible toxicological, ecotoxicological, and physical chemistry risks and the resulting exposure-based risks. Our advice also includes regulatory requirements relating to the planned application, right up to transportation and disposal. Where necessary, we give customers training in how to handle our products. We did not register any breaches of product labeling regulations in 2023. 416-2, 417-2

Implementation of the REACH regulation and quality of dossiers

Under REACH, all substances produced, imported, or placed on the market in the EU in quantities of more than 1 metric ton p.a. have to be registered. Evonik supports the aim of protecting health and the environment in the handling of chemicals. To implement the complex REACH requirements, we maintain a close dialogue with our suppliers and customers, as well as with industry associations and authorities.

As well as the continued need to register substances, the priorities are the evaluation of dossiers and substances and restriction and authorization. Evonik itself is not presently affected by authorizations. We compare the substance lists published by the authorities with our own portfolio to identify as early as possible whether any of our substances come within this focus so we can take appropriate action. We maintain close contact with our customers on this. Our reviews also cover the raw materials we purchase. Where substances are categorized as being of very high concern, for example, if they are on the REACH list of potential candidates, we discuss the steps to be taken with our suppliers or look for alternatives. We have set up email addresses for all REACH-related inquiries from customers and suppliers to ensure they receive timely and full replies.

European chemicals regulation REACH C11

Another focus of our REACH activities is updating the dossiers for substances that have already been registered. This is based closely on the Cefic action plan, which Evonik has signed as part of a voluntary commitment. The review of all of Evonik's dossiers with a view to enhancing quality will take place stepwise up to year-end 2026. Progress is outlined annually in this report and in a report to Cefic. We have reviewed more than 420 dossiers since the action plan started in mid-2019.

[1] REACH = Registration, Evaluation, Authorisation and Restriction of Chemicals.

The Globally Harmonized System (GHS)

The GHS established by the United Nations is a worldwide system for the classification of chemicals for labeling on packaging and in safety data sheets. The GHS is still not applied uniformly around the world. We therefore have an in-house database to gather information on progress, changes, and national requirements for internal communication. Evonik applies the GHS/CLP[1] requirements worldwide.

Our chemicals management systems

We evaluate all substances placed on the market (> 1 metric ton p.a.). Particularly dangerous substances are included from lower amounts. That allows a soundly based assessment of the risks. Where necessary, restrictions are placed on certain usage patterns or, in extreme cases, a complete ban is issued on use in certain products.

Evonik evaluates its substances using its own chemicals management system (CMS). This system supports us in the global evaluation of our substances. The content of the CMS has been harmonized with the requirements of ICCA and the REACH requirements. All substances that were added to our portfolio through acquisitions between 2017 and 2020 have already been included in the CMS and evaluated. We want to include and evaluate substances added through acquisitions between 2021 and 2023 by the end of 2026.

As an extension of the CMS, our Chemicals Management System^{PLUS} is used for products containing more than 0.1 percent substances of very high concern. Our aim is to reduce or replace these wherever possible. The precondition for this is a detailed analysis so that we can derive suitable action to bring about a further reduction in the possible negative effects on people and the environment. All products that were added to our portfolio through acquisitions between 2017 and 2020 have already been included in CMS^{PLUS} and evaluated. We want to include and evaluate products added through acquisitions between 2021 and 2023 by the end of 2026.

The European Green Deal published by the EU Commission sets out a timetable for Europe to become climate-neutral by 2050. One element in the zero-pollution target is the chemicals strategy for sustainability (CSS), which will have far-reaching consequences for the chemical industry and its value chain. Evonik supports the goals of the Green Deal. In this context, we are actively campaigning both at the level of industry associations and with the EU Commission for the proposed changes to be made circumspectly in order to safeguard planning reliability and for the retention of REACH as the central regulatory instrument for chemicals. We also take part in consultation procedures.

Evonik sees the following more restrictive regulations that could result from the revision[2] of REACH as particularly critical: the generic risk approach, registration of polymers, the extensive data requirements to identify substances with endocrine disruptors and persistent properties, and the mixture allocation factor (MAF).

Green Deal

The main regulatory challenges for Evonik

- Amendment of the REACH Regulation, including more restrictive provisions
- Amendment of the Classification, Labelling, and Packaging (CLP) Regulation
- More stringent requirements as a result of the planned Ecodesign for Sustainable Products Regulation (ESPR[3])
- Tightening of the Industrial Emissions Directive (IED)
- Introduction of a Safe and Sustainable by Design (SSbD) guideline
- Implementation of the EU Taxonomy Regulation
- Tightening of the Packaging Regulation
- Extended reporting requirements as a result of the new Corporate Sustainability Reporting Directive (CSRD)

[1] CLP = Classification, Labelling and Packaging of Substances and Mixtures (Regulation EC no. 1272/2008).
[2] Revision postponed. The new EU Commission will resume work on this after the upcoming elections to the European Parliament in June 2024.
[3] ESPR = Ecodesign for Sustainable Products Regulation.

Under the generic risk approach, the exposure data required for a sound scientific assessment would be disregarded. The plan is to base restrictions or bans solely on specific hazard properties, which will be continuously extended. This approach is to be stepped up not only for end-consumer products but also for commercial users.

The EU Commission has been instructed to review and implement the requirements for polymer registration under REACH. The regulatory procedure process currently under discussion is likely to be divided into several phases. The first would be a notification phase to compile data on all polymers on the EU market. The second step would be the clustering of the polymers, including subsequent data generation. That would be followed by registration of the polymers actually subject to registration. It is estimated that up to 70 percent of polymers on the EU market would be subject to mandatory registration with corresponding data requirements. From an industrial perspective, the costs and work involved would have to be reasonable.

The CSS extends the data requirements for endocrine disruptors, including restrictions and possibly bans on consumer applications. Endocrine disruptors are either natural or chemical substances that disrupt or alter the regulation of the hormone system and can cause lasting damage.

The MAF relates to the introduction of an additional safety factor for the assessment of possible combined and synergistic effects. The EU Commission is calling for a generic MAF for all applications. Together with the chemical industry, Evonik is advocating for the use of a targeted MAF. At present, the application of an MAF of five for substances exceeding 1,000 metric tons per year is under discussion. That could mean that applications that have so far been evaluated as safe would have to be reviewed and adapted. The planned amendments to the CLP regulation also contain some critical aspects. For example, new hazard classes have been introduced for endocrine disruptors and for PBT/vPvB[1] and PMT/vPvM[2]. PBTs are substances with persistent, bioaccumulative, or toxic properties. PMTs are substances with persistent, mobile, and toxic properties. The introduction took place within the scope of the CLP (EU), without prior consultation at UN level (GHS). The EU's chemicals strategy aims to define substances that meet these criteria as substances of very high concern (SVHC) and regulate them as such through the CLP regulation. For Evonik and the chemical industry, it is essential that the guidelines currently being developed provide extensive assistance with classification and labeling.

The proposed Ecodesign for Sustainable Products Regulation (ESPR) sets out performance and information requirements for almost all product categories. **More**. These include, among others, durability, recycling, and resource efficiency. In Evonik's view, the planned information requirements for the digital product passport are unnecessarily extensive because they require the disclosure of product information that relates to the protection of intellectual property. Moreover, certain substances of concern (SoC) could be subject to regulation in parallel with the REACH regulation. In principle, Evonik welcomes this approach because it is an important part of product safety in a circular economy.

The EU Commission also aims to tighten the Industrial Emissions Directive (IED). It wants to introduce an environmental management system comprising a chemicals management system that includes an assessment of the risks to health and the environment and a substitution analysis. The plan is to make the environmental management system obligatory for operators, although it differs from established environmental management systems such as ISO 14001 and ISO 50001. Furthermore, thresholds are to be tightened, and compliance with performance thresholds, for example, for energy and resource efficiency, will be mandatory.

Safe and Sustainable by Design (SSbD) is a new concept to evaluate the safety and sustainability of products in the innovation phase. SSbD is being tested until the end of 2024 and is being monitored both by industry associations and by Evonik in close interdisciplinary exchange between product stewardship, innovation, and sustainability. It is initially planned as a guideline rather than legislation but will probably have implications for our product portfolio.

[1] Chemicals that are persistent (P), bioaccumulative (B), and toxic (T) or very persistent (vP) and very bioaccumulative (vB).
[2] Chemicals that are persistent (P), mobile (M), and toxic (T) or very persistent (vP) and very mobile (vM).

With regard to the implementation of the EU taxonomy, Evonik sees a need for further discussion of the "do-no-significant-harm" (DNSH) criteria for the environmental objective pollution prevention and control. Regulatory enhancements in the reporting period only provided clarity on some of the ambiguous wording. Furthermore, the first delegated act on the EU taxonomy setting out the criteria whereby selected economic activities make a substantial contribution to the environmental objective pollution prevention and control was adopted in 2023. The economic activities for this environmental objective only cover a very small proportion of our portfolio (1 percent of our sales in 2023). Hardly any account is taken of the use of our products for pollution prevention and control, for example, by reducing emissions, remediating contaminated sites, or as an alternative to hazardous substances.

The EU Commission is planning to replace the Packaging and Packaging Waste Directive with a regulation. Here too, Evonik sees a danger that certain substances could be subject to regulation in addition to the provisions of the REACH regulation. The development of these proposals is being monitored both by industry associations and internally at Evonik.

The aim of the EU's Corporate Sustainability Reporting Directive (CSRD) is to place sustainability reporting on the same level as financial reporting. This includes the introduction of the European Sustainability Reporting Standards (ESRS) as uniform standards for sustainability information. In the future, Evonik will have to prepare sustainability reports on the basis of the CSRD and thus disclose information required by the ESRS. The requirements for product stewardship are contained in standard ESRS E2 Pollution.

Aspects of product stewardship in the value chain are also examined as part of the sustainability analysis of our business (see "Strategy and growth" p.20). In the reporting period, we identified and evaluated various product stewardship signals in the context of the sustainability analysis of our business. Signal categories 1 and 2 specifically relate to critical substances and regulatory trends. Signal category 3 relates to sustainability ambitions along the value chain, including for product stewardship and chemical safety, even before the introduction of corresponding regulations. PARCs with a negative rating—sales classified as transitioner or challenged—only account for a small proportion of our portfolio. We want to keep the proportion of sales generated with challenged products below 5 percent (see "Strategy and growth" p.22). To achieve this, we are continuously replacing hazardous products and working on alternative solutions.

Sustainability analysis of our business C12

Market signals[a]

1 Critical substances
2 Regulatory trends and global commissions
3 Sustainability ambitions along the value chain
4 Ecolabels, certification, and standards
5 Relative environmental and social performance
6 Contribution to ecological and social value creation
7 Contribution to the SDGs
8 Internal guidelines and objectives

[a] Signal categories 1–5 compusory, 6–8 optional.

REACH-type regulations in other regions

Various countries and regions have either introduced or are currently introducing chemicals regulations with requirements that are broadly similar to those of REACH. Examples are South Korea, Turkey, Taiwan, and the Eurasian Economic Union. Other countries, such as the USA, have also raised their standards significantly. Evonik is actively monitoring the development of regulations worldwide in order to be able to implement them in the relevant regions. In South Korea, consultations on the next volume band are taking place within the Chemical Substance Information Communicative Organization (CICO) and consortia. Substances are continuously being registered in Turkey. In addition, Evonik is monitoring the development of other upcoming regulations to prepare accordingly. These include, for example, the entry into force of the new chemicals regulation in the Eurasian Economic Union. This will probably take place in two phases. Based on the present status, the regulation is expected to come into effect in Russia on September 1, 2024 and in the other members of the Eurasian Economic Union two years later. There are plans to introduce REACH-style regulation of chemicals in India. Evonik was instrumental in the establishment of a new Product Stewardship Advocacy Committee to monitor further developments by the Indian Chemical Council (ICC). Evonik chairs this committee.

Further product stewardship topics

Our product stewardship covers a broad spectrum of topics, which we are continuously addressing. The most urgent issues from the perspective of our stakeholders and in our own assessment are outlined below.

Animal protection

We need toxicological and ecotoxicological data to assess the safety of our products. In keeping with our responsibility to protect animals, we start by examining possible alternatives to animal testing in detail. These include, for example, quantitative structure-activity relationship analyses, analogies, literature, and non-animal testing methods and approaches. These are referred to collectively as NAMs (new approach methodologies). NAMs will receive greater attention in the revision of the CLP and REACH. We have set up an internal working group to bundle our expertise. As an active member of the European Partnership for Alternative Approaches to Animal Testing (EPAA), we drive forward alternative methods on a cross-sector basis. Evonik was actively involved in drafting the position paper published by the German chemical industry association (VCI). We advocate at national and international levels to minimize the possible impact of the new demands made by the CSS chemicals strategy with regard to animal testing. For example, we are involved in the activities on the Next Generation Risk Assessment and the Usability of New Approach Methodologies for Risk Assessments and in discussions on data sharing.

Evonik is also involved in various national and international associations and initiatives engaged in the ongoing development of risk evaluation criteria such as EPAA, ECETOC[1], and Cefic-LRI[2].

It's important to avoid animal testing wherever possible. As well as using in-vitro testing, we achieve that by applying intelligent analogies that enable us to draw conclusions about how a target substance will behave. Last year, we worked with leading scientists on using and improving non-animal methods for inhalation toxicology and respiratory sensitization tests.«

Dr. Nils Krüger | Vice President Product Stewardship HRA (Hazard and Risk Assessment), Germany

Product stewardship

Nevertheless, from a regulatory and scientific perspective, in many cases, tests on animals are the only way to meet the necessary data requirements. If animal testing is unavoidable, Evonik ensures that the tests are performed only by test institutes that are validated in accordance with the applicable national and international legal provisions and that these tests meet animal protection standards. An internal working group monitors the auditing of the test institutes. **More**. As a responsible company, we also have our own animal protection guidelines, which are currently being revised.

Nanotechnology

Nanotechnology is a generic term covering a wide range of developments and innovations as well as established technologies. Their common feature is the investigation, production, and use of minute structures measuring around 1 to 100 nanometers. Some have been known for many decades, while others are new developments. Nanomaterials used in products and efficient system solutions for our customers make a substantial contribution to environmental protection and climate protection. Evonik strives to handle the associated technologies responsibly and conscientiously. We see considerable opportunities in new materials for high-end batteries and energy-saving technologies.

Our long-standing experience helps us implement measures to protect employees, customers, and consumers in the handling of nanomaterials. These measures are based on the latest assessment of the risks and dangers resulting from scientific investigations and epidemiological and toxicological studies. In addition, Evonik supports the establishment of new methods of

[1] ECETOC = European Centre for Ecotoxicology and Toxicology of Chemicals.
[2] LRI = Long-Range Research Initiative.

investigation aligned to the specific effects of nanomaterials, which refine the evaluation of risks. We are also continuously investigating the potential hazards and safe handling of these materials. We regularly discuss the opportunities and risks of nanotechnology with experts from industry, science, authorities, and industry associations. The revised definition of nanomaterials (Commission Recommendation 2011/696/EU) has resulted in some market uncertainty: The EU unexpectedly defined many powder substances as nanomaterials, and this definition has not been accepted or adopted in the rest of the world. In addition, the definition has not been transposed uniformly in national legislation within the EU. Furthermore, many other EU regulations have their own definitions that conflict with this recommendation. What is more, the European Court of Justice has ruled that "nano" is not an intrinsic property of a substance.

Microplastics

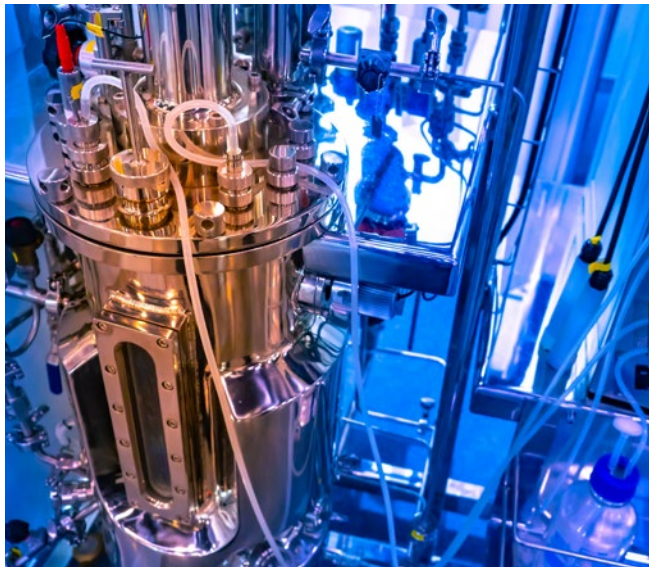
On behalf of the European Commission, in 2019, the European Chemicals Agency (ECHA) published a draft restriction on intentionally added microplastics. Evonik took part in public consultations, both directly and through industry associations (Cefic and VCI). The EU published its draft restriction at the end of August 2022. It was adopted in September 2023 and took effect in October 2023. Compared with ECHA's original draft, some improvements have been achieved for the chemical industry, for example, extending the transition periods for substitution, reporting, and labeling. Nevertheless, the restriction will increase the administrative work for producers and users. We are advocating for the publication of an additional guideline to specify details that have not yet been clarified to safeguard implementation.

Evonik became a signatory to Operation Clean Sweep in 2015. The aim of this global campaign is to reduce pellet loss in production, processing, and transportation. Evonik is also working on the removal of microplastics from wastewater. One example is the development of an electrochemical process, which was presented at the UNESCO – EU H2020 LimnoPlast Conference in May 2023. This process can be used to recover microplastics from wastewater for reuse. Evonik also offers alternatives that can replace microplastic particles in both rinse-off and leave-on cosmetic products.

Proposed restriction of PFAS in the EU

In spring 2023, five EU member states (Denmark, Germany, Netherlands, Norway, and Sweden) submitted a joint proposal on the restriction of PFAS to the European Chemicals Agency (ECHA). The proposed restriction affects an estimated 10,000 substances in almost all usage forms. Evonik is concerned that the implementation of this proposal could have a massive impact, for example, by disrupting value chains, and could prevent important applications in batteries, semiconductors, electric vehicles and renewable energy generation. Another critical factor is that the proposal does not contain any exceptions for the use of PFAS in industrial applications, for example, as intermediates. Moreover, the use of PFAS-coated pipes, valves and seals in plant engineering could be banned within 1.5 years of the introduction of the restriction. That would affect entire industrial plants.

A six-month public consultation on the proposed restriction of PFAS took place in 2023. Together with industry associations, Evonik played an active part in this consultation process and provided supplementary information and data in an effort to make the regulation more appropriate. Our critical assessment was shared by many other market participants. This was demonstrated by the fact that approximately 5,600 contributions to the consultation process were uploaded—more than in any previous consultation. Under the REACH regulation, the scientific bodies now have to prepare a scientific evaluation within 12 months. This will then be submitted to the European Commission, which will make a final decision on the possible restriction with the EU member states.



Bioreactor for the cultivation of micro-organisms in a biotech lab.

Evonik markets small amounts of polymers classified as a subgroup of PFAS for the manufacture of medical products. In addition, Evonik uses a small amount of PFAS compounds as precursors and intermediates, for example, in the production of pharmaceutical active ingredients and additives for the insulation of buildings.

We also produce small quantities of polyfluoroalkyl substances, which we mainly use in coatings to protect surfaces, for example, from graffiti. Evonik routinely looks for possible alternatives, but this is particularly difficult because of the special properties of PFAS. In principle, Evonik supports prudent regulation of PFAS.

Biotechnology
Industrial biotechnology uses micro-organisms such as bacteria, yeasts, and algae to develop sustainable industrial products on the basis of renewable raw materials and the associated processes. It is an important driver of growth and innovation and will therefore make a significant contribution to reducing the consumption of natural resources and enabling the transition to a bio-based circular economy.

Evonik uses natural micro-organisms, strains developed using conventional processes, and genetically modified micro-organisms (Innovation, Biotech Hub p. 30). Safe, modern, high-performance biotechnology methods are used to optimize our microbial production organisms and processes. All microbial strains undergo a thorough scientific safety assessment in our laboratories as part of the necessary registration procedures. We comply with the latest scientific standards and regulations with the aim of making our products safe for people, animals, and the environment.

Our targets

Below is an overview of the targets set for our value chain and products area of action.

Target attainment in 2023	Targets for 2024 and beyond
Research, development & innovation	**Research, development & innovation**
Generate more than €1 billion in additional sales[1] in our six innovation growth fields by 2025	Generate more than €1 billion in additional sales[1] in our six innovation growth fields by 2025
Circular Economy	**Circular Economy**
Generate more than €350 million in additional sales with solutions for the circular plastics economy from 2030	Generate at least €1 billion in additional sales with circular products and technologies by 2030
Solutions for around 400,000 metric tons of recyclable plastics by 2025	
Product stewardship	**Product stewardship**
Add substances/products from acquisitions[2] to CMS/CMS^{PLUS} and process them by the end of 2023	Add substances/products that were added to our portfolio through acquisitions between 2021 and 2023 to CMS/CMS^{PLUS} and process them by the end of 2026

Target not achieved
Target partially achieved or target horizon extends beyond 2023
Target achieved

[1] Reference base: 2015.
[2] Since 2017.

The environment

Protecting our environment and the climate are major global challenges of our time. Maintaining the natural basis of life for future generations is part of our corporate responsibility. This also includes continuously reducing emissions in keeping with our sustainable corporate strategy.

MATERIAL TOPICS

- Green energy
- Mitigating climate change
- Biodiversity
- Water management

SDGS OF PARTICULAR RELEVANCE FOR EVONIK

-15% Reduction in absolute scope 1 & 2 greenhouse gas emissions [1]

-17% Reduction in absolute scope 3 greenhouse gas emissions [1, 2]

-410 kt p.a.
CO_2 reduction with power from certified sustainable sources

[1] Reference base: 2021.

[2] Scope 3 emissions from all upstream categories and the category "Downstream transportation and distribution" as defined in our SBTi target.

Contents

The environment

- **Climate targets validated by SBTi**
- **Long-term power purchase agreements for wind energy and solar power**
- **Significant increase in green electricity**
- **New climate and water policies**
- **Extension of our water and biodiversity analyses**

The environment

Strategy and management

As a specialty chemicals company, we are aware that our production impacts the environment. To minimize the impacts, we set ambitious targets and put many measures in place. According to our materiality analysis, the most important sustainability issues for Evonik include mitigating climate change, green energy, water management, and biodiversity.

Our actions are based on an extensive, integrated management system for the environment, safety, health, and quality. This applies to the whole of the Evonik Group and is based on legal requirements, internal policies, and standard operating procedures. In addition to meeting compliance requirements, we therefore support a targeted improvement in our environmental performance. Furthermore, we require our manufacturing sites to be validated as conforming to ISO 14001, the internationally recognized environmental management standard. In the energy sector, we have used an ISO 50001-certified energy management system for many years. This is currently being transferred stepwise to a digital system p. 55.

The ESHQ (Environment, Safety, Health & Quality) function has a central audit system to regularly monitor the implementation of our strategy and management system. Based on the findings and analyses of internal and external audits and site inspections, talks are held on possible improvements and ways of implementing them. The executive board is informed annually of the outcome of the audits. The processes used to collect and process environmental data are subject to internal and external audits. Our high quality standards are backed up by regular training. Data input is decentralized, and the data can be evaluated on the basis of management units, legal structures, or regions.

In 2023, we completed the introduction of our global ESHQ software, ESTER (Evonik Standard Tool ESHQ and Reporting), and integrated a further module to systematically record environmental data on scope 1 and 2 emissions. ESTER replaces the SuRe 2.0 sustainability reporting software that we used for many years. Our environmental data for 2023 are reported entirely using ESTER for the first time. That greatly improves data quality and allows timely evaluation. In 2024, we plan to record all internal and external audits for matrix certification in the ESTER tool.

This will further harmonize processes and systems and therefore contribute to enhanced efficiency. You can find further information and details of the principles we use to capture environmental data in "About this report" p. 149.

The ESHQ function bundles all group-wide strategic management and coordination activities relating to the environment, plant safety, occupational safety, and health. The global strategy for the safety area of action is defined by the HR Executive Committee, which comprises the chief human resources officer, the HR partners of the divisions, and the heads of the ESHQ, Sustainability, and HR Business Management functions. Decisions on the implementation of this strategy are taken by the ESHQ panel. Its members are representatives of the divisions, regions, technical committee, and employee representatives. The panel is chaired by the head of the ESHQ function, who reports directly to the chief human resources officer. Management and decision-making for the environment area of action are assigned to the sustainability council and the sustainability circle. The Sustainability and ESHQ functions work together closely to prepare and implement the work of the sustainability council and the sustainability circle (see "Further elements of our sustainability management" p. 135). GRI 303-1, 303-2, 306-1, 306-2

Certification

Our divisions and regions are subject to annual audits to monitor compliance with DIN EN ISO 14001 and RC 14001 validation at our production locations. In 2023, we conducted 101 internal and external ESHQ audits worldwide. The proportion of output covered varies from year to year because of the addition of newly acquired units, but so far it has always been between 95 and 100 percent.

Mitigating climate change

Strategy and management

Mitigating climate change—which is one of our material topics—and the related extreme weather events are a major challenge for society and one that we are also addressing. We are driving forward the reduction of all climate-relevant emissions and other environmental impacts of our business activities. To actively mitigate the effects of climate change, we set ambitious new targets in 2022. We have also integrated reducing our CO_2 emissions (scope 1 and 2 emissions) into the remuneration of the executive board and other executives. Carbon pricing is used as an additional planning criterion in investment decisions. Along the value chain, we are working on innovative solutions to reduce emissions—often in collaboration with suppliers and customers. Moreover, we started work on a climate transition plan in the reporting period.

The main lever to reduce GHG emissions is our own production. In addition, compared with conventional alternatives, many of our Next Generation Solutions make a further contribution at the application stage (see "Strategy and growth" p. 14).

Climate targets 2021 – 2030

In 2022, Evonik announced its commitment to the Science Based Targets initiative (SBTi). SBTi is a partnership of CDP, the United Nations Global Compact, the World Resources Institute, and the World Wide Fund for Nature. It defines and encourages best practices for science-based target setting and independently evaluates targets set by companies from this perspective. It has now become an internationally accepted standard.

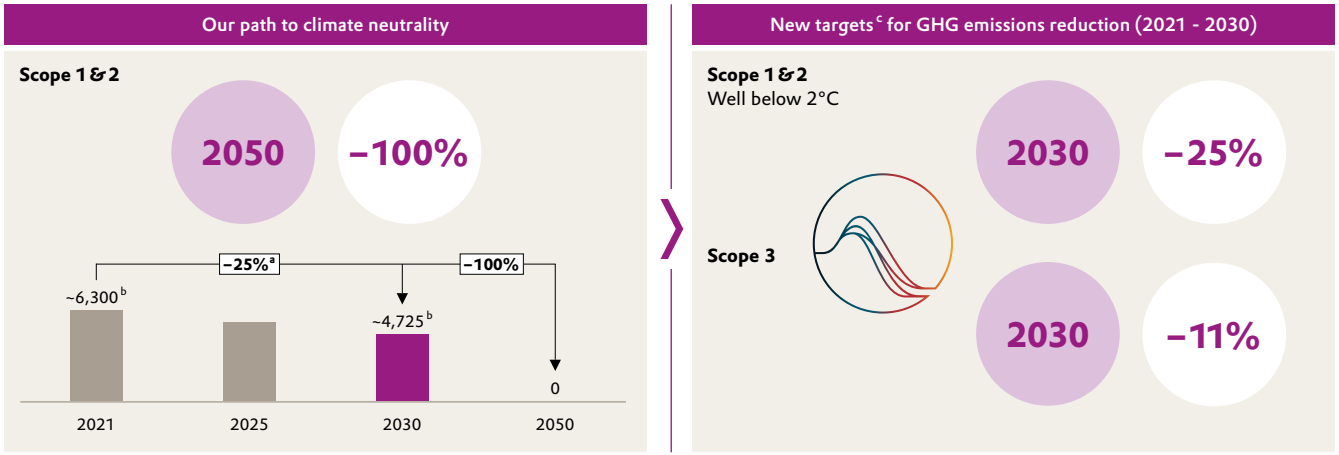
In the reporting period, the emission reduction targets submitted by Evonik were successfully validated by the SBTi. It confirmed that the ambitious target set for scope 1 and 2 emissions is suitable to help reduce global warming to well below 2° C. Our overriding target is to reduce scope 1 and 2 emissions by 25 percent between 2021 and 2030. In addition, Evonik has given an undertaking to reduce scope 3 emissions in all upstream categories and the category "downstream transportation and distribution" by

Our levers [a] to reduce GHG emissions along the value chain C13

Upstream	Gate-to-gate	Downstream
• Projects with key suppliers • Using climate-neutral instead of fossil-based raw materials • Closed-loop material flows; raw materials from recyclate	• Integrated facilities to use by-products • EAGER [b] project/Next Generation Technologies/ research • Green energy • Process efficiency • Sustainable data management	• Next Generation Solutions • CO_2e avoided by using Evonik products • Products to support a circular economy

[a] Examples.
[b] EAGER = **E**vonik **A**ssessment of **G**reenhouse Gas **E**mission **R**eduction.

Ambitious climate targets 305-1, 305-2, 305-3 C14



[a] Gross emissions; base year 2021, target year 2030.
[b] In thousand metric tons CO_2e.
[c] Validated by SBTi sciencebasedtargets.org/companies-taking-action#dashboard

11 percent[1, 2, 3] You can find an overview of our climate-related targets in C14.

To achieve our ambitious scope 1 and 2 target, we have put in place a wide range of measures. These include exiting coal-fired power generation at our site in Marl (Germany), ongoing global development of production processes and infrastructure (Next Generation Technologies), and a stepwise switch to renewable energy. In this way, we are also contributing to achieving the Paris Agreement on Climate Change.

In 2022, the EAGER project identified the potential to reduce GHG emissions at our sites. A cross-functional team identified scope to reduce CO_2e (scope 1 and 2 emissions) at the top 20 sites around the world by around 1 million metric tons (including the related costs of emissions avoidance), in accordance with the "well below 2° C" target. The top 20 sites account for 80 percent of Evonik's GHG emissions[4]. In the period to 2030, we plan to invest €700 million in Next Generation Technologies, in other words, in the ongoing development of production processes and infrastructure to reduce GHG emissions. In the reporting period, Evonik invested around €81 million in EAGER projects. Our aim is to reduce scope 1 and 2 CO_2 emissions by 170,000 metric tons CO_2e p.a. from 2026. For example, we are investing in the construction of a new facility in Singapore for carbon-neutral production of alkoxides.

In view of the geopolitical situation, we could not decommission the coal-fired power plant in Marl (Germany) as planned in 2022. Due to the consequences of Russia's invasion of Ukraine, we are required to retain the capacity until the end of March 2024 to safeguard the general reliability of supply. In this way, we secured the supply of electricity, heat, and steam to the site. We nevertheless assume that we will be able to achieve our scope 1 and 2 emissions reduction target for the period between 2021 and 2030.

Measures to reduce scope 3 emissions between 2021 and 2030

Reducing scope 3 emissions is challenging for the entire value chain because these emissions are outside our direct sphere of influence and are affected by many external factors. That necessitates intensive cooperation with partners along the value chain.

[1] Exact target: 11.07 percent.
[2] Based on greenhouse gas emissions from our sites in 2021.
[3] Some emissions fall within the scope of the SBTi criteria for the electricity sector and are therefore covered by different intensity targets. The exact wording of the Evonik emission reduction targets validated by SBTi can be viewed at sciencebasedtargets.org/companies-taking-action#dashboard
[4] Based on greenhouse gas emissions from our sites in 2020.

We analyze which raw materials and suppliers offer us the greatest potential for reduction. The starting point comprises secondary data from databases but also, increasingly, primary data. To increase the proportion of primary data, we contact our key suppliers once a year. In this context, we discuss, among other things, the main ways we can leverage emissions reduction with our suppliers. That may be renewable energies, improved processes, or alternative raw materials. Taking the overview of all factors, we then discuss specific targets with our suppliers. In this way, we support our customers' focus on reducing carbon emissions and circularity.

The short-term availability of low-carbon raw materials is limited. Therefore, we also use detailed mid- and long-term scenario analyses for the alignment of our procurement strategies. Green hydrogen is expected to drive the energy transition in the area of raw materials. That opens up opportunities for the production of green ammonia and green methanol. In the methanol process, CO_2 removal is possible, so the product would have a negative carbon footprint. Evonik is monitoring these developments and is in close contact with potential suppliers. Since ammonia can be used as a transport medium for hydrogen and as a substitute for marine diesel, we assume that the development here will be faster than for other raw materials.

A first step towards reducing our scope 3 emissions is the use of green C4 crack, which is produced from green naphtha in Marl (Germany). There are signs of a significant increase in volumes, especially of biomethanol, which is used to produce MTBE (methyl-tert.-butylether). In addition, green acetone is used to produce sustainable isophorone products. As an additional measure, in the reporting period, we started to procure inorganic raw materials produced using green electricity. We have also extended certification under the mass balance standard of the Roundtable on Sustainable Palm Oil (see "Value chain and products" p. 37). Process improvements on the supplier side can therefore be reported as a scope 3 measure thanks to the improved data transparency resulting from various supplier commitments.

Moreover, in the reporting period, for the first time, we were able to report measures to reduce CO_2 in the procurement of logistics services and packaging. Based on initial pilot talks with selected logistics providers, we have been able to alter our calculations to integrate measures that our suppliers are planning or have already implemented to reduce CO_2. Examples of savings are switching to intermodal transportation or using HVO[1] as a substitute for diesel fuel in road transportation (see "Transportation safety and logistics" p. 108). In addition, our supplier engagement program has been extended to include selected indirect suppliers in order to check the availability of primary data and the inclusion of potential measures to reduce CO_2.

Validation of our climate targets by SBTi gives us the assurance that we are heading in the right direction. They are an incentive for us to work towards a further significant reduction in our emissions in the future as an important contribution to limiting global warming.«

Holger Höcker | Vice President Safety, Strategy & Controlling, ESHQ, Germany

Mitigating climate change

Outlook 2030 – 2050

On our climate journey, we are currently focusing on reducing our scope 1 and 2 emissions. In the period to 2030, this will be leveraged principally by exiting coal-fired power generation, switching to green electricity, and increasing process and energy efficiency at our sites, especially by applying best practices. Our efforts will be supported by digital process technologies and the establishment of a sustainability data management system.

[1] Hydrotreated vegetable oil; corresponds to biodiesel produced entirely from waste and residues.

Looking beyond 2030, we see broadening our technology and raw material portfolios as the key drivers of our transformation. We anticipate that the availability of alternative raw materials will improve significantly and drive forward circularity. From 2035, we expect new technologies to reach maturity, one example being the widespread availability of green hydrogen. In the following years, we expect to see the breakthrough of processes such as carbon capture and storage (CCS) and carbon capture and utilization (CCU). Carbon capture and utilization technologies are a possible way of reducing the consumption of fossil fuels and avoiding CO_2 emissions. Together with partners, we are engaged in research in this field to improve our understanding of the interaction of such technologies with our portfolio of specialty chemicals under market conditions. For instance, our expertise in catalyst research offers the possibility of using the stable CO_2 molecule in combination with green hydrogen and renewable energies to generate a higher quality product. Following chemical conversion, CO_2 counts as a raw material and no longer as waste. This could enable the production of methanol and other hydrocarbons for use in products such as solvents, fertilizers, polymers, and liquid e-fuels. The use of CO_2 for e-fuels will be further strengthened by the ReFuelEU regulations for aviation[1]. We are supporting these projects and are in close contact with those involved in the relevant stages of the value chain.

Task Force on Climate-related Financial Disclosures

A cross-functional working group at Evonik is following the objectives of the Task Force on Climate-related Financial Disclosures (TCFD) very closely. The TCFD focuses on climate reporting by companies and their climate-related opportunities and risks. We provide an overview of climate-related information in the categories governance, strategy, risk management, and metrics and targets in line with the TCFD structure (see "Basis of reporting" p. 151). The executive board receives regular updates on climate-related opportunities and risks as part of our group-wide opportunity and risk management. In October 2023, TCFD considered that it had fulfilled its purpose and was therefore disbanded. In the future, companies' progress will be monitored by the IFRS Foundation. 201-2

Evonik is a member of the climate protection platform Chemistry4Climate—a joint initiative of the German chemical industry association (VCI) and the association of German engineers (VDI). The aim of this dialogue platform, which comprises around 70 partners from industry, NGOs, and politics, is to come up with practical ideas on how the chemical industry and other sectors can move towards defossilization by 2045. Chemistry4Climate supports Germany as an industrial base and promotes a fairer world, where value chains are viewed globally, and partner regions are given a fair share as advocated by the UN Sustainable Development Goals (SDGs).

Greenhouse gas emissions

The standard used to report our GHG emissions is the Greenhouse Gas (GHG) Protocol Standard. We distinguish between direct scope 1 emissions from energy generation and production and indirect scope 2 emissions from the purchase of electricity and steam. Purchased electricity is calculated by the market-based method using the individual emission factors of the power suppliers.

Greenhouse gas emissions

305-1, 305-2, 305-4, 305-5, 305-6, 305-7 — T05

in thousand metric tons CO_2e[a,b]	2021	2022	2023
Scope 1			
Gas	1,881	1,892	1,871
Coal	1,275	1,127	926
Oil	8	7	5
Substitute fuels and process emissions	1,168	1,137	985
Methane (CH_4)[c]	13	22	21
Dinitrogen oxide (N_2O)[c]	12	17	18
Hydrofluorocarbons (HFCs)	25	19	17
Total	4,381	4,221	3,842
Scope 2			
Purchased electricity[d]	979	905	801
Purchased steam	937	852	736
Total	1,916	1,757	1,537
GHG emissions, total scope 1 & 2	**6,297**	**5,978**	**5,379**
Reduction in GHG emissions versus 2021 in %	**0**	**–5**	**–15**

[a] The calculation of greenhouse gases as CO_2e is based on the Sixth Assessment Report IPPC AR6 (2021) and is based on a period of 100 years.

[b] Adjusted presentation of the results in accordance with the GHG Protocol Standard.

[c] Emissions from production and energy generation.

[d] Market-based method using individual emission factors of electricity suppliers.

[1] consilium.europa.eu/de/press/press-releases/2023/10/09/refueleu-aviation-initiative-council-adopts-new-law-to-decarbonise-the-aviation-sector/

Global demand remained weak overall in 2023 in challenging economic conditions, and production contracted by 10 percent year-on-year to 7.5 million metric tons. That was also one of the main reasons for the sharp drop in scope 1 and 2 GHG emissions, which also fell by 10 percent in the reporting period. Other reasons for the reduction were increased purchasing of electricity from renewable resources ("Green energy" p. 54) and the mode of operation of the power plants in Marl (Germany). Significantly less coal was used at the coal-fired power plant as block 4 was taken out of service in April 2023, and there was a long maintenance shutdown at block 5 in the second half of the year.

The requirement to extend the operation of the coal-fired power plant at this site, which was imposed to safeguard general supply as a result of the geopolitical situation, expires at the end of March 2024. Worldwide, Evonik will then no longer generate any electricity from coal.

In 2023, Evonik had 26 (2022: 24) facilities that fell within the scope of the EU Emissions Trading System (EU ETS). In total, these EU ETS facilities emitted 2.5 million metric tons CO_2 in the reporting period (2022: 2.8 million metric tons CO_2). Moreover, we are subject to carbon pricing systems in a number of countries. In Germany and Austria, we are subject to national emissions trading systems in addition to the EU ETS. In the provinces of Fujian and Shanghai in China, our Nanping and Shanghai sites are subject to regional emissions trading systems. National emissions trading systems apply for our sites in Morrinsville (New Zealand) and Ulsan (South Korea). Our sites in Gibbons and Maitland (Canada) and Singapore are subject to the relevant national CO_2 taxes. Overall, about 78 percent of GHG emissions were subject to carbon pricing systems in 2023.

Carbon pricing

We use internal carbon pricing for major investments as a basis for effective management of our CO_2 reduction target. The aim is to be able to reflect the development of carbon-intensive investments in a reliable and harmonized manner in all investment applications worldwide. At present, we assume that the carbon price for the EU ETS will be €142 per metric ton CO_2 up to 2030. In all other regions of relevance to Evonik, we have altered our forecast to €40 per metric ton CO_2 by 2030 at the latest. This reflects the development of the political framework in key emerging markets and developing countries, which does not currently indicate an increase in carbon pricing.

In view of regional differences in the starting situation, we have developed scenarios for the development of carbon pricing—differentiated by countries and regions—showing the rise to the assumed final global price. In these, we take into account both direct CO_2 emissions (scope 1 emissions) from production and energy generation and indirect CO_2 emissions from the purchase of secondary fuels (scope 2 emissions).

Furthermore, we use a CO_2 cost calculator that allows efficient and systematic calculation of the CO_2 costs to be taken into account in every investment. Since it provides site- and fuel-specific emissions factors and regional scenarios for the development of carbon pricing, it permits harmonized evaluation of the CO_2 cost of investments throughout the Evonik Group.

Evonik Carbon Footprint

We pay special attention to greenhouse gas emissions along the value chain. Since 2008, we have reported an extensive overview of greenhouse gas emissions—from the extraction of raw materials through production to the disposal of the products. The key parameter is the carbon footprint (CO_2e footprint). The data cover Evonik's direct energy and process emissions (scope 1), emissions from purchased electricity and heat (scope 2), and relevant upstream and downstream emissions (scope 3). These include emissions from the production of purchased raw materials, services, and capital goods, energy-related emissions not included in scope 1 and scope 2, emissions from inbound and outbound shipments, from the disposal of waste, emissions caused by business trips and employee commuting, energy requirements for administrative buildings, and emissions from the use, disposal, and recycling of sold products. The method is closely based on the GHG Protocol Standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), as well as the Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain published by the WBCSD.

Evonik Carbon Footprint[a] 305-3, 305-5 **T06**

Greenhouse gas emissions in million metric tons CO_2e		2021	2022[c]	**2023**[d]
Scope 1	Direct energy- and process-related emissions	4.4	4.2	3.8
Scope 2	Indirect emissions from purchased energy (gross, market-based approach)	1.9	1.8	1.5
Scope 3[b]	Category 1: Purchased chemical raw materials, packaging materials, and indirect goods and services	13.0	11.2	10.6
	Category 2: Capital goods	0.3	0.3	0.4
	Category 3: Energy-related activities (not included in scope 1 and 2)	1.7	1.5	1.0
	Category 4: Upstream transportation and distribution	1.1	1.0	1.0
	Category 5: Disposal and recycling of waste	0.3	0.3	0.3
	Category 6: Business travel	0.01	0.03	0.02
	Category 7: Employee commuting	0.06	0.05	0.04
	Category 8: Upstream leased assets (company cars, electricity and heating of administrative buildings)	0.00	0.00	0.00
	Category 9: Downstream transportation and distribution (to direct customers)	0.05	0.04	0.04
	Category 11: Use of sold products (direct emissions only)	4.2	3.1	3.2
	Category 12: Disposal and recycling of products	2.8	3.0	2.7
Reduction in scope 3[e] GHG emissions versus 2021 in %		**–**	**– 13**	**– 17**
GHG emissions, total scope 3		**23.4**	**20.5**	**19.2**
thereof upstream		*15.3*	*14.4*	*13.3*
thereof downstream		*6.3*	*6.1*	*5.9*
GHG emissions Evonik Carbon Footprint (sum of scope 1, 2, and 3)		**29.7**	**26.5**	**24.6**

[a] The fast close process reporting was used for this reporting period, see "About this report" **p. 149.** Differences between the data and totals are due to rounding. The inventory covers fossil greenhouse gas emissions and emissions of gases—other than CO_2—of biogenic origin. Moreover, scope 3 categories 1 (–1.3 million metric tons biogenic CO_2e), 11 and 12 (approximately +0.8 million metric tons biogenic CO_2e together), and direct scope 1 process emissions (+1.0 million metric tons CO_2) entail relevant use of biomass with the associated net amounts of CO_2 removal and biogenic CO_2 emissions. In the past, the net biogenic amounts were: scope 3 category 1 approximately –1.4 (2021) / –1.3 (2022) million metric tons CO_2; scope 3 categories 11 and 12 together approximately +1.0 (2021)/+0.9 (2022) million metric tons biogenic CO_2. The corresponding direct process emissions (scope 1) were constant at around +0.1 million metric tons CO_2 in 2021 and 2022.

[b] Some calculations are based on assumptions and estimates. Scope 3 category 10 "Processing of sold products" is not reported due to its complexity; categories 13 "Downstream leased assets," 14 "Franchises," and 15 "Investments" are not disclosed separately as they are not applicable or not significant.

[c] Since the economy was weaker in the second half of 2022 than in the first half of 2022, resulting in a reduction in production activity, emissions in the fourth quarter of 2022 were overestimated as the fast close process used a projection based on the first three quarters. As a result, the data for the full year had to be corrected. Therefore, the figures for 2022 in the present report differ from those reported in the sustainability report 2022.

[d] To calculate the emissions data for 2023, the IPCC AR6 - GWP100 impact assessment method (Sixth Assessment Report IPCC AR6 (2021), which is based on a 100-year period) was used where possible to determine scope 3 emissions, instead of the previous method developed by the University of Leiden (CML2001- Aug. 2016).

[e] Scope 3 emissions from all upstream categories and the category "Downstream emissions from transportation and distribution" as defined in our SBTi target.

The data in table **T06** cover fossil GHG emissions and biogenic GHG emissions other than CO_2. Net amounts from CO_2 removals (due to biological carbon sequestration by biomass at the beginning of the life cycle) and biogenic CO_2 emissions are reported separately.

The development of our direct energy- and process-related emissions, our indirect emissions from purchased energy, and greenhouse gas emissions along our value chain, including the contribution made by the individual categories in the GHG Protocol Standard, are presented for 2021 (baseline), 2022, and 2023 in table **T06**.

In 2023, greenhouse gas emissions decreased to 24.6 million metric tons CO_2e, compared with 26.5 million metric tons CO_2e in 2022. This was mainly due to a cyclical reduction in business activities, which was reflected in lower procurement, production, and sales volumes.

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. We want to reduce these further and therefore take the emissions situation into account when planning new facilities. Our clean air measures include returning exhaust gases to the production process, thermal processing of residual gases with a high calorific value (as substitutes for natural gas), the use of electric filters to remove particulates, the use of catalysts to reduce nitrogen oxide, and desulfurization by washing with subsequent precipitation. We also use other methods to reduce emissions from production facilities. Examples are wet and dry scrubbing, condensation, adsorption, and thermal and catalytic incineration. Some of these emissions treatment facilities are used simultaneously by several units.

Other emissions into the air 305-6, 305-7 **T07**

in metric tons	2022	2023
Carbon monoxide (CO)	800	803
Sulfur oxides (SO_x/SO_2)	1,185	1,027
Nitrogen oxides (NO_x/NO_2)	3,192	2,803
Non-methane volatile organic compounds (NMVOC)	994	741
Particulates	449	484
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	0.31	0.26
Ozone-depleting substances[a] in metric tons CFC-11 equivalents	0.30	0.29

[a] Emissions of ozone-depleting substances calculated in accordance with the Montreal Protocol.

The other emissions into the air declined in 2023 as a result of lower production output and the reduced use of coal for energy generation at Marl Chemical Park. The coal-fired power plant in Marl will be finally decommissioned at the end of March 2024 in accordance with the statutory requirements. That will bring a significant reduction in emissions into the air (excluding greenhouse gas emissions). Based on the data for 2023, we assume the following reductions:

- Nitrogen oxides (NO_x/NO_2): –1,000 metric tons
- Sulfur dioxide (SO_x/SO_2): –500 metric tons
- Particulates: –25 metric tons
- Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn): –0.05 to –0.07 metric tons

305-6, 305-7

Very low level of ozone-depleting substances

The ozone-depleting chlorofluorocarbons (CFCs) are presently only used as refrigerants on a very restricted basis as a transitional solution in line with national and international regulations. Emissions of ozone-depleting substances fluctuate at a low level due to aperiodic replenishment of refrigerant systems. Consequently, they were again very low in 2023. The main substitutes at present are partially fluorinated hydrocarbons (HFCs), which are used in decentralized air-conditioning systems and small process cooling systems. These substances do not harm the ozone layer, but they have a significant impact on the climate. We anticipate that these refrigerants will be replaced by more climate-friendly products in the mid-term. The greenhouse gas potential of the refrigerants is shown in table "Greenhouse gas emissions" T05 p. 51.

Green energy

Strategy and management

Green energy is one of Evonik's three most important material topics. In the reporting period, we made good progress with the strategic transformation of Evonik in this area. The focus at our sites is clearly defined: In the long term, supply will be switched to energy from renewable resources. More than 50 sites in Europe, Asia, and North and South America currently source or generate sustainable energy. That avoids around 410,000 metric tons of CO_2 a year. Our energy management system ensures a continuous and lasting increase in energy efficiency. We have already optimized more than 80 percent of our global energy requirements using an ongoing, certified process.

Significant increase in the proportion of green electricity

In the future, our European sites will be far less dependent on fossil fuels. In 2022, we signed a long-term power purchase agreement (PPA[1]) with EnBW for the supply of green electricity from the planned 960 Megawatt (MW) He Dreiht offshore wind farm, starting in 2026. Further PPAs were concluded in December 2023. From 2025, Evonik will source electricity from Vattenfall under a ten-year PPA. This will come from the approximately 120 MWp[2] installed capacity at the locations that are being erected in northern Germany. Furthermore, under a ten-year PPA with RWE, from 2028, we will be sourcing approximately 37.5 GWh p.a. green electricity from the Kaskasi offshore wind farm, which started operating in 2023. These long-term agreements ensure the financial viability and realization of these projects and help advance the energy transition. Evonik compensates for fluctuations in the wind energy and solar power feed-in through its own balance group management. This shows that we have a keen eye on the reliability of supply, can avoid potential bottlenecks, and safeguard the long-term operation of our production facilities.

[1] PPAs are long-term power supply agreements between a producer (e.g., a wind farm operator) and a major customer (e.g., an industrial company).
[2] MWp = Megawatt peak.

Worldwide, about 35 percent of electricity purchased by Evonik from external suppliers already comes from renewable sources. By 2030, we want to switch to green sources for 100 percent of purchased electricity. The PPAs with EnBW, Vattenfall, and RWE in Germany will increase this to well over 50 percent. At the same time, these agreements will reduce scope 2 emissions (purchased power) by about 150,000 metric tons CO_2 a year. Our goal is to reduce scope 1 and 2 emissions from 6.3 million metric tons to 4.7 million metric tons between 2021 and 2030 C14 p. 49. About one-third of this reduction should be achieved by using renewable energies.

In addition to green electricity, biomethane is becoming increasingly important for Evonik as a substitute for fossil-based natural gas. Our production facilities in Schörfling am Attersee (Austria) already operate entirely with energy from renewable resources. These production facilities for SEPURAN® membranes run exclusively off green electricity from wind, hydroelectric power, and biomass. Moreover, since the beginning of 2022, this site's gas requirements have been fully met by locally produced biomethane. By switching to environmentally friendly energy supply, Evonik has reduced direct CO_2 emissions at this plant in Upper Austria by about 5,000 metric tons a year. Moreover, since 2021, the High Performance Polymers business line has used biomethane for the manufacture of certain products in Germany. Since May 2023, biomethane has been used to produce steam at the Health Care business line's site in Ham (France.)

302-1, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

Energy management systems and measures to increase energy efficiency

Evonik aims to reduce both absolute and specific energy consumption by 5 percent by 2025 (baseline year: 2020). New technologies and efficient processes will pay a part in this. For example, our digital energy management system (DEnMS) supports the achievement of operational energy targets at our sites. In 2022[1], successful energy efficiency activities led to a reduction of more than 380 GWh in energy consumption, as well as reducing emissions by around 1 million metric tons CO_2, compared with 42,000 metric tons CO_2 in the previous year. This was due to the switch from coal to natural gas following commissioning of the highly efficient gas and steam turbine power plants at our site in Marl (Germany).

See our special magazine section
p. 69.

Green energy

In 2023, we successfully had further sites in Europe, North America, Brazil, and China certified as conforming with ISO 50001. Our certified energy management system now includes 57 sites, and ISO 50001 certification is planned for further sites in the coming years. Our aim is for certification to cover more than 90 percent of Evonik's global energy consumption by 2026. While absolute energy consumption at the ISO 50001-certified sites was reduced by 2.8 percent between 2020 and 2022, we registered a 3.4 percent rise in specific energy consumption in this period. The main reason for this was the cyclical drop in production volumes. Lower capacity utilization at production facilities often reduces their energy efficiency.

The energy efficiency measures implemented in 2022 included the following measures, which resulted in considerable energy savings:

- Commissioning of the new, highly efficient gas and steam turbine power plants in Marl (Germany) (project AS20+; energy savings: approx. 97 GWh p.a.)
- Use of innovative advanced process control (APC) systems in various plants in Marl and Wesseling (Germany) (energy savings: approx. 150 GWh p.a.)
- Use of exhaust heat from flue gas in Rheinfelden (Germany) (energy savings: approx. 6 GWh p.a.)

[1] Data for 2023 will not be available until summer 2024.

The energy management system is being switched stepwise to a uniform digital basis for all sites, supporting all steps from energy data capture through data analysis to monitoring the action taken. The benefits of the digital energy management system (DEnMS) are increased global data transparency and, in particular, faster, automated availability of real-time data at plant level.

Regular exchange formats ensure that the specialists for production, sustainability, and energy efficiency at our sites and in the divisions, functions, and regions share experience to strengthen the global best practice network. Networking is supported by the continuous expansion of our global knowledge platform on the energy management system. 302-1, 302-4

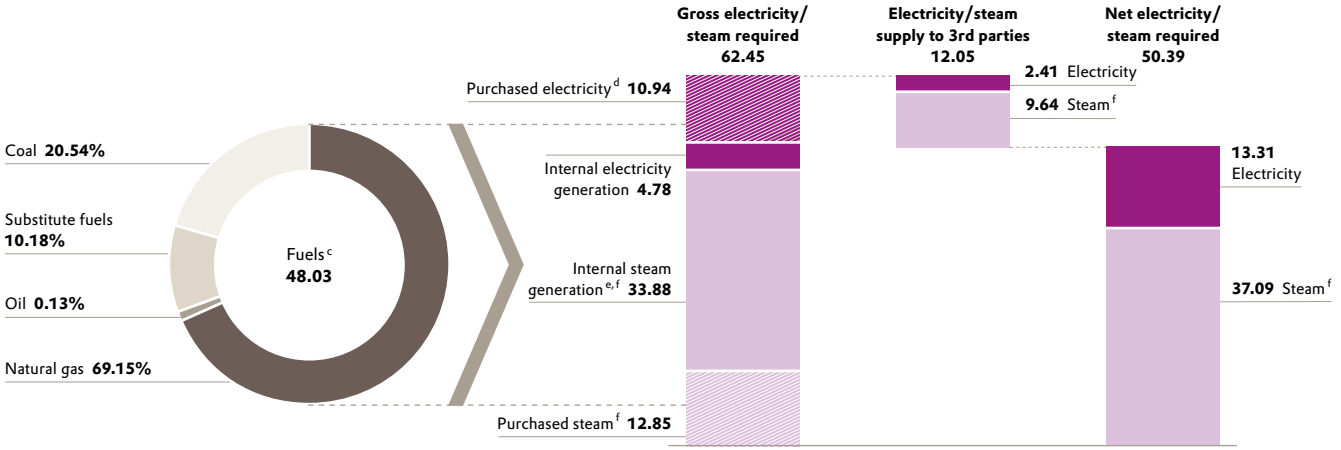
Energy data

In our energy reporting, we distinguish between primary energy inputs, generally fossil fuels used to generate electricity and steam, and secondary energy inputs. These mainly comprise purchased electricity and steam. We also use substitute fuels such as thermal processing of by-products, waste, and sewage sludge.

At present, natural gas and coal are Evonik's main fuels. The coal-fired power plant in Marl (Germany) will be decommissioned at the end of March 2024. That will end coal-fired power generation by Evonik worldwide. Coal will then be a negligible component of our energy mix.

In addition to natural gas-fired generation of electricity and steam for captive use, large amounts of process heat from exothermic reactions, for example, from the production of acrolein, are used in integrated heating systems.

Evonik's energy data 2023 [a, b] 302-1, 302-4 C15



[a] In petajoules.
[b] Contains the energy required to generate refrigerants. Does not include cooling energy sold to third parties.
[c] Fossil fuels and substitute fuels used by Evonik for internal energy generation.
[d] Excluding trading and excluding supply of purchased electricity to third parties in Germany.
[e] Including process heat, e.g., from acrolein production.
[f] Conversion factor: 2.8 * 10^{-6} PJ per metric ton steam.

Thanks to the coordinated operation of the power plants in Marl, there was a stronger shift in our energy mix towards natural gas in 2023. Increased use was made of the new, highly efficient gas and steam turbine power plants. Together with the higher availability of the power plants and the actual market prices, there was a significant rise in power sold to third parties. There was a significant reduction in the availability of substitute fuels due to the substantial drop in production activity. Heating oil now only plays an insignificant role in the energy mix. It is only used for auxiliary firing systems in the coal-fired power plant I in Marl. Moreover, insignificant amounts are required for emergency generators at some sites. The change in absolute and specific net energy input versus 2020 mainly reflects the trend in production.

Energy inputs 302-1, 302-3, 302-4, 302-5 **T08**

in petajoules	2020	2022	**2023**
Total fuels	54.59	50.49	48.03
Natural gas	*30.42*	*33.12*	*33.21*
Coal	*15.97*	*11.22*	*9.86*
Substitute fuels	*8.11*	*6.06*	*4.89*
Oil	*0.09*	*0.08*	*0.06*
Purchased electricity	9.17	10.70	10.94
Electricity sold	1.59	0.83	2.41
Purchased steam	12.84	13.78	12.85
Steam sold	10.10	9.51	9.64
Gross energy input[a]	76.59	74.96	71.82
Net energy input[b]	64.90	64.63	59.77
Change in net energy input versus 2020 in %	**0**	**0**	**–8**
Production in million metric tons	8.93	8.38	7.50
Specific net energy input in petajoules per million metric tons production	7.27	7.71	7.97
Change in specific net energy input versus 2020 in %	**0**	**6**	**10**

[a] Fuel inputs plus purchased electricity and steam.

[b] Fuel inputs plus purchased electricity and steam less electricity and steam supplied to third parties.

Water management

Strategy and management

We save water wherever possible and endeavor to achieve a further reduction in our emissions. In the reporting period, Evonik adopted a water policy and published it on its website. More . Our aim is to reduce specific freshwater intake by 3 percent relative to production volume between 2021 and 2030. This is to be achieved by a wide range of measures at our production sites. These measures were identified as part of the EAGER project p. 49. Integrated heat management measures can reduce the demand for cooling water, which in turn reduces the demand for freshwater. For example, our Active Oxygens business line has planned power-to-heat (PtH) projects for the period up to 2030. These include, for example, installing heat pumps in Europe, which should avoid around 35,000 metric tons of CO_2 and save more than 3 million m^3 of water a year. Process improvements help reduce freshwater intake. For instance, the Animal Nutrition business line has reduced water consumption by about 40 percent per metric ton of methionine at its facility in Mobile (Alabama, USA) by improving resource management at the site. In Antwerp (Belgium), Evonik is planning to use treated municipal wastewater instead of drinking water for its cooling towers in the future. Furthermore, there are plans to use the treated wastewater for steam generation, chemical processes, and in the desalination plants at this site. Based on full capacity utilization, this should allow savings of around 2.5 million m^3 of drinking water a year at this site from 2026 and reduce freshwater requirements by a further 10 percent. In view of this, the municipal water utility in Antwerp is planning to build a cooling water factory with several technology companies in the next three years to recycle and treat municipal wastewater.

We are also continuing our work on established water management topics, including monitoring our sites in water stress areas. Adequate availability of water for cooling and production processes plays a key role in our production activities. We therefore regularly analyze the short-, medium-, and long-term water risks at our sites. In the reporting period, we therefore widened our analysis of water stress at our sites to encompass a holistic assessment of water risks. We use the WWF[1] Water Risk Filter to analyze various physical risk aspects such as water stress, flooding, and water quality. In addition, we evaluate reputational risks, such as water conflicts and media scrutiny, and regulatory risks. Another focus is on the 2030 and 2050 time horizons, based on the TNFD[2] climate scenarios. The AWARE[3] method,

[1] World Wide Fund For Nature.
[2] TNFD = Task Force on Nature-related Financial Disclosures.
[3] AWARE = Available WAter REmaining.

Anaerobic processes for the treatment of process effluent and sludge with a high organic content use very little energy compared with incineration or aerobic biological treatment and generate virtually no residues for landfill. These methods also produce valuable biogas and reduce CO_2. We have developed a variety of concepts to implement this.«

Matthias Woyciechowski | Senior Expert Environmental Technologies, Germany

Water management

which we previously used to identify sites in water stress areas, has been integrated into the WWF Water Risk Filter. The water risk assessment looks at risks relative to the water basin and the type of water use at each site. Examples are particularly water-intensive processes. In the reporting period, we performed a full water basin assessment. We also started to assess water use by interviewing experts at our sites. We started with those sites that our water basin analysis identified as being in high-risk regions.

We use the WWW Water Risk Filter to determine the sites that are most affected by water risks. In the reporting period, we did not obtain a rating of very high or extreme for any of our 104 production sites. At five sites, water risk was classified as high. A further 47 sites are classified as medium risk in respect of the water basin. Ten of these are in the upper range (medium-high). The shift compared with the previous year (AWARE method) is attributable to the considerably wider scope of the WWF Water Risk Filter, which has a total of 12 risk categories. Risk category 1 (water scarcity) looks at six indicators, one of which is the AWARE approach. In addition, the WWF Water Risk Filter defines levels (extreme, very high, high, medium, etc.) to which the sites are allocated.

We also examined future risks for the 2030 and 2050 time horizons using the WWF Water Risk Filter, including analyses for the pessimistic, current trend, and optimistic scenarios. The pessimistic scenario is based on very conservative assumptions. On this basis, 19 sites would be classified as high risk in 2030 (but none as very high or extreme). In 2050, 23 sites would be classified as high risk and a further three as very high risk (but none as extreme risk). Analyzing our sites using the WWF Water Risk Filter helps us identify relevant water-related impacts, dependencies, and risks in order to derive and prioritize future measures. Furthermore, we are currently working on an approach to assign a monetary value to water risks.

In addition to the water risks outlined above, we perform a holistic risk analysis covering the additional potential impact of natural catastrophes such as storms, hail, floods, hurricanes, tornadoes, and torrential rainfall. Moreover, our sites are regularly audited by insurance companies. 303-1, 303-2, 303-3, 303-4, 303-5

Water data

Total water intake was 403 million m^3 in the reporting period, while discharges amounted to 397 million m^3. The difference of 6 million m^3 between water intake and discharge mainly comprises water used to replace evaporation losses. Around 98 percent of our total water intake of 1,724 million m^3 was for cooling purposes in energy generation and production. Only 2 percent (41 million m^3) was used for production purposes. We include

Water intake by source[a] 303-1 T09

in million m^3	2021	2022	2023
Drinking water[b]	20.7	20.6	19.0
Groundwater	56.6	51.7	46.7
Surface water	174.3	172.1	153.8
Recycling of water from third parties and use of rainwater	4.3	3.4	4.7
Total freshwater	**255.9**	**247.8**	**224.3**
Salt water (sea water)	206.0	196.6	179.0
Total	**461.9**	**444.4**	**403.2**
Production in million metric tons	**9.5**	**8.4**	**7.5**
Specific water intake intake in m^3 freshwater per metric ton production	**26.8**	**29.5**	**29.9**
Development of specific freshwater intake relative to the reference base 2021 in %	**0**	**10**	**12**

[a] Differences between the data and totals are due to rounding.
[b] Water from municipal or other utilities.

water used in closed cooling circuits and evaporation losses when calculating the proportion of total water used for cooling.

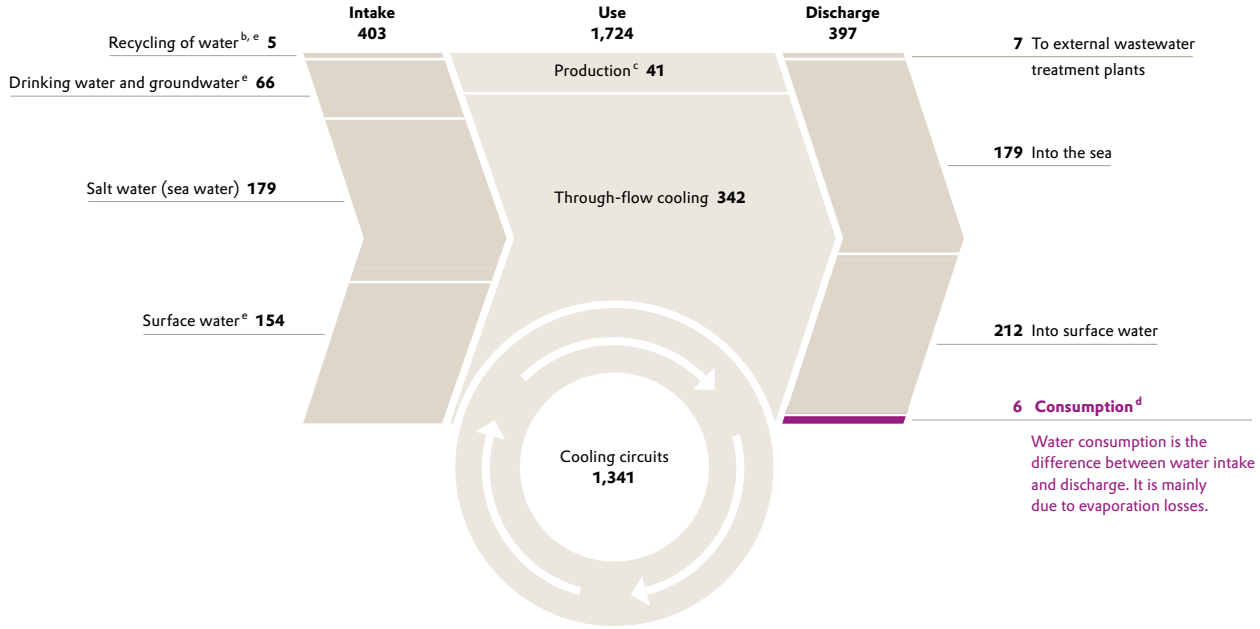
Evonik's consumption of freshwater—the total of recycled water from third parties, rainwater, drinking water, groundwater and surface water—declined by 10 percent to 224 million m^3 in the reporting period. The reduction in consumption of drinking water and surface water was mainly attributable to the reduction in production in 2023. The reduction in groundwater consumption was mainly due to the sale of the Lülsdorf site in Germany. The increase in recycling of water from third parties and use of rainwater was mainly due to increased rainfall in Marl (Germany) compared with the drought in 2022. The reduction in salt water intake in 2023 was due to a maintenance shutdown at a methionine plant on Jurong Island (Singapore) in the fourth quarter.

Emissions into water

Our sites aim to make a contribution to protecting natural water resources. When planning new production plants, we therefore consider the use of processes that generate little or no wastewater. Where contaminated water from production processes (production effluent) is unavoidable, partial streams are tested, for example, for biodegradability. We have high technology standards and infrastructure for the disposal of wastewater at our sites. In some cases, production effluent is pretreated in the production plants. Consequently, the effluent load of wastewater discharged into our own or third-party treatment facilities is moderate.

Evonik's water data 2023 303-1, 303-2, 303-3, 303-4, 303-5 C16

(in million m^3 p.a.)[a]



[a] Figures in the chart are rounded. | [b] Recycling of water from third parties, including use of rainwater. | [c] Water used in chemical processes, including generation of steam and water for sanitary purposes. | [d] Water consumption in accordance with GRI Standard 303-5 (2018). | [e] Freshwater.

At Marl Chemical Park in Germany, sewage sludge is dewatered in our own treatment plant and subsequently incinerated in our own facilities with integrated flue gas treatment. We use some of the exhaust gases from the production plants as substitute fuels. The incineration gases are then used to generate 20 bar steam. Wastewater discharged from our sites is carefully monitored, for example, by regular sampling and measuring equipment that operates continuously. These analyses support the management of our wastewater treatment facilities. Moreover, many analyses are required by legislation on self-monitoring. In addition, the authorities frequently perform unannounced checks to monitor discharges.

Wastewater loads[a] 303-2 T10

in metric tons	2022	2023
Chemical oxygen demand (COD)	1,433	1,316
Total nitrogen (N)	143	185
Total phosphorus (P)	33	37
Absorbable organic halogen compounds (AOX)	1.2	1.4
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	1.3	1.4

[a] Direct discharges only.

In 2023, we discharged a total of 397 million m^3 wastewater, including 7 million m^3, which was channeled to third-party facilities (e.g., municipal facilities) for treatment (indirect discharge). 47 million m^3 were discharged directly into water via our own drainage system after treatment in Evonik wastewater treatment facilities. These direct discharges also include amounts accepted from third parties for treatment at the wastewater treatment facilities operated by us at chemical parks. Since 2021, our external reporting has only disclosed the wastewater loads of direct discharges. In view of this, data from 24 direct discharge sources were included in the reporting period.

Organic substances—expressed as chemical oxygen demand (COD)—account for the highest proportion of our wastewater loads. COD is the concentration of all substances in the wastewater that can be oxidized under certain conditions. The decrease in COD was mainly attributable to the reduction in production. The increase in total nitrogen (N) emissions was caused by the temporary malfunctioning of one of our wastewater treatment plants.

Waste management

Strategy and management

Our efforts to further reduce production waste are aligned with a clear principle: the first priority is to avoid waste; otherwise waste should be recycled or used to generate energy. As a third option, if this is not possible, it should be disposed of safely. Evonik uses this principle to implement the five-step waste hierarchy defined by EU legislation. As a specialty chemicals company, we are involved in research and development work on mechanical and chemical recycling (see "Value chain and products" p. 33).

Between 2021 and 2030, we aim to reduce specific production waste relative to production volume by 10 percent. We want to achieve this by implementing a wide range of measures at our production sites. These measures were identified, for example, in the EAGER project. In addition, we are continuing our work on a waste management system.

Continuous optimization of production processes contributes to avoiding and minimizing waste. That includes in-plant reprocessing of substance streams and the use of highly specialized catalysts to minimize side reactions. Where waste is unavoidable, the focus is on mechanical or thermal reprocessing. At our sites, various types of recyclable waste, such as glass, paper, and wood, are collected separately and sent to external recycling firms. We regularly monitor these firms through audits to review their suitability in conformance with statutory provisions.

We also use the benefits of integrated production sites and systems for systematic waste management. By-products of a production process are used as raw materials in other production plants. For example, at the integrated C4 production facilities at

Waste management[a,b] 306-4, 306-5 T11

	2022	2023	2022	2023
in thousand metric tons	internal	internal	external	external
Incineration with recycling of heat energy	16	10	25	27
Disposal by incineration	43	43	32	15
Recycling (including composting)	52	34	71	62
Landfill	2	0	55	54
Chemical/physical/biological treatment	9	9	19	17
Other reprocessing methods	2	4	75	44
Other disposal methods	1	1	25	29
Total	**125**	**100**	**302**	**248**

[a] Differences between the data and totals are due to rounding. | [b] Only includes waste streams in the gate-to-gate process.

Waste [a, b] 306-1, 306-2, 306-3, 306-4 T12

in thousand metric tons	2021 internal	2022 internal	**2023 internal**	2021 external	2022 external	**2023 external**	2021 internal and external	2022 internal and external	**2023 internal and external**
Hazardous production waste, reprocessed	69	65	44	64	62	55	133	127	99
Hazardous production waste, disposal	68	45	45	36	50	36	104	95	81
Non-hazardous production waste, reprocessed	4	5	4	45	49	51	49	54	55
Non-hazardous production waste, disposal	13	10	8	43	49	45	55	59	53
Total production waste	**153**	**125**	**100**	**188**	**211**	**187**	**342**	**335**	**287**
Production in thousand metric tons							**9,540**	**8,380**	**7,503**
Specific production waste in metric tons per metric ton production							**0.036**	**0.040**	**0.038**
Development of specific production waste relative to the reference base 2021 in %							**0**	**12**	**7**
Hazardous building and demolition rubble, reprocessed	0	0	0	1	1	1	1	1	1
Hazardous building and demolition rubble, disposal	1	1	0	38	7	8	39	7	8
Non-hazardous building and demolition rubble, reprocessed	0	0	0	39	59	27	39	59	27
Non-hazardous building and demolition rubble, disposal	0	0	0	31	25	26	31	25	26
Subtotal building and demolition rubble	**1**	**1**	**0**	**109**	**92**	**61**	**109**	**92**	**61**
Total	**154**	**125**	**100**	**297**	**302**	**248**	**451**	**427**	**348**

[a] Differences between the data and totals are due to rounding. | [b] Only includes waste streams in the gate-to-gate process.

our site in Marl (Germany), we produce butadiene, butene-1, MTBE (methyl-tert-butylether), isononanol, and plasticizers. Integrated management means that waste products can be used in nearby plants. At Marl Chemical Park, liquid organic residues are used as a substitute for heating oil in the gas synthesis plant at this site, and waste sulfuric acid is recycled in the sulfuric acid plant.

Alongside reprocessing methods, waste with a high calorific value ("substitute fuel") is used to produce energy. This reduces the use of primary fossil fuels. We use some of the exhaust gases from production plants as substitute fuels. Heat from the substitute fuels and incineration gases is used to generate steam.

In our analysis of waste management/circular economy, we distinguish between waste processed on-site and waste transferred off-site. Waste transferred off-site physically leaves our reporting boundaries as "genuine" waste. By contrast, waste processed on-site is recorded as waste, but its environmental impact is generally only registered for the by-products of the various treatment steps, for example, as CO_2 from incineration T11 p. 60.

In 2023, total waste decreased by 19 percent year-on-year to 348,000 metric tons. The reduction in production waste was mainly attributable to the reduction in production in 2023, while the reduction in building and demolition rubble was due to a reduction in construction activity. Construction activity depends on specific measures and may vary considerably from year to year. The percentage of waste reprocessed comprises recycled substances, incineration with recycling of heat energy, and other disposal methods. The reprocessing rate decreased to 52 percent in 2023 (2022: 56 percent).

Biodiversity

Strategy and management

Biodiversity is one of Evonik's 15 material topics. We are aware that our business operations involve both opportunities and risks with regard to biodiversity. These include, for example, the loss or protection of biodiversity on land and in the oceans, including microbial organisms. It is important to avoid supply chain disruption and production stoppages caused by reduced biodiversity and damaged ecosystems.

The starting points for our examination of biodiversity are conventional environmental topics such as emissions into water and the air and responsible water and waste management, which we report on regularly. In addition, the following aspects of biodiversity are addressed in the sustainability analysis of our business: water, eutrophication, acidification, land use, use of renewable raw materials, emissions of critical and persistent chemicals, and microplastics. Our contributions to maintaining diversity are bundled in our Sustainability Focus Area safeguard ecosystems p.140.

In the reporting period, we were involved in various biodiversity workstreams at the German chemical industry association (VCI) and the federation of German industries (BDI) and also took part in various consultation procedures. Moreover, we continued our discussions with the European Commission on the EU biodiversity strategy for 2030 with a focus on the proposed EU soil legislation.

In 2023, we also set up internal expert groups to examine relevant aspects of biodiversity. We started to analyze new reporting guidelines and methods and to define and calculate additional biodiversity indicators. In addition, we are preparing for the new EU reporting requirements of the CSRD, ESRS E4 Biodiversity and ecosystems. We follow the activities of biodiversity initiatives such as the Task Force on Nature-related Financial Disclosures (TNFD), Science Based Targets for Nature (SBTN), and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).

For biodiversity analyses, we still use a geoinformation system based on the data of the IBAT Alliance[1]. On this basis, we annually examine the potential impact of our worldwide sites on areas of special significance for biodiversity. This focuses on all sites within one kilometer of conservation areas or key biodiversity areas. Key biodiversity areas are areas with land, freshwater, and marine ecosystems that play a key role in protecting global biodiversity. Areas are classified as global key biodiversity areas if they meet one or more of eleven criteria, which are subdivided into the following five categories: threatened biodiversity, geographically restricted biodiversity, ecological integrity, biological processes, and biological irreplaceability. The data on key biodiversity areas are also made available by the IBAT alliance and are linked to the data on Evonik sites in our geoinformation system GIS-Sus. Overall, 37 percent of our production sites are located within one kilometer of conservation areas or key biodiversity areas. The table showing sites adjacent to conservation areas in 2023 includes Natura 2000 areas.

Ecosystem services and direct drivers of biodiversity loss based on IPBES [2, 3]

Biodiversity and ecosystems are natural capital and form the basis for processes that are vital for life. They provide what are known as ecosystem services, which can be divided into four categories:

- Provisioning services (e.g., wood, water, clean air)
- Regulating services (e.g., climate regulation, pollutant decomposition, water purification)
- Supporting services (e.g., nitrogen and carbon cycles, water cycle, soil formation)
- Cultural services (e.g., therapeutic, recreational, spiritual fulfillment)

Communities and economic systems are supported by these ecoservices. The IPBES reports that biodiversity and ecosystem services are decreasing as a result of anthropogenic influences. According to the IPBES, the direct drivers of the reduction in biodiversity and ecosystems are:

- Land use/seascape change
- Resource use
- Climate change
- Pollution
- Invasive alien species

[1] The IBAT Alliance comprises the following four non-governmental organizations: (1) Bird Life International, (2) Conservation International, (3) International Union for Conservation of Nature (ICUN), (4) United Nations Environment Programme World Monitoring Centre (UNEP-WCMC).
[2] IPBES = Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.
[3] Source: IPBES 2019; Global Assessment Report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Diaz, H. T. Ngo **ipbes.net/global-assessment**

Evonik production sites adjacent to conservation areas 2023 304-1 T13

Production site	Country	Area in km²	IUCN[a] categories	Ramsar[b] area	Natura 2000[c] area
Lafayette	USA	7.004	V		
Marl	Germany	6.529	IV, V		×
Morrisburg	Canada	1.132	Ia		
Antwerp	Belgium	1.083	IV	×	×
Hanau-Wolfgang	Germany	0.779	IV, V		×
Rheinfelden	Germany	0.554	V		
Wesseling	Germany	0.331	IV, V		×
Herne	Germany	0.261	IV, V		
Krefeld	Germany	0.237	IV, V		×
Greensboro	USA	0.235	V		

[a] IUCN = International Union for Conservation of Nature.

[b] Ramsar Convention = convention on wetlands, especially as habitats for waterfowl.

[c] Natura 2000 = an EU-wide network of protected areas to protect endangered or typical species and habitats.

Compared with 2022, the list of the ten largest production sites adjacent to conservation areas no longer includes Lülsdorf (Germany) because this site was sold to International Chemical Investors Group (ICIG), effective June 30, 2023. Instead, the list now contains Greensboro (North Carolina, USA). Moreover, the area of some sites deviates slightly from the data published in 2022.

Overall, there are 34 production sites adjacent to conservation areas. The total area of all production sites adjacent to conservation areas is 19.8 km².

Evonik production sites adjacent to key biodiversity areas 2023 304-1 T14

Production site	Country	Area in km²	Criterion
Antwerp	Belgium	1.083	Migratory birds, other
Rheinfelden	Germany	0.554	Other
Delfzijl	Netherlands	0.105	Endangered species, migratory birds, other
Tonawanda	USA	0.087	Migratory birds
Qingdao	China	0.040	Species threatened with extinction, critically endangered, and endangered species
Taoyuan City	Taiwan	0.035	Endangered species, migratory birds
Ami-Machi	Japan	0.034	Endangered species
Rheinmünster	Germany	0.026	Endangered species, migratory birds, other
Umbogintwini	South Africa	0.020	Species threatened with extinction, critically endangered, endangered, and endemic species
Lauterbourg	France	0.018	Endangered species, migratory birds, other

T14 shows our ten biggest production sites adjacent to key biodiversity areas. Compared with 2022, we have added the site in Rheinmünster (Germany). There have also been slight changes in the area of the sites in Rheinfelden (Germany) and Tonawanda (New York, USA) compared with 2022.

We have a total of 11 sites adjacent to key biodiversity areas. The total area of all production sites adjacent to key biodiversity areas is 2.0 km².

In 2023, we embarked on a more detailed examination of the direct drivers of biodiversity loss defined by IPBES. The main drivers of relevance for Evonik are climate change, pollution, direct use of resources, and land-use change. We report extensively on climate change and pollution in CDP Climate Change. In the area of direct use of resources, we are currently focusing on our water consumption, which we report in CDP Water Security. We address aspects of changes in land use in CDP Forests in connection with palm oil, palm kernel oil, and their derivatives p. 168. In the selection of raw materials, we apply internationally recommended certification standards for palm oil and plan to use only deforestation-free palm derivatives (see "Value chain and products" p. 37).

In the future, we want to analyze the bio-based raw materials we procure. The focus here will be on land use and changes in land use with regard to purchased renewable raw materials and the related water consumption for irrigation. This is an important lever for Evonik's biodiversity footprint. Invasive alien species are not currently classified as material for Evonik.

Progress with these aspects is altering our analysis of the biodiversity of our sites. In the future, we will be giving greater priority to a holistic perspective. Alongside the drivers of biodiversity loss, we intend to review risk assessments and our dependence on ecosystem services. In the reporting period, we started to identify and evaluate nature-related risks and opportunities, using the LEAP[1] method developed by TNFD. That will help us include biodiversity even better in the sustainability analysis of our business p. 20.

[1] LEAP = Locate, Evaluate, Assess, Prepare.

In addition to compiling data on conservation areas, in 2023, for the first time, we used the WWF Biodiversity Risk Filter and the WWF Water Risk Filter to assess the risks of all sites p. 57. This shows that, at present, Evonik has five production sites in regions with high physical risks. The biggest physical risks at these sites are environmental pollution, tropical cyclones, and landslides. None of our sites is located in an area classified as having generally high reputational risks, but particularly critical media reports represent a high or very high risk at most sites. At sites where the anticipated risks are high and that are also close to conservation or key biodiversity areas, we want to examine the direct drivers of biodiversity loss in more detail in the future. This could be done through interviews and workshops at the relevant sites.

In addition, we are working to compile and visualize further biodiversity indicators. To this end, a group-wide biodiversity dashboard is currently being developed so that the most affected sites can be identified more easily in the future and appropriate action can be defined.

When upgrading the railroad bridge over the Silvert stream in Marl, we considered all ecological aspects and discussed them with the nature protection organization NABU, local residents, and the local authorities. The project includes rewilding the stream in this area and incorporating a hibernation bat box into the bridge.«

Thomas Kruck | Project Manager, Construction Engineering, Germany

Biodiversity

Our sites are engaged in various initiatives to protect biodiversity. For example, the Evonik site in Antwerp (Belgium) is committed to participating in the Voka[1] Charter for Sustainable Entrepreneurship . This goes hand in hand with the implementation of the 17 SDGs. We have already implemented the first points, including renesting protected barn swallows and collecting litter, both on the site and beyond. At our site in Marl (Germany), we are involved in a project to rewild the Silvert stream.

Evonik's products and solutions[2]

Declining biodiversity has a negative effect on Evonik's business activities. At the same time, our business activities can have a negative effect on biodiversity. However, Evonik's products and solutions also play a part in maintaining biodiversity and help protect habitats.

Peracetic acid from Evonik is an effective alternative to established biocides for disinfecting wastewater. Before the treated wastewater is discharged into the environment, it undergoes a disinfection process to eliminate pathogenic bacteria. This prevents the bacteria from getting into waterways used by people for recreational purposes or fishing. One big advantage of peracetic acid compared with chlorinated disinfectants is that it decomposes, and no or only very few toxic by-products are released.

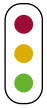
Evonik's Health Care business line markets products that can be used as alternatives to animal-derived substances in pharmaceutical applications and therefore make a positive contribution to circularity and biodiversity. One example is PhytoChol®, a plant-based cholesterol, which is an essential component in the production of lipid nanoparticles, a key technology for drug delivery. Another example is PhytoSquene®, a squalene based on amaranth oil. We therefore offer an alternative to traditional production from shark liver oil, which makes a contribution to preserving the biodiversity because many species of shark are currently endangered.

[1] Voka = A Flemish network of companies in Belgium.
[2] Information on CO_2e avoided by the use of Evonik products can be found in "Strategy and growth" p. 24.

Our targets

Below is an overview of the targets set for the environment area of action.

Target attainment in 2023	Targets for 2024 and beyond
Reduce absolute scope 1 and scope 2 emissions by 25 percent between 2021 and 2030 (status: –15 percent)	Reduce absolute scope 1 and scope 2 emissions by 25 percent between 2021 and 2030
Reduce absolute scope 3 emissions[1] by 11 percent[2] between 2021 and 2030 (status: – 17 percent)	Reduce absolute scope 3 emissions[1] by 11 percent[2] between 2021 and 2030
Reduce both absolute and specific energy consumption by 5 percent between 2020 and 2025 (status: –8 percent absolute; +10 percent specific)	Reduce both absolute and specific energy consumption by 5 percent between 2020 and 2025
Switch purchased electricity to 100 percent green electricity by 2030 (status: +35 percent)	Switch purchased electricity to 100 percent green electricity by 2030
Reduce specific freshwater intake by 3 percent relative to production volume between 2021 and 2030 (status: +12 percent)	Reduce specific freshwater intake by 3 percent relative to production volume between 2021 and 2030
Reduce the specific volume of production waste by 10 percent relative to production volume between 2021 and 2030 (status: +7 percent)	Reduce the specific volume of production waste by 10 percent relative to production volume between 2021 and 2030



Target not achieved
Target partially achieved or target horizon extends beyond 2023
Target achieved

[1] Scope 3 emissions comprise all upstream categories and the category "Downstream transportation and distribution" as defined in our SBTi target.
[2] Exact target: 11.07 percent.

IMPLEMENT!

—Our focus projects*

2023

* This special section is outside the scope of the auditor's limited assurance engagement.

Introduction

Driving forward the transformation of industry and society means actively shaping fundamental changes. Evonik wants to make a contribution to a future that is worth living—a future that uses resources efficiently and is innovative, sustainable, and profitable. We can only achieve that by working together with everyone in the value chain—our employees, customers, and suppliers.

Our activities are focused on those aspects that are of material importance for us and our direct stakeholders. We take into account both how Evonik impacts the environment and society and how the environment and society impact us. In our materiality analysis, we evaluated and weighted these impacts. In this way, we identified 15 material topics, three of which are particularly relevant for Evonik: **green energy, portfolio transformation,** and **circular economy.**

Transformation may be triggered by innovations or by changes in society's needs and the environment. We therefore review our material topics every year and compare them with current trends and developments. That helps us keep an eye on the implementation of our sustainable corporate strategy for the transformation to **Next Generation Evonik** and address the changes as we move forward.

In this special section of our sustainability report 2023, we have selected four examples that illustrate how we help make our world more sustainable in collaboration with our partners. The focus is our three most important material topics. Trustful collaboration and close partnerships pave the way for their implementation.

Green energy is the basis for the energy transition. Together with *Siemens Energy,* we are researching and testing *innovative hydrogen technology in an industrial environment* at our site in Herne (Germany). The goal is to use green electricity to generate green hydrogen, which is used in the production of a key precursor for rotor blades for wind turbines. Our collaboration with *EnBW* shows how we *source green electricity from wind farms* for our sites and, at the same time, make a contribution to more widespread use of renewable energies.

In the *Future Sustainable Car Materials* project, we are working in a consortium with *BMW*. Our joint aim is to close the plastics cycle and make a contribution to a **circular economy.** Evonik and its customers know that **portfolio transformation** can only be achieved by working together as partners. A good example is *Beiersdorf* and its shift to more *sustainable skincare products.* We show how we work together to tackle challenges and develop viable solutions.

We partner with our customers to go beyond what is considered possible today. Together, we work on new solutions for the most important questions for our shared future.

WE GO BEYOND.

Introduction

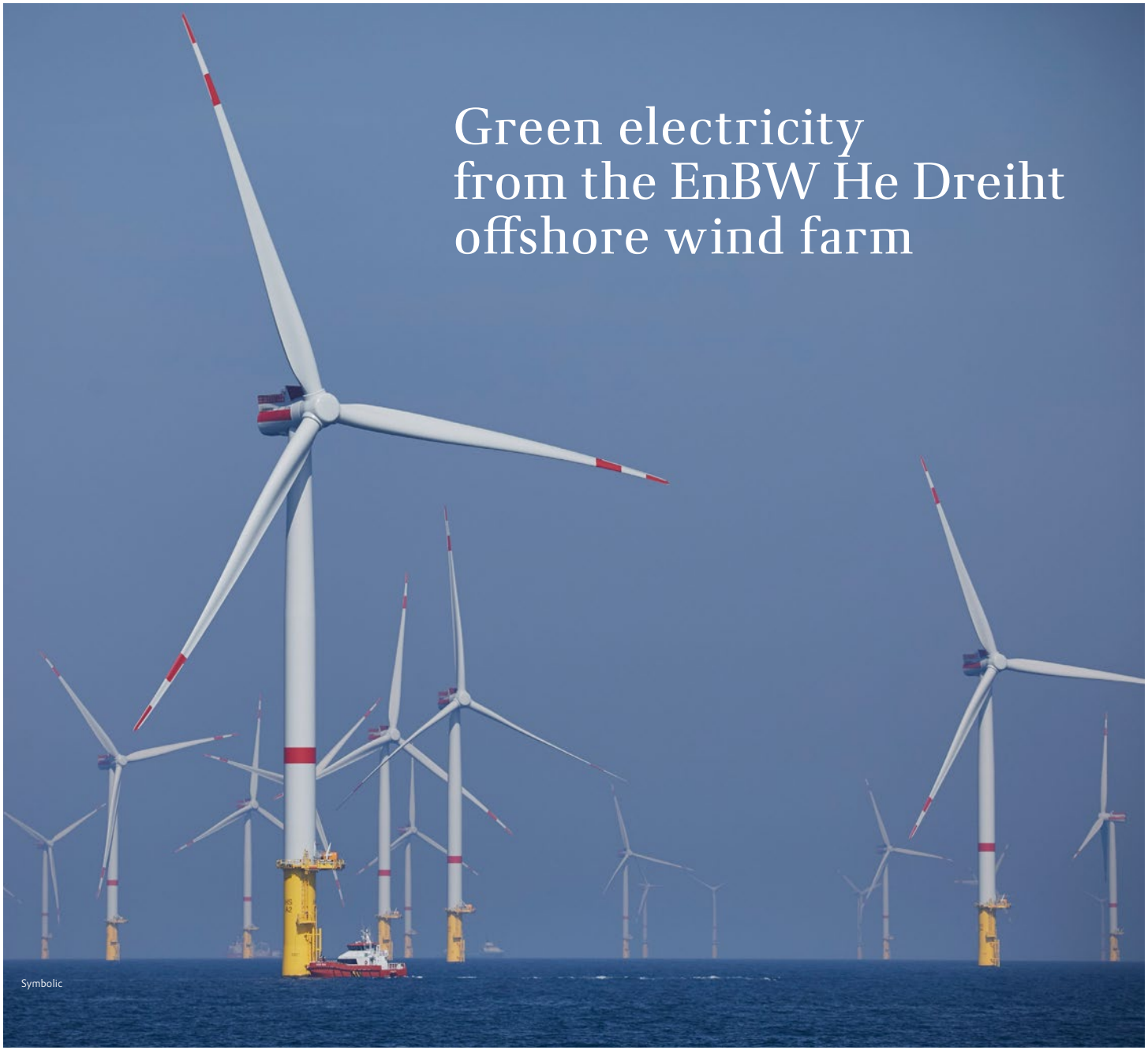
Green energy

Dr. David Gohsen (Evonik) and Dr. Thomas Schrey (EnBW) at EnBW's offshore office.

Wednesday, November 15, 2023, 7.30 a.m.
Chilehaus, Hamburg

The sun has not risen yet, and Chilehaus, a UNESCO World Heritage building, shines out magnificently in the dark.

Dr. Thomas Schrey (PPA Originator at EnBW) and Dr. David Gohsen (Head of Portfolio Management Power at Evonik) have scheduled an early-morning meeting in the offshore wind office of energy company EnBW (Energie Baden-Württemberg AG) to discuss the new EnBW He Dreiht offshore wind farm and Evonik's power purchase agreement (PPA) for green electricity.



Green electricity from the EnBW He Dreiht offshore wind farm

Symbolic

View of the prow of the Chilehaus.

Discussing the location of the new EnBW He Dreiht offshore wind farm.

David Gohsen: Hello Thomas, nice to see you. Many thanks for agreeing to today's meeting in your offshore wind office in Hamburg to talk about our long-term purchase agreement for green electricity.

Thomas Schrey: Hello David, I'm glad to welcome you to our office here in the Chilehaus. The shape of this building is reminiscent of a ship. It's almost a hundred years old and is a UNESCO World Heritage Site.

David: Originally, it was a symbol of economic upswing. In much the same way, Evonik wants to play a proactive role in shaping and driving forward the energy transition. One particular goal is that, by 2030, all the electricity we source externally should be green. Green energy and the associated reduction in CO_2 are central to our sustainable corporate strategy. From 2026, we will be sourcing 150 MW of electric power from the EnBW He Dreiht offshore wind farm. That will meet more than a third of Evonik's total electricity demand in Europe. *Thomas, perhaps you can give us some more details of the project and the present status.*

Thomas: Nomen est omen: He Dreiht is a dialect term for "It Spins". That's a really apposite description of EnBW's third wind farm! It is being built at a site about 90 kilometers north-west of the island of Borkum and 110 kilometers west of Helgoland. It will have 64 wind turbines in total, with installed capacity of 960 MW and will start to feed electricity into the grid at the end of 2025. As one of the first non-subsidized offshore wind farms, it will almost double EnBW's offshore portfolio, which generates an output of 976 MW at present.

He Dreiht moves into a completely new dimension compared with our other North Sea wind farms, Hohe See and Albatros, which are already operating. It is also the first commercial project to use the Vestas V236-15 turbines, which have a nominal power of 15 MW each.

So EnBW is continuing its pioneering role in the offshore sector. Moreover, with total installed capacity of 960 MW, EnBW He Dreiht is currently one of the largest projects for Europe's energy transition. Theoretically, it could supply renewable electricity to 1.1 million households.

With a hub height of 142 meters and a rotor diameter of 236 meters, one rotation covers an area of 43,742 square meters—equivalent to six soccer pitches. The grid operator TenneT TSO will connect the wind farm to the grid via an offshore transformer station and two high-voltage direct current cables. The total cable length will be 230 km, with 120 km offshore and 110 km onshore.

The EnBW He Dreiht project is financed exclusively by the private sector and will be one of Germany's first non-subsidized wind farms.«

Dr. Thomas Schrey (EnBW)

The Video.

The Podcast.

Manufacture of the transition pieces began early in 2023. Work on the monopiles and the cabling has also commenced, and production of the wind turbines started recently as well. From the permitting, financing, and production perspectives, the project is right on schedule. *David, could you explain why you decided to take part in our offshore wind tender?*

David: That's a great question. The advantages of offshore wind energy are clear: Offshore wind turbines benefit from higher and steadier wind speeds. Therefore, they can generate about twice as much electricity as comparable onshore installations.

That makes them very reliable and ensures even energy generation, so they are an attractive basis for generating power from renewables.

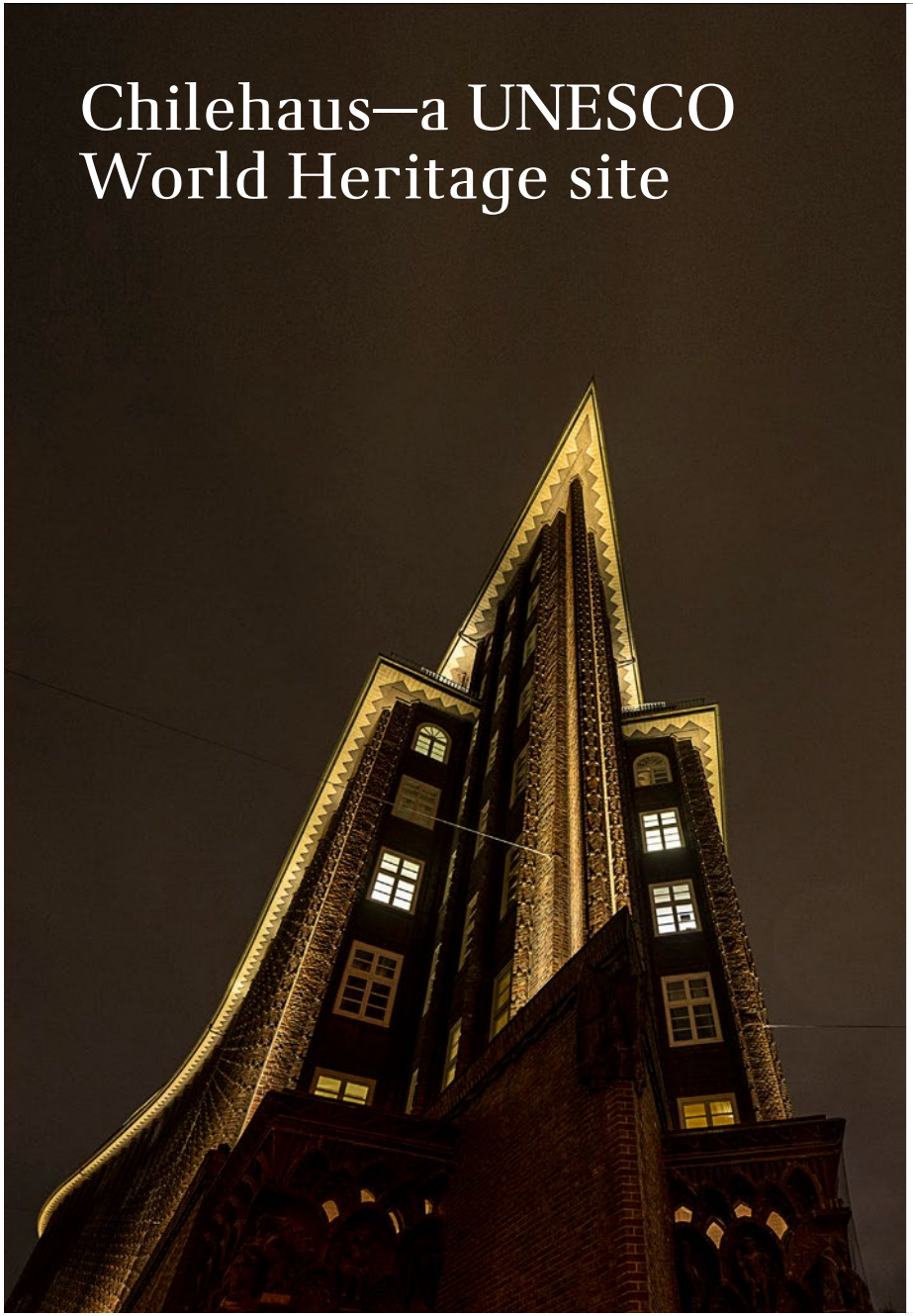
Through our commitment, we want to encourage the installation of further renewable energy assets and drive forward the energy transition. Our agreement secured the financing, so it was possible to start realizing the wind farm. That additionality factor was an important aspect of the EnBW He Dreiht project and our decision to take part in the tender. *Thomas, could you explain in detail what these PPAs are and what function they have for Evonik?*

Thomas: Of course. Power purchase agreements—or PPAs for short—are long-term supply contracts between suppliers and, generally, large industrial users. Like our joint PPAs, they often run for more than 15 years. The industrial customers source physically green electricity directly from renewable resources via these installations, often on fixed, predefined terms.

Perhaps I should say that PPAs are a central element in the energy transition: they help guarantee reliable financing of major projects because they give the operators calculable revenues of cash inflows. The EnBW He Dreiht wind farm is a good example.

The electricity supply agreements we signed with you at a very early stage in the project were the key basis for obtaining the approval of EnBW's supervisory board for the final investment decisionin the wind park in March 2023. As a result, this purely privately financed project is making progress and EnBW He Dreiht will be one of Germany's first non-subsidized wind farms.

Chilehaus—a UNESCO World Heritage site



The Kontorhaus and warehouse districts and the Chilehaus in Hamburg (Germany) were awarded UNESCO World Heritage status on July 5, 2015.

The Chilehaus is an office building built between 1922 and 1924 in Hamburg's trading district. The architect, Fritz Höger, was a pioneer of brick expressionism in the 1920s. The Chilehaus covers an area of 5,950 m^2 and was one of the first high-rise buildings in Hamburg with up to ten storeys, a gross surface area of 36,000 m^2, and 2,800 windows. With its eastern tip resembling the prow of a ship, it is an icon of expressionist architecture.

Incidentally, this striking tip is the sharpest angle of any facade in Europe.

As well as its unique architecture, the building is a symbol of Hamburg's economic upswing. Over the years, it has become a tourist attraction. It is particularly worthwhile viewing the building's charming interior features: the linoleum flooring, which is subject to a conservation order, the paneled mahogany doors in the stairwells with their hand-wrought brass handles, and the elaborate decor. For the construction of this building, the merchant Henry Brarens Sloman purchased 4.8 million bricks in 1922.

H_2annibal project*—Water electrolysis for Herne

Members of the Siemens Energy and Evonik joint project group (from left: Axel von Levetzow, Dr. Rainer Stahl, Eric Klein, and Lutz Komorowski).

Friday, November 17, 2023, 8 a.m.: Siemens Energy Gigawatt Factory in Berlin (Germany)

This morning, two representatives of Evonik, Dr. Rainer Stahl (Manager of the Herne site) and Lutz Komorowski (Head of Electrical and Process Control Technology in Herne), are meeting with Eric Klein (European Sales Director, Hydrogen) and Axel von Levetzow (Production Manager Gigawatt Factory) from Siemens Energy for a tour of Siemens Energy's new Gigawatt Factory, where stacks for proton exchange membrane (PEM) electrolyzers are manufactured. The key components of the planned electrolyzer for the Herne site will also be produced here.

**The H_2annibal project: a pilot electrolyzer to produce hydrogen for IPDA production at the Herne/Hannibal mine site is funded by the German Federal Ministry of Education and Research. Funding reference: 03HY131B.*

Green energy

Green hydrogen, in other words, hydrogen produced with the aid of renewable energy, is a key element in the transition from fossil fuels and feedstocks to renewable resources and an important step forward in the Herne Green Deal.«
Dr. Rainer Stahl

Thanks to our highly automated series production of PEM stacks, we are well-positioned to meet a significant rise in demand for equipment to produce hydrogen. That is an important basis for the defossilization of industry.«
Eric Klein

Wind energy for green hydrogen and green hydrogen for wind energy

Evonik is investing in a pilot electrolyzer at its site in Herne (Germany) to produce green hydrogen as a starting product for isophorone diamine (IPDA), a key raw material for the rotor blades for wind turbines. In the electrolysis process, water is split into green hydrogen and green oxygen with the aid of green electricity.
Evonik plans to invest a total of €700 million in production processes by 2030 as part of its Next Generation Technologies drive. Our goal is to reduce our carbon footprint (scope 1 and 2 emissions) by 25 percent. The H_2annibal project is one element in this. Incidentally, it is named after one of the shafts at a former coal mine.

The project started at the end of 2022 and runs until mid-2025. The aim is to install industrial-scale water electrolysis technology at Evonik's site in Herne and test how it stands up to industrial operation. Installation by the project partners—Siemens Energy and Evonik—is in full swing. When it is completed, the site will have a state-of-the-art electrolyzer (advanced technology based on the Silyzer 300) with the capacity to produce 13.5 million m^3 of green hydrogen a year. It will be powered by green electricity, for example, from offshore wind farms. It will be able to meet about 45 percent of the hydrogen required by this site each year and 100 percent of its oxygen requirements. As well as avoiding 12,500 metric tons CO_2 a year, local production will make operation of the facilities at the site more reliable. At present, gray hydrogen (see box "The colors of hydrogen") is delivered to the site by pipeline. A single pipeline is used to supply the entire site, which is also a risk for production availability. Therefore, beside the impact on the carbon footprint of production in Herne, the decentralized production of hydrogen directly at the production site offers the opportunity to avoid any shutdowns in the event of pipeline maintenance or defects. In addition, the decentralized production offers the opportunity to free up capacity of the existing pipeline networks and therefore offer capacities for new hydrogen applications. The new Siemens Energy PEM electrolyzer at the site will have rated power demand of 8 MW. If the project is successful, a second electrolyzer could be installed in the same building in order to raise the supply of green hydrogen to 100 percent of the site's requirement.

The industrial significance of hydrogen

Steel, chemical, petrochemical feedstocks and the production of ammonia are important industries. Mobility—aviation, shipping, and the transportation of heavy goods—is another key sector where hydrogen could play an important role, along with synthetic fuels. In the energy sector, hydrogen will be used both as an energy storage medium for exports and long-distance transportation and in re-electrification in hydrogen-capable gas turbines.

To replace fossil fuels, sufficient quantities of green hydrogen need to be available at competitive prices. That requires massive expansion of renewable energies, the construction of highly automated factories to produce gigawatt-scale industrial electrolyzers, and pipelines and large-scale infrastructure for the storage and transport of hydrogen. One significant factor in this is how the price of fossil fuels develops, especially in light of carbon pricing.

The PEM electrolyzer technology being installed in Herne has enormous potential for use in the chemical industry: It can respond flexibly to fluctuations in power supply and the demand for hydrogen and also enables the use of high-purity oxygen. Moreover, the floor space required for installations is low.

Why is Herne an ideal site for the use of green hydrogen? Green hydrogen is a key element in defossilization. It can be used as a storage media and a starting product for other applications, for example, for "green chemistry". Herne could become the first chemical site where production without any fossil-based resources is possible. Evonik calls this the "Herne Green Deal".

Among other things, the Herne site produces isophorone, which is then processed into VESTANAT® IPDA eCO, a crosslinker used in the manufacture of rotor blades for wind turbines. Simple commodity chemicals such as hydrogen, ammonia, methane (natural gas), acetone, and oxygen are required to produce this product. Those are all compounds that can already be procured from sustainable production or, even better, produced on-site.

Transforming Herne into a green site in this way is possible, but it takes time, and we need colleagues and partners who are prepared to think out of the box. That requires a real team effort. At the same time, we must never lose sight of the cost-efficiency of the project.«
Lutz Komorowski

Without green molecules there would be no energy transition. By producing electrolyzers on a gigawatt scale, we're creating the technological basis for the smallest molecule to be a huge success story.«
Axel von Levetzow

Siemens Energy Gigawatt Factory for electroylzers

In November 2023, Siemens Energy and Air Liquide opened a new Gigawatt Factory for electroylzers in Berlin. This 2,000 m^2 manufacturing facility produces stacks, which are the key components of electrolyzers. The stacks are based on proton-exchange membrane (PEM) technology. The new factory allows highly automated industrial-scale manufacturing of PEM electrolyzers, enabling a rapid ramp-up of production for gigawatt-scale production. The stacks produced in Berlin are assembled into ready-to-use electrolyzers at the Siemens Energy facility in Mühlheim an der Ruhr (Germany) or by partners close to the project locations.

Annual production capacity was initially 1 gigawatt and is scheduled to increase to 3 gigawatts in 2025. An installed electrolyzer with capacity of 3 gigawatts powered by renewable energy could produce an average of 300,000 metric tons of green hydrogen a year. If the green hydrogen were used as a substitute for fossil fuels, it would be possible to avoid the CO_2 emissions of a town the size of Aachen (Germany), which has 260,000 inhabitants.

The colors of hydrogen

Green hydrogen
Green hydrogen is produced by electrolysis of water with electricity sourced entirely from renewables. Production is completely CO_2-free.

Gray hydrogen
Gray hydrogen is produced from fossil fuels, and the CO_2 released is discharged unused into the atmosphere.

Blue hydrogen
Blue hydrogen is gray hydrogen that uses carbon capture and storage (CCS) to capture the CO_2 during production.

Turquoise hydrogen
Turquoise hydrogen is hydrogen produced via thermal splitting of methane. Solid carbon is generated instead of CO_2. This process may be carbon-neutral if the heat supplied for the process comes from renewable resources and the carbon released is permanently captured.

Green hydrogen and its derivatives can make renewable energy available to industry and the transportation sector for defossilization of all end-consumer sectors. As a first step, the gray hydrogen currently used is being replaced by green hydrogen.

Robot-assisted high-tech production of electrolyzer stacks.

Visual check on a newly produced PEM membrane.

View of the fully automated stack production for PEM electrolyzers.

The Podcast.

The Video.

Future Sustainable Car Materials (FSCM)– Making autos more sustainable

Martin Derks: *»We work continuously to reduce the carbon footprint of our cars. The materials we use play a major role.«*

Dr. Patrick Glöckner: *»Collaboration and teamwork are vital to make circularity a success. By building up ecosystems, we can develop a functioning circular economy along our value chains.«*

Circular Economy

Thursday, November 30, 2023, 8 a.m.: BMW Research and Innovation Center, Munich (Germany)

It is snowing heavily as Martin Derks (Head of the FSCM consortium, BMW Group), Martin Schneebauer (Project Manager Plastics, BMW Group), Dr. Patrick Glöckner (Head of the Circular Economy Program at Evonik), and Kathrin Lehmann (Head of Applied Plastics Additives at Evonik) meet at the FIZ, the BMW Research and Innovation Center in Munich (Germany). Today's topic is Future Sustainable Car Materials. This project consortium is led by BMW with Evonik as a key partner in the area of plastics, and receives funding from the Federal Ministry of Economic Affairs and Climate Action.

The project team inspecting plastic components made from recycled materials and taking a close look at samples of possible applications in cars.

Martin Derks: Patrick, thank you for coming along to our Research and Innovation Center today. We've known each other for some years and set up the Future Sustainable Car Materials (FSCM) project together. This project is about the development of key materials in the automotive value chain. One focus of the project is metals. Here we're improving the efficiency of the direct recycling of rejects, increasing the secondary aluminum content, and developing high-strength steel grades to reduce weight and increase material efficiency. At the same time, we're looking into lower CO_2 production routes for the production of steel and aluminum. In plastics, we're concentrating on increasing the content of secondary raw materials and integrating mechanical recyclates into interior and exterior applications. We're also working on new concepts to replace paint and exploring the use of bio-based plastics to reduce CO_2 emissions even further. Today, we want to talk about the challenges and progress in the area of plastics. What are you working on at the moment?

Patrick Glöckner: I'm specifically looking at the European Union's Circular Economy Action Plan, which is a central element in the European Green Deal. One aspect that affects both of us is the end-of-life vehicles regulation, which is designed to push the automotive industry towards a circular economy. What makes it particularly interesting and exciting is that we began working together on this topic long before the EU started to discuss it intensely. It was back in 2020 that we first talked about a project that could set new standards for plastics recycling in the automotive industry.

Martin: Looking back, I'm really happy we did start our collaboration in 2020. We welcome the fact that politicians are setting guidelines and frameworks. Circularity is a topic that's important for society; it affects us all. We recognized early the challenges of a circular economy for plastics. That's why we initiated the FSCM project, a cross-industry alliance to tackle the challenges together. However, that can only work if we all get together around the same table.

Patrick: Precisely. Together, we ensure that the project covers the entire value chain. Large corporations like BMW and Evonik are involved, but to close the loop, we also have partners from the SME sector. Now we understand the challenges facing some players and the hurdles for the others. BMW is a premium partner, and we discuss the hurdles openly and constructively so that we can find solutions.

Martin: Patrick, that's exactly how I see it, too. Our customers expect us to deliver a sustainable, premium product. We don't see anything incompatible in that. Our cars already contain a secondary raw material content of up to 30 percent. Closed loop post-consumer recycling in the automotive industry requires everyone involved to work together closely. Coated plastics are a good example. Cars contain a lot of coated plastics. The challenge for the future is sorting and processing these materials so that they can be returned to the closed loop with the highest possible proportion of recycled materials.

Patrick: That involves some incompatible aspects that need to be tackled. On the one hand: high performance. For example, the paintwork must not peel off during use. On the other hand, stripping the paintwork from plastic components after use needs to be quick and complete so that it is economically viable. That's exactly where specialties offer solutions, and that's where Evonik comes in. Our specialty additives facilitate cleaning by recyclers and can enable high-quality plastic blends. Therefore, the companies involved in this project are a perfect fit.

Martin: I'm convinced that many of the challenges are solvable. Take paintwork for example. It doesn't only look appealing; it also has a protective function. Without it, the polymers would degrade, in other words, they would age faster. Fortunately, there are solutions to overcome the challenges of paint stripping. That enables us to avoid down-cycling plastics and return them to the automotive loop. Targeted research has the goal of ensuring recycled plastics are equivalent so they can be kept in the closed loop. That means that the properties of the recycled materials need to be identical to those of the primary materials. That's what our customers expect from us. At the same time, it's one of the biggest challenges for the plastics industry and confronts us with a massive transformation.

Patrick: In this project, we show how this transformation can be achieved with partners along the value chain.

Martin: There are 19 different partners in the Future Sustainable Car Materials project. We look at the entire value chain, strive to find new solutions for sustainable materials, and examine the possibility of using biopolymers. That includes considering how components can be designed in the future to make recycling more economical. Examples are the use of monomaterials and developing new logistics chains for waste streams. The use of different material qualities also plays a part. The chemical industry and Evonik in particular can play an important role to ensuring that recycled polymers meet the same quality standards as new materials. By that I mean mechanical properties, appearance, color, odor, and minimizing the carbon footprint of the product.

Patrick: Working together at all stages in the value chain is exactly what the circular economy is all about. The FSCM project offers us a big chance to benefit from the different skill sets of the various partners involved. One aspect that we rarely had to consider in the chemical industry in the past was "Where does the material actually come from, and what are its properties?" Now we have to ensure that high volumes of recyclates of varying quality can be used without impairing the performance profile. Those are big challenges. Customers want cars with recycled materials yet make premium demands on their quality and characteristics. The goal of the additives we are developing is to match those requirements.

Martin: One thing which helps us in the FSCM project is digitalization. We're using the Catena-X data ecosystem, which provides the necessary data format for the digital fingerprint of the materials. It's also a platform for collaboration. Evaluating the data supports standardization and will also create value for the companies involved. It will help drive forward the value chain. That can become a real locational advantage for Europe and Germany.

Patrick: As you say, standardization and harmonization are only possible by digitalizing the value chain. Recyclers need to know what plastics are being delivered to them and how they can be recycled most effectively so that the product can be used, for example, as a new fender in a new vehicle.

In the podcast, Kathrin Lehmann (Evonik) and Martin Schneebauer (BMW) talk about the practical challenges of the FSCM project.

Kathrin Lehmann: *»To produce a high-quality recyclate, it's essential that the paint can be stripped completely and efficiently from the old components.«*

Martin Schneebauer: *»One future challenge is separating and processing plastics so they can be re-used in the closed loop, with a high recyclate content.«*

FSCM project

The Video.

The Podcast.

BMW is working to increase the recycled content of cars, especially in interior components.

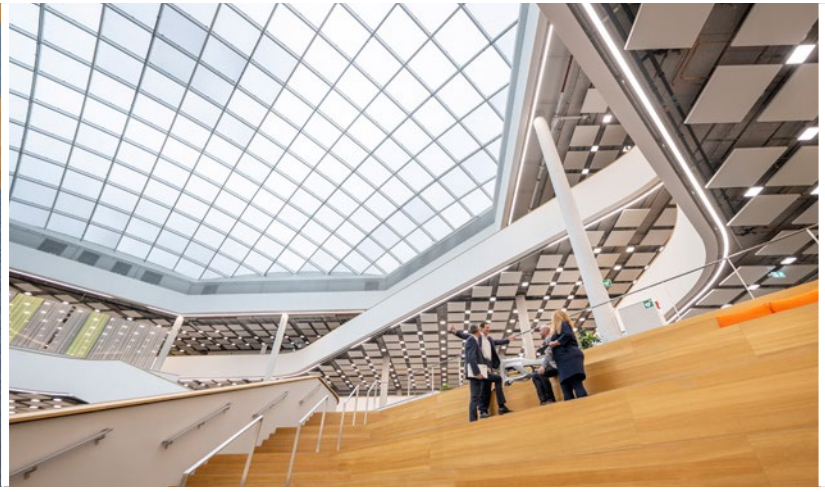
Digitalization
Video

Recycling
Video

Future Sustainable Car Materials

The Future Sustainable Car Materials (FSCM) project led by the BMW Group brings together 19 partners from industry and research to facilitate the transition to circular and low-carbon value chains for plastics and metals in automotive production.

This three-year project, which receives funding from the Federal Ministry for Economic Affairs and Climate Action, focuses on sustainable material concepts for the future.



Portfolio transformation

Friday, December 15, 2023, 8 a.m.:
Beiersdorf Campus, Hamburg (Germany)

Partnering to create more sustainable skincare care products

The Nivea brand store at the Beiersdorf Campus.

Today, Julia Beier, Dr. Ingo Hahn, Julia Niedermeier, Urte Koop, and Dr. Manuela Köhler from Beiersdorf are meeting with Peter Becker, Dr. Achim Friedrich, and Jörg Prante from Evonik at Beiersdorf's research center in Hamburg (Germany). The agenda for today's meeting is portfolio transformation as both companies move towards greater sustainability. In fact, it is one of the topics that they regularly address—together with further participants—at Beiersdorf's Sustainability Campus.

For us at Beiersdorf, sustainability is a key priority of corporate strategy. Our CARE BEYOND SKIN Sustainability Agenda defines our responsibility to our customers, society, and the environment. We are aware that we have a long journey ahead to transform our company and value chain, but we are optimistic that we can achieve our ambitious targets and play a pioneering role in the transformation of the cosmetics industry.«

Urte Koop
(Principal Scientist Sustainability, Beiersdorf)

The long-standing partnership between Beiersdorf and Evonik is based on trust and shared sustainability goals. We have developed a common understanding of sustainable raw materials and have used it to define sustainable product indices (SPIs). That makes us quick and effective when we validate new, more sustainable raw materials. That is an important precondition for transforming Beiersdorf's product portfolio. Our cooperation is helping us to come up with more sustainable solutions so we can achieve our climate target as soon as possible.«

Dr. Ingo Hahn
(Manager Raw Materials Portfolio, Beiersdorf)

»Beiersdorf and Evonik work together closely together in the area of sustainability. Both companies have set clear goals for sustainable formulations and the related raw materials. Evonik helps Beiersdorf develop sustainable solutions and solve joint problems such as the complete reworking of formulations and formulation platforms and the implementation of sustainability targets along the entire value chain. Sustainability is becoming increasingly important for the business relationship between Evonik and Beiersdorf, because sustainability criteria are a source of additional value, which is also reflected in the value chain.«

Jörg Prante
(Business Director Central Europe, Evonik)

Julia Beier and Peter Becker in discussion at the modern workspace at the Beiersdorf Campus.

Evonik's Care Solutions business line works closely with Beiersdorf to implement sustainability and transform the portfolio. The two companies set up the Sustainability Campus to address sustainability at product level and quantify its effects. The campus allows the companies to collaborate across functions. We are taking joint steps towards innovative skincare products that are more sustainable. Sustainable procurement of raw materials is important to us because we have a responsibility to the environment and society and want to make sure that our procurement chains are as sustainable as possible.«

Peter Becker (Senior Sustainability Manager, Evonik)

Beiersdorf's sustainability team is closely networked with all functions, as well as with our strategic suppliers, in order to implement our ambitious sustainability agenda CARE BEYOND SKIN. This includes our responsible sourcing program, which we use to pursue demanding targets such as using renewable and certified sustainable raw materials and packaging. At the end of 2020, we achieved an important milestone: switching our primary packaging entirely to sustainability-certified palm (kernel) oil-based raw materials (certified by RSPO) and FSC-certified paper. Our commitment also extends to our supply chain: Together with Evonik, we support WWF Germany in two palm oil projects in Indonesia and Malaysia. The aim is to stop deforestation and train local smallholders to grow sustainable palm oil crops that can be certified as conforming to the RSPO standard. Here, we can jointly have a valuable local impact in the regions where the product is cultivated.«*

Julia Beier (Sustainability Manager Responsible Sourcing, Beiersdorf)

** Roundtable on Sustainable Palm Oil*

As Chief Scientist Feedstock & Formula Science at Beiersdorf, I develop the feedstock strategy for our cosmetic raw materials and help put it into practice. In the selection of raw materials, not only safety, tolerability, performance and formulating properties play a central role, also sustainability. Identifying optimal raw materials, in other words, materials that have a good safety and performance profile yet are eco-friendly in the long term, is the daily focus of our R&D team. One specific project we have been working on together with Evonik is the Kopernikus project. As part of the Power to X subproject, we worked on the CCU technology (carbon dioxide capture and utilization) to produce cosmetic and other chemical raw materials from CO_2. It's a very exciting field. We collaborate in interdisciplinary teams with experts from Beiersdorf and Evonik to achieve the best results.«

Dr. Manuela Köhler
(Chief Scientist Feedstock & Formula Science, Beiersdorf)

Dr. Achim Friedrich at Beierdorf's Nivea store.

Fossil-based resources are widely used in the cosmetic industry because they are safe and readily available. However, their negative image and their role in the climate debate drive companies like Beiersdorf to transition to a more sustainable product product portfolio by reformulating their products. That is a real challenge because the product properties, especially what they feel like, must be preserved. Evonik has been developing sustainable raw materials for years and we work closely with Beiersdorf to provide a range of sustainable raw materials for their reformulation efforts. This collaboration benefits consumers as well as both companies because it accelerates the transition to more sustainable products, which in turn helps protect the environment and reduce their carbon footprints.«

Dr. Achim Friedrich
(Global Head of Applied Innovation Skin Care, Evonik)

»Sustainability in procurement means taking a new approach. For us, it means diving far deeper into our supply chains, as well as questioning and optimizing our processes and procurement structures constantly with regard to sustainability. Next to respecting human rights and meeting social standards, the development and purchasing of sustainable raw materials are central tasks for us. We aspire to integrate our entire value chain into our transformation and, at the same time, maintain our high quality standards, safeguard the availability of supply, and ensure a competitive cost structure. We want to actively drive the transformation of our industry and for that, we need strong partnerships like the one between Beiersdorf and Evonik.«

Julia Niedermeier (Head of Procurement Raw Materials Sourcing, Beiersdorf)

Employees

Leading Beyond Chemistry is a far-reaching promise that more than 30,000 employees at Evonik work to fulfill. Their talent, professional qualifications, and passion are the cornerstones of Evonik's success.

MATERIAL TOPICS

- Attractiveness as an employer
- Employee satisfaction
- Diversity and equal opportunity

SDG OF PARTICULAR RELEVANCE FOR EVONIK

€76.7 million
Spending on vocational training and CPD

6%
Training ratio[1]

2.2%
Early employee turnover

27
Pulse checks

[1] German average: 4.7 percent.

Contents

Employees

- **Diversity has high priority at Evonik: first group inclusion officer appointed**
- **New global positioning as an employer**
- **Greater integration of sustainability into core HR processes (Next Generation Culture)**

Employees

Strategy and management

Qualified and motivated employees are vital for Evonik's long-term success. Our HR strategy therefore focuses on three aspects: Attracting qualified and talented people in the market, developing them, and retaining them in the company in the long term. We use a wide-ranging and active approach to achieve these objectives. This is based on extensive human resources and requirements planning in close consultation with our organizational units and a targeted recruitment policy, especially for key positions. At the same time, we empower all employees to actively shape and pursue their own career paths within the company. This is supplemented by competitive remuneration and benefits. Being a highly attractive employer with a correspondingly high level of employee engagement is still of central significance for Evonik.

At Evonik, we place special emphasis on empowering executives to transform the business and lead it into a successful future with their teams. We are aware that the demands made on executives, especially when leading global teams, are more complex than ever. Alongside quality and qualifications, they need an in-depth knowledge of economic, ecological, and social sustainability requirements, including the associated management knowledge.

Our HR strategy is aligned with the practical requirements of the operational business and functions. It therefore plays a part in achieving Evonik's overarching strategic goals and supports the positive development of the group.

Our global HR organization comprises the HR Talent Management and HR Business Management functions, both of which have global management tasks and work closely together. HR Talent Management bundles activities relating to attracting, developing, retaining, and leading employees. HR Business Management coordinates the regional employer function, all performance-related aspects, digital HR applications and system solutions, interaction with representatives of the workforce, and aspects of employment law. Our HR processes are supported by digital services, learning offerings, and a global knowledge database for executives and employees.

The heads of both HR functions report directly to the chief human resources officer (CHRO). The heads of both functions make key decisions on the basis of the Group Organizational Policy HR. They are responsible for defining strategic topics for the Evonik Group worldwide and making decisions on implementing the HR strategy. The central body for project management and the implementation of all topics is the HR alignment meeting,

which is chaired by both functions. Alongside the heads of the two HR functions, the permanent members are the heads of HR Solutions & Systems, Workforce Analytics & Business Services, and Labor Law Relations.

The development of corporate executives is a separate function, which reports directly to the chairman of the executive board.

Attractiveness as an employer

Strategy and management

In order to attract employees and strengthen employee retention, Evonik revised its positioning as an employer in 2023. Our new employer identity, "Be Part of Something Special," covers three key aspects: the importance of products and solutions for a sustainable future, the potential for individual development, and the strong team spirit within the workforce. Evonik offers an appreciative and motivational working environment with performance-related remuneration and additional benefits, flexible worktime models, a focus on occupational health and safety, and transparent development opportunities that supports digital competencies, diversity, and work-life balance. Employees around the world were actively involved in developing the new employer branding and are important advocates for Evonik as an employer. Our attractiveness as an employer is measured by external rankings, internal surveys, and employee turnover.

Talent management

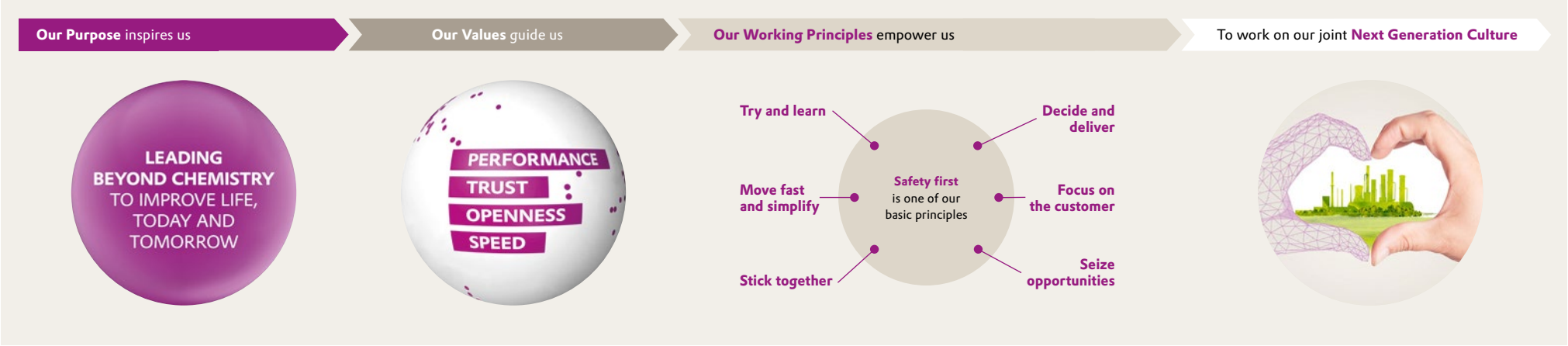
We regularly assess and evaluate potential, succession scenarios, and the development requirements of talented employees at HR meetings attended by the executive board. Special attention is paid to attractive career paths, job rotation, and high-quality development programs to support the development of our future top executives. Our programs include aspects such as sustainability, entrepreneurial and personal responsibility, and geopolitical developments.

As well as appointments to top management positions, our focus is on building up a pipeline for key roles at various levels. With this in mind, we offer the Evonik Explorer Program, where employees can proactively apply to take part in a group-wide talent program. This two-year program gives participants individual, practice-oriented preparation for the next steps in their development along a specialist or management career path. A nine-month development program is a central element in this. Around 320 employees were confirmed as Evonik Explorers in 2023.

Onboarding new employees

Onboarding initiates new employees into our corporate culture and processes so they can get off to a successful start at Evonik. We use two methods to give new employees the latest and most

ONE Culture C17



relevant information: We work with stakeholders at local, national, and business level to ensure that onboarding is state-of-the-art in all areas. In addition, we use digital tools, which can be updated at short notice. These are available to new employees from their first day. In this way, we ensure that from the very beginning, our employees are well-informed and prepared so they are able to meet our requirements.

Corporate culture

The world of work is undergoing profound changes—from digitalization and new ways of working to the responsible use of natural and social resources. To complement Next Generation Technologies and Next Generation Solutions, Evonik has adopted Next Generation Culture with the aim of integrating sustainability requirements at all stages in the HR process. These include personnel planning, analysis of the additional capabilities, skills and management required, individually tailored upskilling offers, and a greater focus on sustainability indicators in remuneration systems. Since 2022, we have greatly increased the information, training, and workshops on this topic. We have integrated sustainability more strongly into the long-term remuneration of the executive board and other executives (see "Strategy and growth" p.18). 2-19

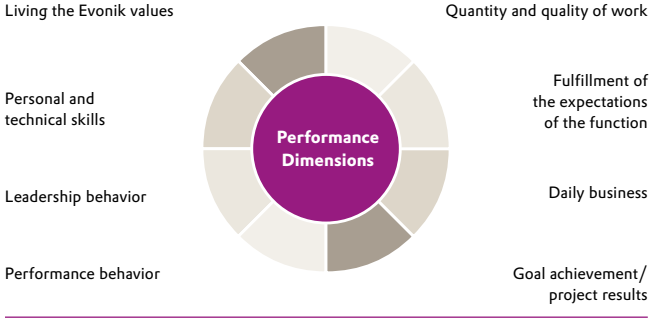
In times of transition, our corporate values—performance, openness, trust, and speed—can play a valuable part in providing guidance and stability and contribute to the readiness to change. We are therefore continuing our ONE Culture initiative to make Evonik more dynamic and performance-oriented on the basis of our corporate values. We invite all employees to play an active part in shaping and driving forward our corporate culture so we can respond faster to changes.

One special focus in 2023 was putting our Next Generation Culture into practice. The Next Generation Culture initiative invites all employees to play a part in shaping and driving forward our corporate culture. An Evonik social network community hosted information, learning content, and a collaborative campaign to collect and share established measures to increase sustainability at work. There was a good response: The community attracted 1,300 members, and 75 measures were submitted. The most successful of these were presented to several hundred employees worldwide through internal learning formats as positive examples to be copied. **More**.

Performance management system

Our performance management system is based on eight dimensions. These include performance and leadership behavior and, in particular, goal achievement, and quantity and quality of work. How goals are achieved and the related behavior are always taken into account.

Performance management C18



There was a sharper focus on aspects such as diversity, sustainability, and leadership behavior, which are included in the Evonik competency model. This describes the professional and personal abilities that we as a company expect from our employees and executives. We are firmly convinced that sustainable business activities and diversity are the basis for performance excellence.

Around 88 percent of our employees worldwide receive a regular performance appraisal. 71 percent of the employees appraised are men, and 29 percent are women. 69 percent are non-exempt employees, and 31 percent are exempt employees. 404-3

Dealing with the shortage of skilled workers

The intensifying shortage of skilled workers requires us to step up our activities to retain and develop our employees and recruit qualified new employees while they are training or studying. We support the retention of skilled staff through a culture that strengthens performance, loyalty, and identification with the company throughout their employment with Evonik. Regular pulse checks help make retention measurable. Our career development portal highlights opportunities for development within the company, and a new vocational training campaign reaches out to school students and their parents. Our employer branding uses job fairs, social media campaigns, and information on our careers pages to position Evonik as an employer with the relevant target groups. We benefit from long-standing partnerships with universities and student networks. In addition, we cement our contact with students through our "Evonik Perspectives" retention program. We are increasingly offering dual training and study programs. As part of our talent acquisition drive, experts actively approach candidates in the market to gain key specialists for Evonik.

Employees by contractual status

Around 96 percent of our permanent employees worldwide have permanent contracts. 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 to 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 229 agency staff in Germany as of December 31, 2023 (2022: 583). That was about 1.3 percent of our workforce in Germany. The difference is due to lower staffing requirements on the reporting date. 2-8

Employees by contractual status, region, and gender 2023 2-7 T15

No. of employees	Employees	of which employees on permanent contracts	of which employees on limited-term contracts	of which apprentices/ trainees
Evonik	33,409	30,898	1,361	1,150
EMEA[a]	22,480	20,924	415	1,141
Asia-Pacific	5,122	4,197	925	0
Central & South America	768	754	9	5
North America	5,039	5,023	12	4
Women in %	27	27	38	25

[a] EMEA = Europe, Middle East & Africa.

As someone who is new to the company, the Collaboration Hub is a great way to meet people and put faces to the names with which I only interacted via email. As much as I enjoy working from home, the hub allows the kind of organic interactions and networking that you can't always get through a video chat.«

Emily Cotter | Business Development Analyst, USA

Attractiveness as an employer

Attractiveness as an employer: progress in 2023

Evonik, as an employer, has adopted a new global positioning approach to address the employment market. Based on an analysis of the recruitment market and the support of many employees around the world, we developed a new slogan: "Be Part of Something Special." Working closely with our organizational units, our three topics—Impact, Potential, Culture—support sustainability. We see these topics as major career drivers, for example, in areas such as green hydrogen and the circular economy. Our new positioning can be adapted flexibly for different target groups and regions. Our new identity as an employer was presented worldwide. Together with Employer Branding, our business entities and regions are integrating their key messages into their strategies and using them digitally to address potential employees.

Our most important advocacy platforms are the People Stories on our careers site, featuring employees and their stories, and temporary takeovers of the Evonik Instagram channel. Our aim is to gain the right people for key positions and strengthen the loyalty of present employees. Alongside themed pages aimed at specific target groups, employees give insights into their daily work on the new "Be Part of Something Special" social wall. More. LinkedIn and Instagram are the social media platforms most widely used to address younger target groups with an affinity to social media. We use innovative formats, such as collaboration with influencers, for example, in a TikTok campaign. In "The greenest job," a student provides insights into Evonik's wide-ranging activities in the area of sustainability. In "We Want You," an initiative launched jointly with Regional-Verband Ruhr, we provide information on "green" jobs in the Ruhr region of Germany.

Together with our Research & Development and Engineering departments, Employer Branding is stepping up its partnerships with selected German universities. In North America, employee ambassadors and members of employee resource groups assist us with our university relations strategy, which we use to address talented people at target universities. In China, we work closely with reputable universities to enhance our attractiveness as an employer. Our established trainee programs offer an optimum starting point for highly qualified employees.

We benefit from our long-standing partnerships with student networks such as UNITECH, a network that brings together international universities, global corporations, and engineering students, and FEMTEC, which focuses on fostering young female employees and talents in STEM professions (science, technology, engineering, mathematics, and IT). To attract candidates with professional experience, we collaborate with alumni organizations. These partnerships play a part in our diversity strategy by specifically addressing the recruitment of women and international staff.

In Germany, our employer branding campaign aimed at young people seeking an apprenticeship won first place in the Digital Communication Awards. In China, the Top Employer Institute presented us with the Top Employer accolade for the 16th time. In Germany, Evonik was ranked as a Leading Employer for the sixth time in succession.

Forbes and Statista named Evonik the Best Employer in the state of Alabama in the USA. In China, we received the Top Graduate Employer, 100 Employee Excellence, and Best HR Program awards in 2023.

Employee satisfaction

Strategy and management

Employee satisfaction is a central success factor for Evonik. Alongside competitive remuneration and attractive development opportunities, our employees benefit from a wide range of offerings to improve their work-life balance as well as preventive health care. The aim is to maintain productivity at a high level and minimize employee turnover. We regularly measure employee satisfaction through group-wide employee surveys and annual pulse checks and derive specific action for continuous improvement. We are convinced that the focus on employee satisfaction will continue to gain importance in view of the dynamic labor market trends. Satisfied employees value their employer, contribute to a positive working atmosphere, and are less likely to change employer. For prospective employees, customers, and colleagues, motivated and committed employees are our most important advocates.

Employee survey

In our most recent extensive employee survey in November 2021, around 33,000 employees around the world were asked to assess their working conditions. 84 percent of all employees took part. The employee survey provides insight into how organizational changes and the implementation of our corporate values—performance, openness, trust, and speed—are perceived throughout the Evonik Group. The commitment index, which is calculated from six of the 56 survey items, was 73 percent (for comparison, in 2018 it was 68 percent). Key questions focused on general satisfaction, whether employees would recommend the company as an employer, and behavioral factors such as pride, confidence, motivation, and commitment. The results are available at team level and are made available to managers via a dashboard. In the communication and follow-up process, we identified more than 2,500 suggestions for specific improvements.

In 2023, Evonik stepped up its initiatives to enhance employee satisfaction and change management. In all, 27 pulse checks (10,562 participants) were performed to obtain a full picture of employees' needs and opinions. Vocational training at Evonik was a special area of focus. Here, we conducted a special survey of apprentices in order to improve training conditions and quality.

To further enhance the feedback culture at Evonik, we introduced a modern survey tool that can be integrated into the group's HR management system. In the future, employees will receive a "Moments that Matter" survey at key points in their careers, such as when joining and leaving the Evonik Group. These surveys are scheduled to supplement the regular pulse checks from February 2024.

Employee retention

Early turnover increased slightly to 2.2 percent (up from 1.9 percent in 2022), and the total turnover rate dropped slightly from 6.7 percent to 6.6 percent. Our goal is a further reduction in the early turnover rate.

Length of service 401-1 T16

	2021	2022	2023
Early turnover in %	2.2	1.9	2.2
Total turnover in %	7.0	6.7	6.6
Average length of service in years	14.5	14.1	13.9

Employee turnover 2023 2-7, 401-1 T17

	Turnover in %	No. of employees who left the company
By region		
Europe, Middle East & Africa	5.4	1,249
Asia-Pacific	8.5	450
Central & South America	6.3	46
North America	10.3	515
By gender		
Female	6.3	566
Male	6.8	1,694
By age		
Under 30 years	7.7	492
30 to 50 years	5.1	860
Over 50 years	8.5	908
Evonik	**6.6**	**2,260**
thereof termination by the employee	*3.5*	*1,190*

Attractive remuneration

Attractive, market- and performance-oriented remuneration is anchored in our human resources tools worldwide. The principles we use to structure remuneration, including fringe benefits, are set out in group-wide policies. Remuneration is set on the basis of objective criteria such as responsibility, competencies, and success. Personal attributes such as gender, age, etc., play no part in the process, and our policies explicitly forbid discrimination. In addition, minimum standards defined by law and in collective agreements, e.g., local minimum wages, are applied. Furthermore, in the future, we want to regularly check that we pay a living wage to our employees in all countries. 2-20, 202-1

Gender pay gap 405-2

In 2023, the global gender pay gap—the difference between the average base salary of female employees and male employees—was –6.6 percent. The year-on-year change in this indicator was due to a change in the calculation method. In 2023, we compiled the data via a cockpit for the first time. As a result of system constraints, in the previous year, we initially calculated a country-specific pay gap and then derived the average weighted gender pay gap based on the ten largest countries. For 2023, we present the overall difference between the average full-time base salary of all female employees worldwide and that of male employees. In Germany, where about 60 percent of Evonik employees work, the gender pay gap is –1.7%.

Ratio 2-21

The ratio of the total remuneration of the highest paid person in the company to the average total remuneration of the workforce in Germany was around 41 to 1 in 2023. That was 37 percent higher than in the previous year. This increase was mainly because a long-term incentive payment for the executive board became due for payment, resulting in a significant increase in remuneration, whereas the average remuneration of the workforce was around the prior-year level. **More** . If the ratio is determined using the median remuneration of all employees in Germany, the ratio is around 45 to 1.

The total remuneration of the workforce was calculated on the basis of full-time equivalents (FTE). The average remuneration of the workforce is derived from the remuneration components paid in the fiscal year, excluding any special payments (for example, anniversary bonuses and other bonus payments). Variable remuneration components are included on the basis of the provisions established for fiscal 2023. The relevant workforce comprises permanent employees at all consolidated companies in Germany, excluding the members of the executive board, apprentices, and interns.

Evonik complies with its obligation to provide information on equal pay for men and women in comparable functions under the German Salary Transparency Act. Four requests for information were received in 2023. Following examination of the right to information, all had to be rejected on data protection grounds.

In 2023, we paid out €2,605 million in wages and salaries. 202-1, 401-2

Personnel expense T18

in € million	2021	2022	**2023**
Wages and salaries	2,668	2,745	2,605
Social security contributions	409	451	465
Pension expenses	255	227	125
Other personnel expense	76	64	64
	3,408	**3,487**	**3,254**

Collective agreements on remuneration cover 100 percent of our employees in Germany and around 70 percent of our employees worldwide. There are performance- or profit-oriented incentive systems at around 96 percent of our sites and companies. These systems cover around 99 percent of our employees. 2-30

Evonik offers voluntary social benefits in all regions where it has a presence. These are available to more than 99 percent of our employees. Close to 100 percent of our employees have statutory or company pension insurance and health insurance. As a rule,

part-time employees benefit from our performance- and profit-oriented incentive systems and our voluntary social benefits, provided that they meet the minimum working hours prescribed in some regions. In addition, in 2023, we once again offered employees in Germany, the USA, Belgium, and Singapore the opportunity to take part in the "Share" employee share program. The participation rate remained high at around 40 percent (2022: 42 percent).

Evonik offers pension plans in many countries where it is customary to do so. In the past, defined benefit pensions financed solely by the employer were most common. Newer, defined contribution plans are generally based on mandatory or voluntary contributions by employees. Since the structure of pension plans differs by country, there are also differences in the level of contributions made by employees and/or the employer. Examples are the plans available to newly hired employees in Germany and the USA. Since 2023, employees in Germany have been able to choose to make a personal contribution of 0 percent, 3 percent, or 4 percent of their salary. The contribution made by the employer rises with the personal contribution. Employees covered by the previous plan still have the option of making a personal contribution of 6 percent. In the USA, the pension plan is based on standard employee contributions of 6 percent of their salary, which can be increased or decreased individually. The employee's total contribution is topped up by graduated employer contributions. 201-3

Work-life balance

A family-friendly HR policy that is geared to different phases in people's lives is important to Evonik. More than 96 percent of our employees around the world have access to related initiatives. At the heart of this approach are flexible worktime models, support for people caring for close relatives, and assistance with childcare. The PAIRfect initiative offers a job sharing platform to help our employees structure their work time more flexibly by bringing them together with colleagues who want to share a job.

Evonik is also perceived by the general public as a family-friendly employer. Since 2009, we have been audited every three years by the Hertie Foundation for the berufundfamilie certificate. The most recent audit, in 2021, once again rated our work-life balance offerings as above-average.

Young Spirit gives kids a hands-on introduction to chemistry.

The Young Spirit initiative, which celebrated its 20th anniversary in the reporting period, enables our employees to combine their work with volunteering and, at the same time, make a valuable contribution to the education of children. Through Young Spirit, we encourage children's interest in science and thus foster the development of an understanding of nature and its laws from an early age. Some 220 employees visit schools and preschools to share their enthusiasm for the natural sciences and provide a fun introduction to the basics of chemistry and physics.

Well@Work 403-6

Alongside work-life balance, the focal areas of our in-house Well@Work initiative are exercise, nutrition, and mental fitness. A wide range of offerings at our sites, supplemented by group-wide digital programs, foster the physical and mental health of our employees. In 2023, Evonik responded to the rising demand for vegetarian meals by extending the menus available in its staff restaurants. Moreover, the carbon footprint of lunchtime menus was disclosed for the first time. Our employees responded positively to the increased choice.

#SmartWork

#SmartWork is our approach to hybrid working, comprising a balanced mixture of presence in the workplace and mobile working. In spring 2023, the maximum possible time permitted for mobile working was increased to an average of 60 percent. Worldwide, around 11,900 employees have now registered for #SmartWork. A global framework provides a basis for optimizing collaboration, while local rules can be used to structure and implement details of #SmartWork at country level. In Germany, the employer and employee representatives concluded agreements on this at the beginning of this project. These are continuously reviewed.

Employee participation in #SmartWork T19

Region	Headcount	Registrations	Percentage
Germany	19,320	8,866	46%
Europe, Middle East & Africa	3,160	427	14%
North America	5,039	1,183	23%
Central & South America	768	319	42%
Asia-Pacific	5,122	1,058	21%
Total	**33,409**	**11,853**	**35%**

As of December 31, 2023.

We expect the introduction and ongoing development of #SmartWork to bring cost savings by reducing the office space required and business travel. Both aspects contribute to a further improvement in Evonik's ecological footprint. To further optimize mobile working, a survey was conducted in 2023, and a platform was set up to share good practices.

Worktime models

The regular, contractually defined working hours for about 74 percent of our employees are defined in collective agreements. We limit employees' working hours to 48 hours a week unless shorter working hours are applicable. 78 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.

In Germany, all 19,320 employees, including our 14,106 male employees, have a statutory right to parental leave. In 2023, 773 employees used this right. Male employees accounted for around 48 percent. They took an average of 1.7 months parental leave in 2023, while female employees took an average of 6.8 months. In the reporting period, 563 employees returned to work after parental leave. Here, men accounted for just under 63 percent.

We involve our employees in our sustainable corporate strategy through NextGen Culture. That empowers them to integrate sustainability into their daily work. We invite all employees to take part, for example, through sustainability days at our sites and helpful hints for their workplace.«

Viviane Papa | Head of HR Talent Management, Germany

Employee satisfaction

Apart from a few exceptions, all employees who returned to work after parental leave in 2022 were still working for us a year later. As of December 31, 2022, there were 233 employees on parental leave. Of these, 164 (including 21 men) returned to work in 2023, amounting to around 70 percent. Of the employees who did not return to work in 2023, 64 were still on parental leave at year-end 2023. The proportion remaining in the company is therefore nearly 98 percent. 2-7, 401-2, 401-3

Some employees ask about the possibility of taking paid or unpaid leave for an extended period, for example, to enhance the compatibility of private and professional phases in their lives. Although interest is rising, it is nevertheless still low. In percentage terms, it is in the low single-digit range based on our total headcount.

About 93 percent of our 33,409 employees have full-time jobs and 7 percent work part-time. About 80 percent of our 9,066 female employees work full-time, compared with 97 percent of male employees. Around 11 percent of employees in the Europe, Middle East & Africa region take up the option of working part-time to improve their work-life balance. By contrast, this option is hardly used in other regions because it has no social relevance there. 2-7, 407-1, 408-1, 409-1

Parental leave in Germany T20

	Total	Women	Men	Women in %	Men in %
Employees entitled to parental leave	19,320	5,214	14,106	27.0	73.0
Employees on parental leave in 2023	773	403	370	52.1	47.9
Average duration of parental leave in months in 2023	4.4	6.8	1.7	–	–
Return from parental leave in 2023	563	206	357	36.6	63.4

Ability to take extended periods of leave[a] T21

	Employees in %
Europe, Middle East & Africa	94
Asia-Pacific	87
Central & South America	100
North America	98

[a] Option to take paid or unpaid leave for more than three months.

Community Management@Evonik

In response to employees' increasing desire for digital networking and interaction, Evonik has stepped up its community management. Evonik's social media network is accessed more than 5 million times a year, testifying to the enormous interest in internal forums. The community management team provides advisory and learning offerings to support netiquette. In addition, there is a special community for the Next Generation Culture initiative. These activities contributed to Evonik winning first place in the Internal Channel category of the "Digital Communication Award."

DIGITAL COMMUNICATION AWARDS 2023 WINNER

Long-term accounts

Since 2007, Evonik has offered employees in Germany the option to set up a long-term account for deferred compensation. In all, about 57 percent of employees have taken up this option, which offers them the scope to retire at an earlier age.

Trustful collaboration

Trustful collaboration between representatives of the management and the workforce is an important success factor for Evonik. It takes account of operating conditions and the laws applicable in the various countries.

In Germany, the fundamental rights of our employees and their representatives to be consulted are anchored in statutory regulations such as the Codetermination Act and legislation on executive staff councils. Employees at all Evonik sites in Germany are represented by elected councils. Works councils represent exempt and non-exempt employees, while executive staff councils represent our executives. They are consulted in good time on all major changes. That includes processes relating to corporate reorganization and restructuring, as well as agreements on, for example, the introduction of short-time working or similar measures. These take place several weeks or months in advance, depending on the significance of the upcoming changes. During this period, written agreements may be made on the upcoming measures and their impact on our workforce. 2-9, 402-1

Colorful and diverse: Evonik make a clear statement against racism and intolerance at events at its site in Hanau (Germany).

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 European cross-border issues are represented by the Evonik Europa Forum, which is composed of employer and employee representatives. At company level in Germany, employees' interests are represented by employee representatives on supervisory boards.

Evonik does not restrict employees' rights to freedom of association or the right to collective bargaining. These rights are also ensured in countries where freedom of association is not protected by the state. Based on our sites worldwide, there are employee representatives for more than 94 percent of our employees. 2-30

At the initiative of the committee representing young employees and apprentices (GJAV), Evonik took part in the international anti-racism weeks in Germany and organized activities at various sites. Flashmobs, workshops, and a human chain of apprentices made a clear statement on the rejection of racism. In addition, employees were offered an opportunity to anonymously share experiences of racism in their daily lives to support the fight against hostility and exclusion. Based on these experiences, the GJAV made videos to raise employee awareness of the different types of discrimination. In this context, Evonik held a pilot event titled "Civil courage can be learned" at its site in Hanau. (Germany).

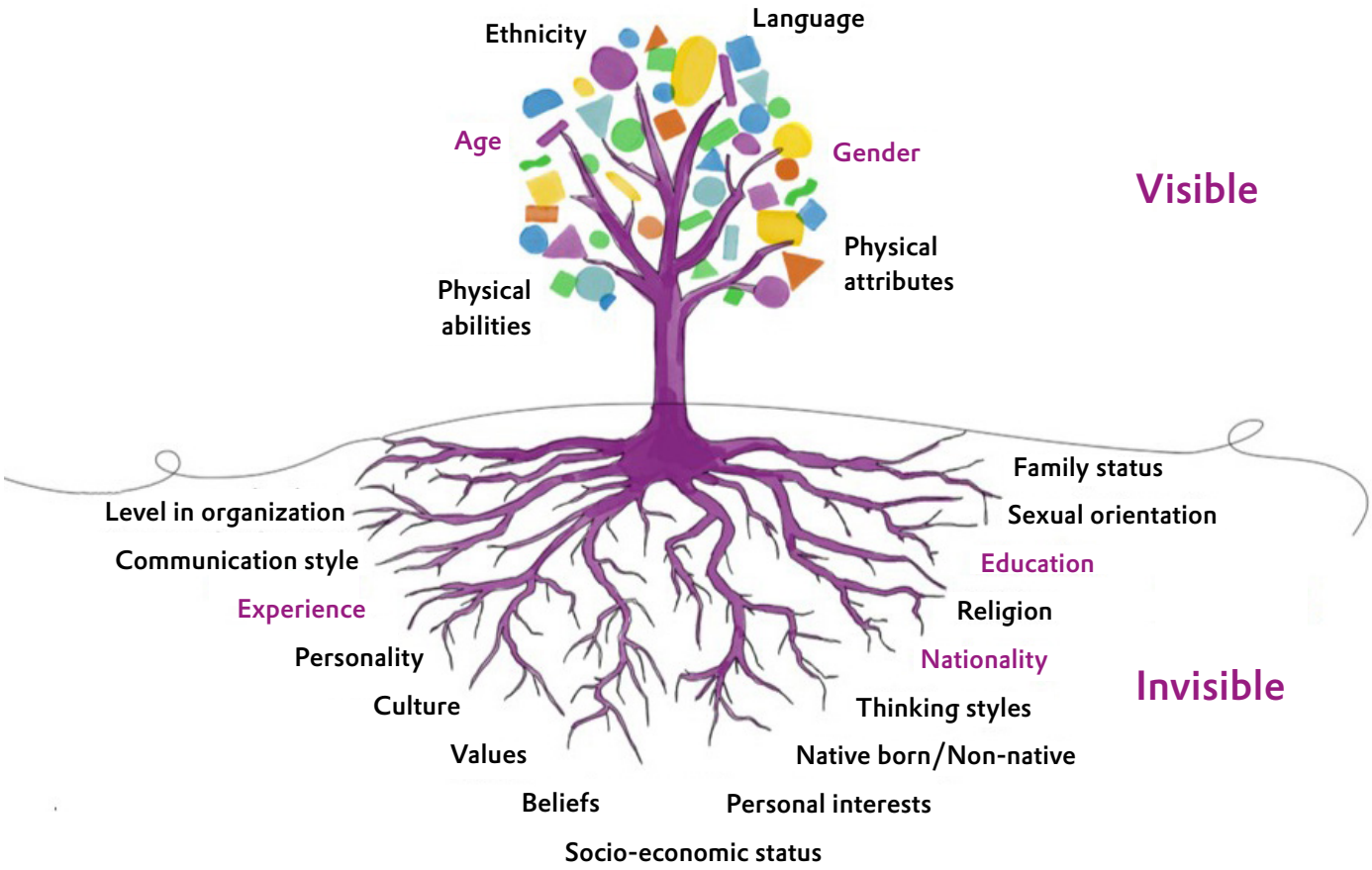
Diversity and equal opportunity

Strategy and management

As an international company with a presence in wide-ranging markets, we see diversity as an opportunity. Diversity is not simply a social or political obligation. We see it as a key to business success. Employees with different backgrounds and personalities enrich our teams and our company. We do not tolerate discrimination. Diversity enhances Evonik's creativity, innovative capability, and proximity to customers. It also has a positive influence on the recruitment of new employees and on staff retention. We actively raise awareness of this issue through our corporate media and regular dialogue formats. We use training in diversity and unconscious bias for employees in a wide range of jobs and levels in the company to raise awareness of diversity and unconscious bias and of factors that hinder diversity.

Our diversity strategy is derived from our corporate strategy. Diversity is a firm element in our corporate values, working principles (ONE Culture C17 p. 87), and the Evonik competency model. The parameters we use to manage diversity often exceed the legal requirements. Via the HR dashboard, executives can obtain a monthly overview of relevant diversity indicators. We inform all employees about the present situation in an annual diversity report.

The role of the diversity council is to embed diversity in our organization and to drive it forward through cross-business criteria. It comprises the members of the executive board, the heads of the divisions, and representatives of the regions and corporate functions. Global implementation of the measures adopted by the diversity council is driven forward by three



Evonik North America has a robust and growing number of Employee Resource Groups (ERG). I have been impressed with the learning opportunities offered by all our groups as well as the networking options. Personally, I have learned that being an ally for any of our ERGs means speaking up when you may be the only dissenting opinion in the room.«

Melissa Jones | Head of Global Onboarding, USA

Diversity and equal opportunity

diversity panels—for processes, regions, and communication. Our global diversity & inclusion team is responsible for implementation at regional level.

All measures to foster diversity take a holistic approach: We address the issue from strategic, cultural, and process perspectives. Our executives are required to actively manage diversity with the aid of specific indicators relating to experience, age, training, nationality, and gender. We also take into account different mentalities and perspectives arising, for example, from religious conviction and sexual orientation.

We have set specific targets for dimensions where we want to improve. These are currently gender diversity (T22 p. 97) and intercultural mix (T24 p. 98). Since 2021, diversity criteria have been incorporated into the performance appraisal of our employees. That gives us additional leverage to encourage diversity.

Dimension 1. Age/generations

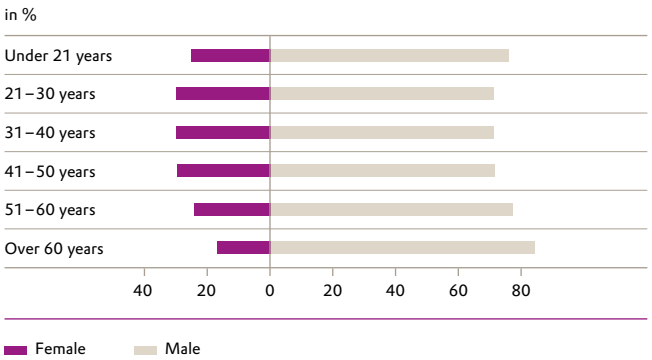
We foster cross-generational collaboration in our teams and give special priority to mental and physical health p. 92. Other offerings include LILY (Learning and Individualized Library), an online platform that facilitates lifelong learning. Our reverse mentoring program gives different generations an opportunity to learn from one another across regional boundaries and organizational units to develop an understanding of the viewpoint of different generations.

In 2023, the average age of Evonik employees was 43 years. 47 percent of new hires (1,047 employees) were under 30, 46 percent were in the 30- to 50-year age group (1,027 employees), and 7 percent (161 employees) were over 50. Our youngest employees in the reporting period were apprentices aged 15.

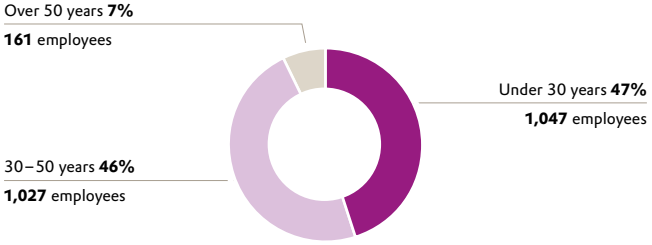
Dimension 2. Competencies and experience

In line with our corporate purpose, we foster cross-functional collaboration. We network competencies and perspectives. Diversity and opportunities to use various dialogue formats are presented to new employees at virtual onboarding events or as part of the Evonik Starting Kit. The offering comprises learning journeys, reverse mentoring, diversity fairs, lunch & learn events and diversity BarCamps.

Age structure in the Evonik Group 2023 C19



External hires by age 2023 401-1 C20



Dimension 3. Gender

We aim to increase the proportion of women in our company worldwide and at all levels. The following table provides an overview of our targets:

Diversity targets: gender 405-1 T22

in %	Diversity targets 2023	Status 2023
Executives[a]	23	22.2
Senior management[b]	23	18.5
Other management levels[c]	30	30.3

[a] Executives = executive functions, i.e., top management functions in the Evonik Group.

[b] Senior management = senior management functions, i.e., key functions in the segments, regions, service units, and corporate divisions.

[c] Other management levels = further management functions.

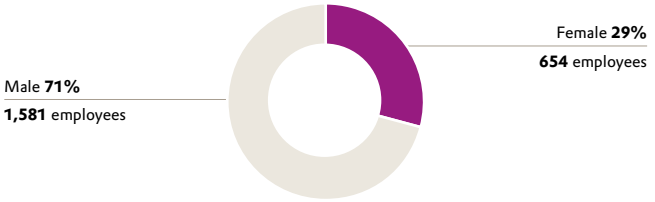
We take equality of opportunity very seriously in the recruitment of new employees. As a guide, we use the proportion of women studying the disciplines that are relevant for us. Our objective is for women to make up around 40 percent of new management employees.

An extensive range of measures supports the attainment of these gender targets. Examples are childcare offerings, vacation programs for kids, and job sharing. For ten years now, the groW global network has been bringing together women in the Evonik Group. It fosters talent, shares knowledge, and advocates for diversity and different perspectives.

Evonik supports social impetus and takes part in alliances to encourage young women to enter STEM professions. The "Grow beyond yourself" initiative launched in the Asia-Pacific region in 2023 targets the same professions: In China, Japan, and India, Evonik offers a training program, including an innovation competition for schools. The aim is to improve everyday opportunities for girls and to encourage them to take up STEM professions.

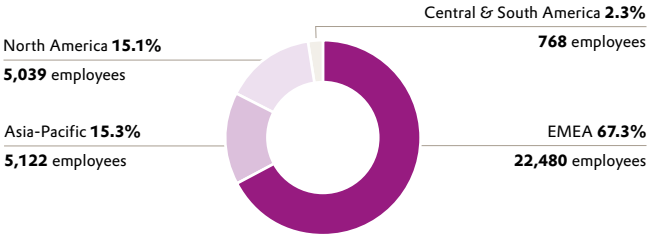
At present, women make up around 27 percent of our workforce (9,066 employees), and men about 73 percent (24,343 employees). In 2023, 29 percent of external hires were female (654 employees), and 71 percent (1,581 employees) were male. We are seeing an increase in the proportion of women, especially among younger

External hires by gender 2023 401-1 C21

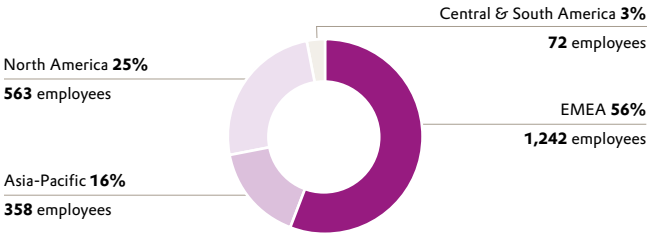


Evonik India provides educational materials for about 200 girls from the socially disadvantaged Malvani district in Mumbai to encourage them to acquire scientific skills.

Employees by region 2023 C22



External hires by region 2023 401-1 C23



age groups. In the under-40s age group, the proportion of female employees in management is now just over 37 percent. That is an improvement of around 10 percentage points compared with 2011.

Percentage of women in management T23

in %	2011[a]	2022[b]	2023
Executives	8.2	20.3	22.2
Senior management	8.1	17.1	18.5
Other management levels	17.8	29.9	30.3
Total management	**16.6**	**29.1**	**29.6**

[a] Including the methacrylates business.

[b] As of December 2021, allocation to management functions reflects the target group of the position, rather than personal grade as in the past.

Overall, the proportion of female employees in management functions increased from 17 percent in 2011 to around 30 percent in 2023.

Several events and talks on transidentity and intersexuality were held in 2023. Various related processes were optimized, for example, the procedure for changes in people's first names and gender. The policy on discretionary leave of absence in the event of bereavement in North America was revised, and the definition of spouses, parents, and children was broadened significantly.

Dimension 4. Intercultural mix

#TogetherAsOneEvonik stands for Evonik's commitment to fairness and diversity and the rejection of hatred and discrimination. We offer our employees and managers a wide variety of job-related training opportunities. These include anti-discrimination and anti-racism events, media competency workshops, breakout days on courage at our site in Essen (Germany) and the Jewish Museum in Frankfurt (Germany), as well as activities such as the Cultural Appreciation Day at our site in Singapore.

The number of employee resource groups (ERGs) increased to seven. As well as the established ERGs—groW for women, BUILD for Afro-American employees, ASPIRE for Asian employees, E-Vet for veterinarians, and FoNeMa for new employees, the Early Career Professionals and EQuALS (Evonik Queer Alliance for Learning and Support) ERGs were established. The ERGs are networks that offer a varied range of activities both within and beyond the respective ERG, ranging from Bar-Camps and mentoring to talks by experts and speed networking.

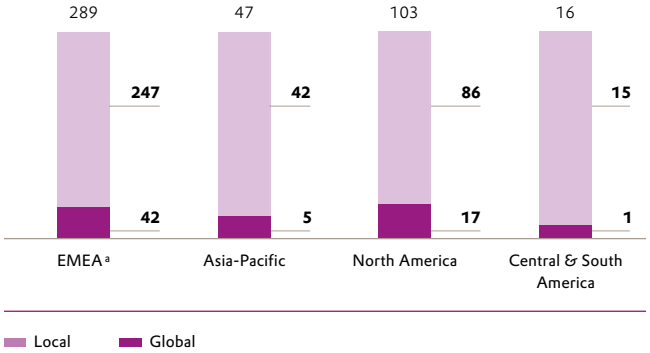
Diversity targets: intercultural mix[a] 405-1 T24

in %	Diversity targets 2023	Status 2023
Executives	20	18.4
Senior management	35	25.7

[a] Employees whose nationality is not German.

Evonik currently employs people of 109 nationalities at 205 sites in 53 countries. The proportion of managerial employees who do not hold German citizenship is around 46 percent. Group-wide,

External management hires by region 2023 202-2 **C24**



Local: Manager's nationality corresponds to the location of the operation.
Global: Manager's nationality differs from the location of the operation.

[a] EMEA = Europe, Middle East & Africa

the proportion in senior management positions is around 26 percent. Chart **C24** covers all management levels, i.e., executives, senior management, and other management levels. The data cover our ten largest locations in each region.

Discrimination

Our code of conduct and global social policy forbid discrimination on the basis of ethnic origin, skin color, religion or beliefs, age, gender, sexual identity, physical constitution, appearance, or other attributes that are protected by law. Employees who feel they have been discriminated against have a right to lodge a complaint via our anonymous whistleblower system, which can be accessed both internally and externally.

Information on complaints procedures is available to all employees via internal media and personal discussions in all regions. To prevent discrimination, we have training and activities to raise awareness of our code of conduct p. 123.

A total of 12 cases of discrimination were reported in 2023, nine of them in the USA via a structured annual questionnaire and three via the whistleblower system. Evonik investigates all cases and takes action to stop them recurring. 406-1

Integrating people with disabilities

The employment and inclusion of people with disabilities is another way in which we embrace diversity. We focus on providing a working environment where every individual can use their personal strengths optimally for the development of themselves and the company. Evonik was the first company in the sector to sign a policy on occupational inclusion in the chemical industry. To implement the works agreement, which was revised in 2022, the position of group inclusion officer was created and filled in 2023. Together with focus groups on topics such as vocational training, accessibility, and awareness training, this central role ensures that we gain a better understanding of the needs of people with disabilities and can continue to handle the challenges of inclusion in the future. In the reporting period, two vocational training instructors embarked on a supplementary training course on inclusive teaching to improve support for apprentices with disabilities. Further upskilling is planned.

In 2023, employees with disabilities accounted for 8.2 percent of Evonik's workforce in Germany.

Vocational training and continuing professional development

Evonik regards well-trained employees as a success factor in competition and has a global learning strategy aligned with future business requirements. Our activities in this area cover both the vocational training of young people at the start of their working lives and continuing professional development of our employees. The central elements are

- uniform global solutions for training and personnel development with digital self-directed learning content,
- simplifying the offering of digital learning platforms, and
- increasing the acceptance of self-directed digital learning and lifelong learning.

We offer our employees access to a wide range of learning journeys and digital content for self-directed learning. Our FutureZone learning platform administers the participation of employees in mandatory training and e-learning sessions and notifies them of the need to complete them. We measure our success in implementing our learning strategy by the number of active participants, their average learning time, and the total number of people registered to use the LILY learning platform. Both platforms are available to all employees worldwide, provided they have access to the intranet. At the start of 2023, Evonik introduced the LinkedIn Learning digital library of over 20,000 courses in various languages for all employees. The courses range from business-specific software through project management to career advice and tips on leadership.

In connection with its long-term incentive (LTI) remuneration plan, Evonik has introduced a new key performance indicator (KPI) to measure and extend self-directed, digital learning. The aim is to establish a modern, sustainable learning culture at Evonik based on individual responsibility. This KPI is calculated by dividing the total learning time in the LILY and LinkedIn Learning systems by the total number of permanent employees. The baseline for this KPI is the average of 2.05 hours per employee in 2022. The aim is to increase the average to 3.00 hours per employee by 2026. The KPI does not include mandatory training, face-to-face training, and courses outside these two systems. Evonik has developed standardized definitions, processes, and a dashboard to measure progress. 404-2

Since we have more than 1,112 apprentices and a strategy to secure skilled employees, we consider that we are well-prepared for the challenges of demographic change, including in production and related areas. To retain young people in the company, all apprentices who are able and willing to take up employment are offered jobs. In addition, we are training 556 apprentices in cooperation with other companies.

Vocational training and continuing professional development: progress in 2023

In 2023, Evonik trained more than 1,660 young people. Our offering covered 36 recognized vocational training courses and combined vocational training and study programs at 15 sites.

Apprentices accounted for 6 percent of our workforce in Germany, and therefore remained above the national average of around 4.7 percent in Germany.[1] Overall, we invested around €64 million in vocational training in 2023. Our high commitment is also reflected in good examination rates. The pass rate is over 98 percent.

Over the past 20 years, the "Start in den Beruf" pre-apprenticeship program has proven very effective preparation for youngsters who are not yet ready for a vocational training course. In the 2022/2023 project year, we offered an additional 15 places in this program, bringing the total to 65. This complementary offering gives young people an insight into the dual training system and the occupations available to help them make a career choice.

Evonik has integrated the course content trialed with the BBNE sustainable development education forum into its vocational training as a firm course component. In addition, learning paths were developed for our library of training media for apprentices. These contain direct links to content related to the stages in their vocational training courses.

At the Open House day in August 2023, more than 1,000 visitors took advantage of the opportunity to visit Evonik's vocational training center at Marl Chemical Park and gain direct insight into various apprenticeships.

[1] The tables in the vocational training data report 2023 in the internet are from 2021.

The quality of vocational training at Evonik was highlighted by successful DIN ISO 21001 certification and further awards in 2023:

For the fifth consecutive time, a study of Germany's best vocational training companies awarded Evonik first place in the specialty chemicals category. Furthermore, we were given a five-star rating by the business magazine Capital for our performance in dual vocational training and combined vocational training and university courses—also for the fifth time. In addition, a joint project by Evonik's vocational training department and MINT-EC, an association of science and math centers of excellence for schools, was awarded the Comenius EduMedia seal.

In 2023, Evonik invested about €371 per employee in training and continuing professional development (CPD). That was a total of €12.39 million. The reduction in external training expenses was due to extensive savings drives. In the reporting period, 16,590 employees used digital learning content in the LILY and LinkedIn Learning systems, giving an average of 3.75 hours per user. 404-1

The second worldwide application round for the Evonik Explorer development program started in spring 2023. Overall, about 320 talented employees were confirmed as new Evonik Explorers. This program also uses a blend of digital self-directed learning phases, remote group work, online seminars, and face-to-face sessions.

The aim of the Evonik learning sessions is to try out new methods of collaboration, learn from one another, and encourage networking with colleagues from other disciplines. The corresponding community now has around 16,500 members worldwide. The program content, which is developed by the community itself, includes a broad spectrum of topics and speakers. In 2023, we organized 74 learning sessions, in which about 17,700 employees took part.

Our targets

Below is an overview of the targets set for our employees area of action.

Target attainment in 2023

- Proportion of women in top and senior management should be 23 percent at each level by 2023 (status 2023: 22.2 percent and 18.5 percent)
- Intercultural mix at executive level should be 20 percent by 2023 (status 2023: 18.4 percent)

Targets for 2024 and beyond

- Proportion of women in top and senior management should be 30 percent at each level by 2026
- Intercultural mix at executive level should be 25 percent by 2026
- Average digital, self-directed learning using the LILY and LinkedIn Learning platforms should be more than 3 hours per employee per year by 2026

Target not achieved
Target partially achieved or target horizon extends beyond 2023
Target achieved

Safety

Safety has priority over sales and profits at Evonik. We have a long-established safety culture that allows continuous improvement of our systems and processes. Protecting the health of our employees is also very important to us.

MATERIAL TOPICS

- Occupational and plant safety
- Health protection and promotion

SDGS OF PARTICULAR RELEVANCE FOR EVONIK

0.21 LTI-R (no. of accidents per 200,000 working hours)

0.43 PSI-R (no. of incidents per 200,000 working hours)

5.5 Occupational health performance index

Contents

Safety

- **All safety data compiled in ESTER**
- **Corporate health promotion: focus on mental fitness**
- **Further digitalization in the areas of transportation safety and logistics**

Safety

Strategy and management

Protecting the health, safety, and employability of our employees and preventing accidents and incidents at work and in the operation of our production facilities are of central importance to Evonik. That is also reflected in the UN Sustainable Development Goals of relevance to Evonik. Our high safety standards aim to prevent fatalities, accidents, and damage to health and the environment. That includes both our employees and contractors' employees during their working hours, during commuting, and during the transportation of goods. Another goal is to prevent Evonik releasing hazardous substances into the environment and to exclude damage to our production facilities resulting from inadequate safety precautions. We take into consideration both internal and external factors such as extreme weather, manipulation, and terrorist attacks.

The group-wide management of occupational and plant safety at Evonik is based on global policies, processes, and systems. These are an integral part of our integrated management systems. We use centrally planned internal audits to evaluate the implementation of the applicable rules and regulations and identify any scope for optimization. Our internal processes are supplemented by external audits by independent certification bodies. The ESHQ function is responsible for the standardization of mission-critical processes for all divisions (see "The environment" p. 47). Requirements and the need for action are defined in binding targets based on performance indicators. Accident frequency is also reflected in the variable remuneration of members of the executive board.

Our ESHQE management handbook sets out our mandatory global rules on the environment, safety, health, quality, and energy. The aim is to continuously optimize our processes, plants, products, and services. That includes minimizing the undesirable influences of our activities on people and nature.

Our group-wide Safety at Evonik management approach covers all aspects of occupational and transportation safety. It defines binding principles of action that give our managers and employees, including personnel from staffing agencies, reliable guidance on safety-compliant conduct in their daily work. This is supplemented by Safety at Evonik 2025, a roadmap setting

out further safety elements for every year up to 2025. We are planning to extend this roadmap to 2030.

Our crisis and incident management are designed to prevent and limit the damage if accidents nevertheless happen[1]. We systematically analyze and simulate incidents with external support. In this way, we aim to further improve our safety performance. We share the findings within the company via our ESHQ Global SharePoint. One successful format for this is our safety flyer. To build and share experience, we also participate in various national and international networks. 403-5

In the areas of health protection and health promotion, we concentrate on an integrated, holistic approach. The aims are to maintain and enhance the wellbeing of our employees and their employability.

Safe transportation of goods is very important for Evonik. We use a uniform process to select the logistics service providers for transportation and regularly review their reliability. In keeping with our understanding, this includes evaluating the Responsible Care® performance of all transportation providers. Our aim is to minimize risk at all stages, from loading through transportation to unloading p. 108.

ESTER targets C25

Target 1
Group-wide ESH software

Target 2
Replace many IT solutions

Target 3
Improve ESH performance

Target 4
Reduce the time and expense for ESH

Safety: progress in 2023

In the reporting period, we completed the introduction of our ESHQ software, ESTER (Evonik Standard Tool ESHQ and Reporting), and continued our work to optimize it. ESTER harmonizes processes throughout the Evonik Group, makes workflows leaner, and broadens our database for evaluation purposes. That helps us improve our safety performance and makes it easier to learn from one another. All relevant indicators and reports are available in a central database (single point of truth). In addition, the most important data on our safety performance are available to all employees via an intranet dashboard.

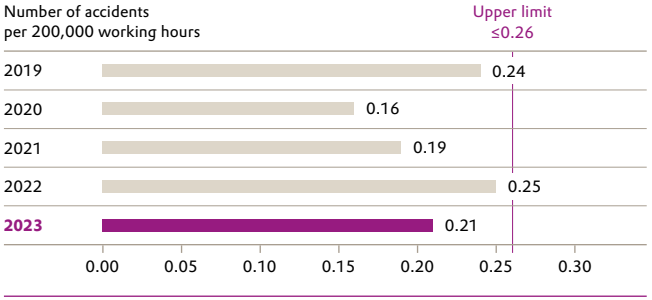
Occupational safety

Strategy and management

We have always paid special attention to occupational safety, which also includes both safety on the way to and from work and the safety of contractors' employees working at our sites. The key performance indicator for occupational safety at Evonik is the lost time injury rate (LTI-R)[2]. In 2023, we once again achieved our target of remaining below the defined upper limit for the LTI-R of 0.26 accidents involving Evonik employees[3] resulting in absences of at least one full shift per 200,000 working hours. The LTI-R was 0.21[4] and therefore well below the defined upper limit. 403-1, 403-4

Our ESHQ software, ESTER, offers us various ways to evaluate incidents. As in the previous year, most injuries in 2023 related to hands and fingers.

Lost time injury rate C26



[1] Based on the definition in the German guideline SFK-GS-26.
[2] All reported work-related accidents (excluding traffic accidents) resulting in absences of at least one full shift per 200,000 working hours.
[3] Evonik employees including employees from staffing agencies as defined in the German legislation on staffing agencies (AÜG).
[4] The total number of hours worked by Evonik's employees in the reporting period was around 67 million hours.

We've introduced a maintenance safety system based on a globally recognized standard as a systematic safeguard for safety-critical tasks. For example, it secures interfaces to pipes that have not been emptied and machinery that is connected to the power supply. This enhances safety in the workplace.«

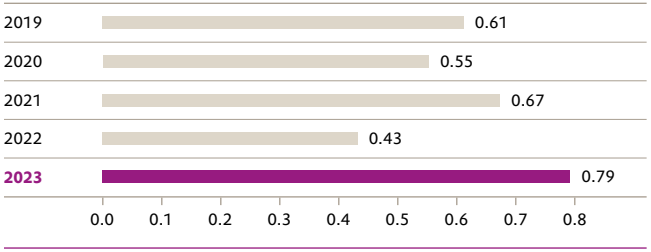
Dr. Arndt Selbach | Site Manager, Wesseling, Germany

Occupational and plant safety

The LTI-R for contractors' employees was 0.79, which was higher than in the previous year (0.43). The number of accidents increased from 47 in 2022 to 48 in 2023. The increase in the LTI-R is attributable to the fact that fewer contractors were used. Most of the accidents were caused by workers tripping, slipping, falling, or coming into contact with machinery. 403-9

Lost time injury rate, contractors' employees [a] C27

Number of work-related accidents involving non-Evonik employees resulting in absence from work per 200,000 working hours



[a] Calculation based on assumptions and estimates.

In 2023, there were no fatal accidents involving our employees or contractors' employees either at our sites or during commuting. There were no accidents resulting in more than six months' absence from work. 403-9

Plant safety

Strategy and management

Safety is the basic precondition for the operation of our facilities and their performance. It is therefore the basis for reliable, effective, and future-oriented production. We set demanding safety standards for the entire life cycle of our plants worldwide. We regard safety as an all-round task, which is established worldwide through our safety management systems and regularly reviewed.

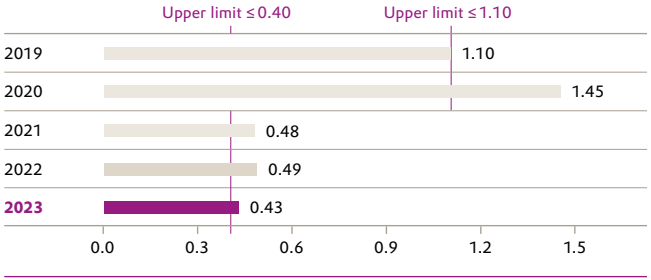
The key performance indicator for plant safety at Evonik is the process safety incident rate (PSI-R). This is used to monitor the number of incidents in production plants involving the release of substances, fire, or explosion (process safety incidents) as defined by Cefic. 403-1

Our PSI-R was 0.43 in the reporting period, so we failed to meet our target of remaining below the upper limit of 0.40. Nevertheless, the PSI-R was considerably better than in the previous year (0.49). Although most incidents were due to the release of substances, specific countermeasures resulted in an improvement in the PSI-R in 2023.

We steadily endeavor to optimize our safety management system. Our expert circle on plant safety worked on various projects in the reporting period. The focus is on the ongoing development of our plant safety regulations. Based on the experience gained with ESTER, we continued to optimize the management-of-change process.

Process safety incident rate [a] C28

Number of incidents per 1 million working hours (up to 2020)
Number of incidents per 200,000 working hours (from 2021)



[a] 2017 – 2020 in accordance with Cefic 2011, from 2021 in accordance with Cefic 2016.

Health protection and promotion

Strategy and management

Global management of health protection and promotion at Evonik takes a long-term, holistic approach, covering employees, the working situation, and the general working environment. Our approach to health protection and promotion includes high-quality medical care as required, applying ergonomic and health-related measures to structure working conditions, and a functioning emergency management system at plant level. Our aim is to meet all statutory requirements on occupational health and safety and avoid high rates of sickness-related absence.

We offer our employees a range of voluntary measures to foster their health. These are bundled in the group-wide Well@Work initiative. In this way, we support a healthy lifestyle. A family-friendly human resources policy that takes account of different phases in employees' lives and supports a good work-life balance is important to Evonik (see "Employees" p. 92). Appropriate offerings are designed to counter a poor work-life balance and the increase in mental health and stress-related illness. Our health protection and promotion measures are also available to all employees, including personnel from staffing agencies.
403-1, 403-3, 403-4, 403-5, 403-7

The Evonik Global Health Program sets out the main goals of our occupational health strategy, together with data and facts. We use this as the basis for refining our strategy and adapting it to the latest developments. The main challenges identified for the period 2020 through 2025 are the aging workforce, the global increase in mental health problems, and changes in the working world due to digitalization and Work 4.0. On this basis, priorities have been defined for our occupational health activities. Our occupational health management policy sets binding worldwide standards for health protection and promotion at Evonik. 401-2

In Germany, issues relating to occupational safety and health protection have to be agreed on with the employee representatives. Our policies for our global workforce are also based on this.

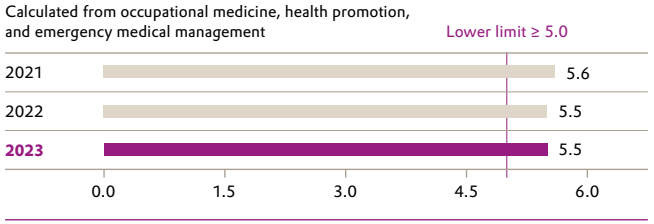
In line with statutory requirements, at our German sites, we have occupational safety committees that meet at least four times a year to discuss issues relating to occupational safety and the protection of health. These committees are composed of employee and employer representatives, safety specialists, safety officers, and occupational medicine specialists. The committees cover more than 99 percent of our employees in Germany. There are also comparable bodies at other sites. 403-8

Fulfillment of the relevant requirements is monitored through internal and external environment, safety, and health audits, accompanied by extensive reporting. We recommend or require action to address indications that there is scope for improvement and deviations from the applicable guidelines. As an overriding indicator, we have established an occupational health performance index.

Occupational health performance index

This index shows the extent to which internal requirements have been implemented and goals achieved. It enables us to measure progress in the area of occupational health and drive forward targeted improvements.

Occupational health performance index C29



The index is calculated from two parameters from each of the following areas: occupational medicine, health promotion, and emergency medical management. Both the quality and the scope of the measures are taken into account. The index is calculated annually. In the reporting period, it covered 109 sites and 92 percent of Evonik employees.

We have defined a target of ≥ 5.0 for the occupational health performance index. In 2023, the index was 5.5 (maximum: 6.0).

For Germany, we also calculate a health ratio, which was 94.5 percent in 2023 (2022: 94.0 percent). This is the ratio of target working hours less sickness-related hours lost to target working hours.

Emergency medical management

Evonik's Medical Incident and Emergency Management standard defines binding basic requirements for emergency medical management at all sites worldwide. The exact equipment and human resources required depend on production-related risks and the availability and quality of local medical infrastructure.

Specific procedures have been defined for accidents where employees come into contact with chemicals and special medical treatment is required immediately. Emergency medical management also includes pandemic plans and regular training exercises. An extensive preventive health and risk management program is in place for employees on business trips and foreign assignments.

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 we identify a risk for specific employees, technical and organizational measures to counter the risk have priority over the use of personal protective equipment. Information and training of employees also play an important part in avoiding health impairments. Such training is mandatory for all employees worldwide. Preventive healthcare includes advice for employees on their individual health risks, including preventive check-ups where necessary. The medical data generated in this process are subject to medical confidentiality and are protected and archived in accordance with national data protection regulations. 403-2, 403-5, 403-7

Evonik regularly reports on occupational illnesses. The indicator used for this is the occupational disease rate (ODR), which is defined as the number of newly identified cases of occupational illnesses per 1 million working hours. The calculation includes all cases recognized in the reporting period, including latent illnesses, which are illnesses where the causes lie well in the past. The calculation does not include contractors' employees, as we do not have access to such data due to data protection regulations. 2-8, 403-10

HIV and Aids have devastating effects on individuals and communities. South Africa alone records about 950 Aids-related deaths daily. Therefore, it is crucial to talk about the dangers and break the stigma surrounding the topic. To contribute to this common goal, Evonik Peroxide Africa held an interactive awareness session and offered voluntary testing for its staff along with pre- and post-counselling. We have received a lot of positive feedback.«

Surie Govender | ESHQ Manager, South Africa

Health protection and promotion

In 2022[1], there were 74 cases of newly recognized work-related illnesses, giving a total ODR of 1.11 for the Evonik Group (2022: 0.28). New cases were reported in Germany (ODR: 0.85 in 2023 and 0.27 in 2022), North America (ODR: 3.7 in 2023 and 0.5 in 2022), EMEA (ODR: 0.48 in 2023 and 0.5 in 2022), and Asia-Pacific (ODR: 0.09 in 2023 and 0.00 in 2022).

The unusually high number of new cases is due to the pandemic and the fact that, under the OSHA[2] regulations applicable for the USA, COVID-19 infections contracted at work in the USA are counted as occupational illnesses. In 2022, 34 Evonik employees in the USA became infected with coronavirus during their work—generally on business trips. That is a very low small proportion of the total number of 1,151 infections recorded among our employees in the USA and shows the effectiveness of the protective measures in our workplaces. In the calculation of the ODR, however, these 34 cases resulted in a significant increase in the indicator compared with previous years. Factoring out the coronavirus infections, the ODR for 2022 was 0.6, a normal level for Evonik.

The main causes of occupational illness at Evonik that are unrelated to the pandemic are still exposure to asbestos and noise. Exposure to asbestos relates to the period prior to 1993, the year Germany banned the production and use of asbestos. Our occupational safety measures endeavor to minimize the risks of sustaining an occupational illness. In view of this, the risk for our employees and contractors' employees working under Evonik's direct supervision is very low. In the reporting period, there were no reported deaths of members of our active workforce as a result of work-related illness.

[1] The ODR for 2023 will probably be available on our website in spring 2024.
[2] OSHA = Occupational Safety and Health Administration.

Corporate health promotion

Our Well@Work program centers on four central areas: exercise, a healthy diet, mental health, and work-life balance. Our corporate health promotion activities center on basic programs with a long-term focus to encourage employees to adopt a healthy lifestyle. These are supplemented by health campaigns, which change every year. At all of our German sites, there are interdisciplinary health task forces to implement Well@Work. The Care & Support program in Germany enables employees to contact the company medical service with private medical questions. They are given advice and support. In the event of illnesses requiring treatment, they are referred to their general practitioner or a specialist physician. 403-6

In 2023, we continued our online health promotion offerings, which we had expanded considerably during the pandemic. In this way, we also take into account the fact that many employees now use our SmartWork mobile working program (see "Employees" p. 92). In the reporting period, employees in Germany had access to a wide choice of offerings through our #Gesunddurchsjahr program, including online talks on various topics, advice on ergonomics and healthy eating, online exercise sessions to encourage activity during lunch breaks, and online get-togethers for personal interaction, e.g., for parents and employees caring for relatives. In-person offerings at our sites also restarted. In the fall, we offered our routine influenza vaccine program and coronavirus booster vaccines where required. Our global health campaign was dedicated to preventing cardiovascular disease. During "CPR week" in September, many sites again offered employees an opportunity to learn simple resuscitation techniques. In Germany, Evonik once again took part in a mental health week to raise employees' awareness of mental health problems, overcome prejudice, and provide information on where to get help. Maintaining the long-term employability and wellbeing of our employees was also at the heart of two fit-for-life seminars for our employees, which ran over several days.

Worldwide, around 95 percent of our workforce can seek advice on workplace-related, personal, or family problems from social and employee counseling centers.

Transportation safety and logistics

Strategy and management

Our aim is to minimize risk at all stages in the shipping process—from loading right through transportation to unloading. We take special care when shipping dangerous goods. Moreover, our safety standards for especially dangerous products and raw materials go beyond the regulations for such substances. In the reporting period, we continued our focus on sustainability and alternative fuels for transportation such as HVO110[1] and bio-LNG[2].

Transportation safety and logistics: progress in 2023

In 2023, Evonik took part in various projects and initiatives with the aim of further improving safety in the transportation of chemicals.

Our agenda includes the efficient, resource-saving optimization of our forklift fleet. In the reporting period, we therefore introduced an automated fleet management system with a central database, access controls, and various sensors. The aim is to monitor our forklift fleet to meet compliance requirements and significantly reduce the frequency of accidents, damage caused by incorrect use, and consequential damage. Digitalization of our fleet of vehicles allows for the optimization of logistics processes. We also expect the evaluation of the net duration of use and extended intervals between trips to reduce maintenance costs by 20 percent.

Outgoing shipments of hazardous goods[a] T25

in thousand metric tons	2022[c]	2023
Air	0.7	0.4
Ocean	462	437
Inland waterway	283	307
Rail	729	717
Pipeline[b]	923	608
Road	1,873	1,667
Total	**4,271**	**3,737**

[a] Excluding goods collected by customers. [b] External shipments only. [c] Corrected data.

Outgoing shipments of other goods[a] T26

in thousand metric tons	2022[c]	2023
Air	6	5
Ocean	1,141	1,086
Inland waterway	0	0
Rail	213	219
Pipeline[b]	6	3
Road	2,212	1,877
Total	**3,578**	**3,191**

[a] Excluding goods collected by customers. [b] External shipments only. [c] Corrected data.

[1] Hydrotreated vegetable oil; biodiesel produced 100 percent from waste and residues.
[2] Liquefied natural gas from renewable resources (biogas/biomethane) such as animal manure, organic waste, and sewage sludge.

The next phase is data analysis. We will then evaluate the findings and define appropriate measures.

Analysis of the causes of transportation accidents

Evonik analyzes the causes of transportation accidents very carefully. We identify the reasons for them and take steps to prevent similar incidents in the future. In 2023, our Logistics Safety department developed a concept for the systematic analysis of the causes of transportation accidents. This includes an evaluation using a points system based on a system for reportable accidents set out in the regulations on dangerous goods. A structured analysis of the causes is carried out on the basis of the total points and a review of each incident. The results are used to develop recommendations and improve logistics processes.

Development of a reusable strap system

We launched a project to develop a reusable strap system for containers in collaboration with Cordstrap, a company that specializes in the manufacture and development of systems to secure loads. In the past, the straps used to secure transportation containers were not reusable. This project focuses on the complete reusability of all materials, in other words, the steel components as well as the strap itself. Evonik successfully tested the first prototypes in the reporting period. We are driving forward this development so we can make a contribution to reducing the use of resources and avoiding CO_2 emissions.

Alternative fuels

There are regular shuttle services between our German production facilities in Wesseling, Marl, and Witten and a distribution warehouse in Belgium. Intermodal options for defossilation of road transportation are not available for the short distances involved. Evonik partnered with a leading global energy company to provide its haulage providers with the alternative fuels HVO100 and bio-LNG. In this way, we were able to reduce CO_2 emissions from these road transportation trips by about 80-90 percent and NO_x emissions by more than 90 percent.

In the area of transportation safety, Evonik is also involved in international projects that aim to increase safety in the transportation of dangerous goods. Our experts took part in several OPCW[1] workshops to develop indicative guidelines for the shipment of dangerous chemicals by road. They also participated in the advisory discussions at the Federal Ministry for Digital and Transport (BMDV) on transforming the transportation sector in Asia and Germany, including a Sino-German dialogue workstream on the transportation of dangerous goods. As well as providing support in aligning Chinese regulations on dangerous goods with international regulations, the aim is to provide information for German participants on the latest developments in Chinese regulations and technical standards.

We evaluate accidents in the shipment of goods using the criteria set out in section 1.8.5 ADR[2]. The aim is to increase transparency and align Evonik with this international standard. Two reportable incidents involving dangerous goods listed in section 1.8.5. ADR occurred in the reporting period.

Our targets

Below is an overview of the targets set for our safety area of action.

Target attainment in 2023	
Lost time injury rate (LTI-R)[1] 0.21	
Process safety incident rate (PSI-R)[2] 0.43	
Occupational health performance index 5.5	

Targets for 2024 and beyond
Lost time injury rate (LTI-R)[1] ≤ 0.26
Process safety incident rate (PSI-R)[2] ≤ 0.40
Occupational health performance index ≥ 5.0

Target not achieved
Target partially achieved or target horizon extends beyond 2023
Target achieved

[1] New reference parameter from 2021 aligned to international practice.
[2] Calculation modified from 2021.

[1] OPCW = Organisation for the Prohibition of Chemical Weapons.
[2] ADR = Accord européen relatif au transport international des merchandises Dangereuses par Route, English: European Agreement concerning the International Carriage of Dangerous Goods by Road.

Governance and compliance

We are convinced that reliable and ethical management of the company is the basis for long-term business success, fair competition, and acceptance by society.

MATERIAL TOPICS

- **Responsible management/human rights**
- **Cybersecurity**
- **Responsibility within the supply chain**

SDGS OF PARTICULAR RELEVANCE FOR EVONIK

66.7% Raw materials suppliers[1] covered by TfS assessments

8 phishing tests

92.0% Training rate code of conduct

[1] Average procurement volume >€100 thousand.

Contents

Governance and compliance

- **Supervisory board's finance and investment committee renamed investment and sustainability committee**
- **Second human rights risk analysis and first face-to-face human rights training sessions**
- **First long-term assessment of physical and transitional opportunities and risks**
- **Increased data transparency and intensity for primary product carbon footprints**

Responsible management/ human rights

Strategy and management

As well as complying with the law and respecting human rights, the principles of business ethics involve respecting internal regulations and binding voluntary commitments. We strive to prevent compliance violations and breaches of human rights at Evonik and put an end to any that do occur. We also want to make sure that comparable standards of human rights are observed within our supply chain. Where this is not the case, we will work with our suppliers to establish such standards and remedy violations. We therefore see fulfilling statutory regulations, for example, on fair competition, fighting corruption and money laundering, and respecting protected human rights as a minimum requirement.

Voluntary commitments 2-23, 2-24, 2-28 C30

Internal	External	
Code of Conduct for Evonik employees	econsense—Forum for Sustainable Development of German Business	Chemie[3]
Global Social Policy	ILO—International Labour Standards	Global Reporting Initiative
ESHQE Policy of Evonik Industries AG	OECD Guidelines for Multinational Enterprises	Responsible Care®
Policy Statement on Human Rights	Code of Responsible Conduct for Business	Together for Sustainability
Code of Conduct for Suppliers	World Business Council for Sustainable Development (WBCSD)	UN Global Compact

We are also committed to observing internationally recognized standards and our own more far-reaching guidelines and principles of conduct. The starting point for responsible corporate management at Evonik is our code of conduct, together with our policy statement on human rights, our global social policy, our policy on the environment, safety, health, quality, and energy (ESHQE), and our code of conduct for suppliers. [1, 2]

Our code of conduct sets out Evonik's most important principles and standards, which all employees must be aware of. It is valid throughout the Evonik Group and is an integral part of the employment contract between each individual employee and Evonik. Evonik has defined responsibility for the topics included in the code of conduct, along with key contacts. Violation of the code of conduct can damage Evonik's reputation and result in substantial financial loss. In view of this, violations can have far-reaching consequences for the employee involved. We do not tolerate violations of our code of conduct. Evonik has issued a special code of conduct for suppliers, which sets out binding requirements p. 128.

In the policy statement on human rights, Evonik gives a commitment to respect human rights and also sets out what it expects of its employees, executives, suppliers, and other business partners. It highlights our general commitment to respecting human rights and to an intact environment, as reflected in other corporate policies and our membership of various organizations. Our global social policy sets out rules for social responsibility and business ethics in our relationship with our employees. As a member of the UN Global Compact, we have given an undertaking that, within our sphere of influence, we will actively respect and promote labor rights and human rights, avoid discrimination, protect people and the environment, and fight against corruption. In addition, we make a contribution to achieving the United Nations 17 Sustainable Development Goals (SDGs). We have therefore identified the SDGs that are most relevant for us (see "Strategy and growth" p. 20).

As a signatory to the chemical industry's Responsible Care® Global Charter, we have an obligation to continuously improve our performance in health protection, environmental protection, product stewardship, safety, and engagement with our stakeholders. Our ESHQE positions are predicated on the protection of people and the environment. Together with more detailed policies and procedures, they form Evonik's ESHQE regulations.

Evonik is involved in many national and international competency networks in the area of sustainability. These include econsense—Forum for Sustainable Development of German Business, and Chemie[3], the sustainability initiative of the German chemical industry. We are also a member of the World Business Council for Sustainable Development (WBCSD) and are committed to its Vision 2050. We regularly report our climate and water performance to CDP and our contribution to deforestation-free supply chains.

Our sustainability reporting complies with the GRI standards. We are a member of the GRI Community and support the mission of GRI to empower decision-makers everywhere through the GRI Sustainability Reporting Standards and its multi-stakeholder network to take action towards a more sustainable economy and world. 2-28, 407-1, 408-1, 409-1

Corporate governance

As a specialty chemicals company with a presence throughout the world, good corporate governance with a long-term focus is essential for Evonik. The executive board and supervisory board are explicitly committed to responsible corporate governance and identify with the goals of the German Corporate Governance Code. We see respecting and applying the principles of corporate governance as important management tasks. That starts with collaboration within the executive board and supervisory board and between these two boards. It also includes Evonik's relationship with its shareholders and other people and organizations that have a business relationship with the company.

As provided for by the foreword to the German Corporate Governance Code, Evonik reserves the right not to implement certain provisions if departure from the recommendations is justified. The latest declaration of conformity with the requirements of the German Corporate Governance Code has been published on our website. **More**.

[1] ESHQE = Environment, Safety, Health, Quality, and Energy.
[2] The code of conduct applies to a) all employees of Evonik Industries AG, b) all employees of companies where Evonik Industries AG directly or indirectly holds more than 50 percent of the shares or is able to exert a controlling influence in any other way, and c) the executive board of Evonik Industries AG and all managing bodies of the companies referred to in b). At companies where Evonik holds a stake but does not exert a controlling influence, we work towards establishing comparable standards.

Executive board

The executive board of Evonik Industries AG is responsible for running the company in the company's interests, taking into account the interests of the shareholders, employees, and other stakeholders. It discusses sustainability at its meetings several times a year, especially aspects relating to the environment, safety, and portfolio transformation. For information on the executive board's overall responsibility for sustainability and all climate-related aspects, see "Further elements of our sustainability management" p. 135.

When making appointments to the executive board, the supervisory board considers both the professional qualifications of the candidates and the other criteria it has defined for the executive board as part of the diversity concept. **More**. These include, for example, a suitable mixture of ages, professional competencies, and fulfillment of the targets for the proportion of women on the executive board.

Percentage of women on the executive board and in management

For the period from July 1, 2022 through June 30, 2027, the supervisory board has set a target of 25 percent for the proportion of women on the executive board. At present, one member of the executive board is female, and three are male, so it meets this target.

For the period from January 1, 2021 through December 31, 2024, the executive board has set a target of 30 percent female managers at the first and second management levels[1]. At year-end 2023, the proportion of female managers was 38.5 percent at the first management level and 33.3 percent at the second management level.

Supervisory board

The supervisory board advises and supervises the executive board. It appoints the members of the executive board and names one member as the chairperson 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 Evonik 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. The supervisory board has the following committees: an executive committee, an audit committee, an innovation and research committee, a nomination committee, and the mediation committee required by the German Codetermination Act. In 2023, the supervisory decided that the finance and investment committee would also address sustainability in the future. Therefore, the rules of procedure of the supervisory board were revised to extend the committee's role, and it was renamed the investment and sustainability committee at the start of 2024.

The executive board provides regular, timely, and extensive information to the supervisory board on all matters of relevance for the company. Major sustainability aspects are included in this context. On this basis, Evonik's sustainability activities were discussed at several meetings of the supervisory board in 2023.

In accordance with the provisions of the German Codetermination Act, the supervisory board comprises 20 members, ten of whom are representatives of the shareholders, while ten are representatives of the workforce.

A minimum quota of 30 percent women is set by law. The supervisory board currently meets this requirement as it comprises six women and 14 men. Women therefore make up 30 percent of the total. The supervisory board takes diversity into account, both in its own composition and in appointments to the executive board. The supervisory board's diversity concept includes rules on the independence and age of supervisory board members and their maximum term of office. Supplementary criteria apply for the profile of skills and expertise of the supervisory board as a whole. These relate to the necessary knowledge and abilities of the members of the Supervisory Board, for example, international experience, a knowledge of business administration and science, and experience in managing a company. In this context, the supervisory board took on board a new recommendation of the German Corporate Governance Code in 2022 and extended the profile of skills and expertise to include experience in ecological and social sustainability. At present, ten members of the supervisory board have expertise in this area.

You can find further information in the declaration on corporate governance, which is available on our website and also forms part of Evonik's financial report. **More**.

2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-17, 2-18, 405-1, 407-1, 408-1, 409,1

[1] At Evonik Industries AG.

Performance-oriented remuneration of senior management

The supervisory board is responsible for the employment contracts with the members of the executive board. It sets the total remuneration package for each member of the executive board, comprising a basic salary, variable short- and long-term components, pension benefits, the reimbursement of expenses, insurance, and various other 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 Evonik Group. As one of our material sustainability topics, occupational safety (accident frequency) influences the remuneration of the executive board. From 2023, further sustainability aspects were integrated into the long-term remuneration of the executive board and senior executives (see "Strategy and growth" p. 18). The remuneration report 2023 provides further information on the remuneration of the executive board and supervisory board. **More** . 2-19, 2-20

In accordance with the recommendations of the German Corporate Governance Code, the supervisory board commissions a remuneration report (vertical comparison) to review the ratio of remuneration of the executive board to that of senior executives and Evonik's workforce. The most recent review was in 2020. The results are confidential and are not published. 2-21

Opportunity and risk management

Since it operates globally, Evonik is exposed to a range of influences along the entire value chain that may be either opportunities or risks. We have a three-pronged approach to risk management:

1. Risk management in compliance with the framework defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO): This identifies risks when there is a positive or negative deviation from the present business plan or the mid-term plan over a three-year period.

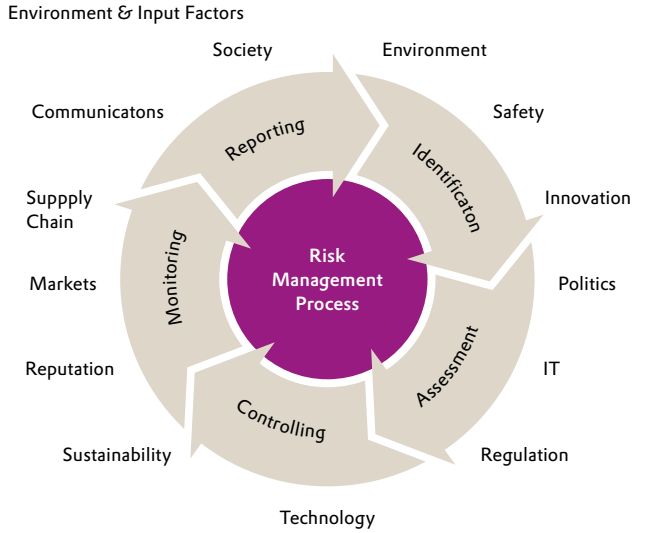
2. A long-term[1] risk analysis based on the frameworks issued by the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Disclosures (TNFD): This determines and evaluates long-term risks and opportunities using defined categories for defined scenarios. The scenarios are based on externally defined climate scenarios.

3. Sustainability aspects as an additional risk assessment criterion for capital expenditures for property, plant and equipment that exceed €25 million.

Our COSO risk management takes a multidisciplinary approach. Early identification and evaluation of potential opportunities and risks is part of our extensive opportunity and risk management. This takes into account financial and non-financial opportunities and risks, for example, in relation to occupational safety, process safety, product stewardship, health protection, and climate change. 202-2

Our established risk management system systematically captures and monitors both quantifiable and non-quantifiable risks in the present fiscal year and the mid-term period. Risk reporting is the starting point and result of our continuous risk management process. Risk coordinators ensure that internal and external risks are identified and reported by their organizational unit (identification). Risk assessment uses clear and uniform criteria to allow classification and prioritization. The measures selected and implemented to manage risks are designed to limit the likely damage caused by the risk factors and/or their probability of occurrence (controlling). Progress with the measures

The risk management process at Evonik C31



[1] Period of more than three years.

implemented and the development of the risks over time are tracked (monitoring). Monitoring only becomes unnecessary when a risk actually occurs, becomes obsolete, or is reduced to an insignificant level. All units are required to update their opportunity and risk reports quarterly. Ad-hoc risks have to be reported without delay, even outside the defined reporting intervals (reporting).

Examination of extreme risks

We continuously align our risk management system to new requirements. Following the revision of German audit standard IDW PS 340, we also examine extreme risks and consider long-term scenarios, such as a major earthquake in the Rhine region. Extreme risks are incidents that could cause a crisis, for example, as a result of a major fire, cyberattack, or the collapse of supply chains. There is a very low probability that risks of this type will occur, but their impact on our business could be very extensive, and they could substantially jeopardize the company's status as a going concern.

Integration of sustainability risks into conventional risk management

The identification of sustainability opportunities and risks within conventional risk management and monitoring of the measures taken are organized on a decentralized basis. Responsibility is assigned to the risk coordinators and risk officers in our management units: The risk coordinators in the divisions enter sustainability-related risks and opportunities, including their impacts and likelihood of occurrence, in the group-wide risk reporting system for the current year and the three-year mid-term period. The status of the relevant measures is also entered. We use our annual risk coordinator conference to raise the awareness of the relevant personnel of the increasing significance of sustainability-related opportunities and risks.

Long-term risk analysis in accordance with the TCFD and TNFD frameworks

The significance for Evonik of the risk and opportunity categories in these frameworks has been evaluated. The LEAP[1] method contained in the TNFD framework is used to evaluate local environmental risks. Our scenario analysis and inclusion in our corporate strategy and strategic financial planning focus on the following categories:

Policy and regulation transition risks

Evonik is exposed to potential risks arising from changes in policies and regulatory conditions in all countries where we source raw materials and services or have production operations or sales activities. Examples are changes in emissions and waste regulations, recycling legislation, and permitting requirements.

Technology transition risks

Evonik is exposed to potential technology risks if they affect the relative cost position of existing products and services. Examples are new production processes that are significantly more energy-efficient or use alternative raw materials and energy sources with far lower CO_2 costs.

Market transition risks

Evonik is exposed to potential market risks that could affect demand for our products. Our assessment of market transition risks includes our exposure to competing systems and whether our products could be replaced by others on the market. Political decisions and business decisions by other countries could accelerate the market transition. Examples are the substitution of combustion engines by electric motors and switching from fossil-based materials that are not recyclable or biodegradable to reusable materials.

Legal transition risks

Evonik is exposed to potential legal risks because NGOs and political decision-makers are increasingly using legal means to force companies to take steps to mitigate climate change or address other aspects of sustainability. These risks are heavily dependent on where a legal dispute takes place and may relate to various aspects of our business, such as the manufacture of our

[1] LEAP = Locate, Evaluate, Assess, Prepare (TNFD framework approach).

products, our supply chain, or the disclosure of risks. Examples would be lawsuits to reduce environmental impacts, counter greenwashing, or obtain compensation for damage to people and the environment.

Reputation transition risks
Evonik is exposed to potential risks resulting from a reduction in trust and loss of reputation with its customers, suppliers, communities close to its sites, permitting authorities, and other stakeholders. A loss of trust could affect both the sales and the cost side and also significantly restrict our ability to enter into strategic alliances.

Acute physical risks
Evonik is potentially exposed to acute physical risks[1] in the form of extreme weather events due to climate change, e.g,, hurricanes, floods, heatwaves, and extremely cold periods. Acute events could impact production, supply chains, and our markets.

Chronic physical risks
Evonik is potentially exposed to chronic physical risks in its supply chains, production facilities, and markets. Examples are exposure to water scarcity as a result of progressive climate change and production losses in countries with low labor productivity due to high temperatures and high humidity.

Product & service opportunities
Evonik can exploit potential opportunities by developing products and services that cause only low emissions, developing further sustainability aspects, and increasing the sales generated by these products and services, as set out in the Evonik Transition Plan. As well as the avoidance of greenhouse gas emissions, opportunities include reformulating products to adapt to climate change and avoid critical chemicals.

Energy & resource efficiency opportunities
Evonik can exploit potential opportunities through more efficient production that reduces the use of energy, water, and materials.

Energy source opportunities
Evonik can exploit potential opportunities by achieving a high level of electrification. That helps to lower exposure to rising or volatile energy and resource prices.

In establishing our scenarios, we take into account the scenarios used by the NGFS[2], the IEA[3], and the IPCC[4]. We make sure that possible transitional and physical risks are addressed in a manner that takes account of the expected combination of both risk types by resiliency testing these scenarios. In the present analysis, we have evaluated our resilience in the NGFS "current policies" and "net zero 2050" scenarios, which are aligned with the IPCC Shared Socio-Economic Pathways SSP5 and SSP1.

For our 2030 analysis, we use an extrapolation of our mid-term planning based on information from the Portfolio Sustainability Assessment or existing strategic financial planning, which is linked to our annual strategic management process. For 2040 and 2050, we only make qualitative predictions.

Sustainability as a separate criterion in the risk assessment of capital expenditures on property, plant and equipment
Projects costing €25 million or more have to be approved by the executive board. To supplement the established review criteria—country, competition, other stakeholders, Evonik resources and competencies, and customers—sustainability was added as a new category in the reporting period. This category addresses risks arising from changes in the political and legal situation, market developments, and technological change. These are assessed with a view to production and cost-efficiency, reputational risks, and the country's aspiration to achieve the SDGs. Acute physical risks are included in the "country" category as location-based environmental risks, alongside the other risks considered in this category.

Further information on risk management can be found in the opportunity and risk report in the financial report 2023. **More**.

[1] Country-specific risk assessments can be found in Swiss Re Institute 2021 "Economics of Climate Change" and McKinsey 2020 "Climate risk and response: Physical hazards and socio-economic impacts."
[2] NGFS = Network for Greening the Financial System.
[3] IEA = International Energy Agency.
[4] IPCC = Intergovernmental Panel on Climate Change.

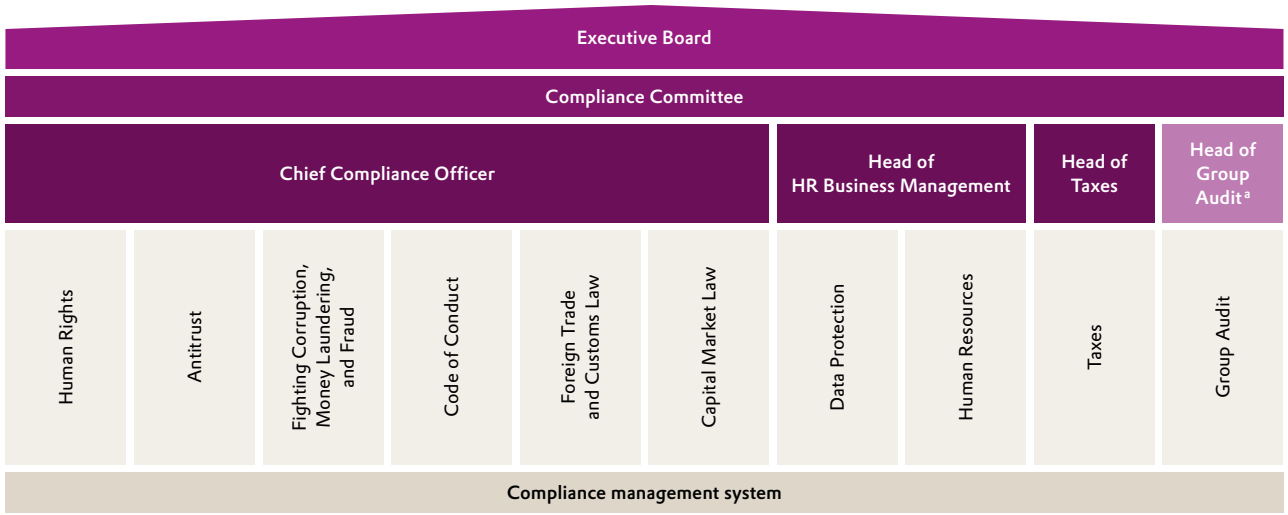
Ethics and compliance

The compliance areas of specific relevance to Evonik are bundled in a House of Compliance. Each area defines relevant rules for its compliance-related issues and the voluntary commitments entered into by Evonik and issues internal regulations.

Responsibility for the environment, safety, health, and quality is bundled in a corporate function with the same name (see "The environment" p. 46).

Minimum group-wide standards have been defined for the compliance management systems for the areas covered by the House of Compliance, and we make sure that they are implemented in every area. The final responsibility for this rests with the executive board, which defines the key elements of the minimum standards for the compliance management systems and monitors their observance as part of its management responsibility for ensuring compliance with legally binding regulations within the Evonik Group. The supervisory board's audit committee oversees the effectiveness of the system. The process of forming a consensus, sharing experience, and coordinating compliance 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 Group Audit. Group Audit performs independent audits to support the executive board and subsequent management levels in the performance of their supervisory duties and continuous improvement of business processes. A key focus is auditing the internal control system and the risk management system.

House of Compliance 2-23, 2-26, 205-1, 403-2 C32



[a] Advisory role.

Compliance management system

The executive board sets the minimum standards for the compliance management system. Its main aim is to avoid, or at least minimize, compliance violations and the associated risks. Compliance violations should be identified and halted and sanctions imposed, depending on their severity. The heads of the compliance units work to make sure the compliance management system is appropriate and effective for the respective compliance issues.

Principle of prevention

Tools used to avoid potential compliance risks relating to the topics bundled in the House of Compliance include risk analysis, training, raising awareness, and providing advice. In this context, we take account of our group-wide business activities in all regions and at all locations.

To identify potential risks as early as possible, every unit is required to perform regular risk analyses. Based on the results of its risk analysis, each organizational unit issues binding standards

Compliance management system 2-24, 2-25, 2-26, 205-1, 403-2, 407-1, 408-1, 409-1 C33

and processes for the precautions to be taken with regard to business activities where there are specific compliance risks. The topics forming the focus of the risk analysis and the action taken may vary over a given period. Substantial changes in the relevant risk situation are examined on a case-by-case basis. As soon as a topic is examined, the main risks are reported to the management and governance bodies at the company concerned, depending on their type and extent. A regular risk analysis is undertaken in the compliance areas fighting corruption, antitrust law, and preventing money laundering. Human rights were added in 2022. The following risk analyses have been performed in recent years:

- Fighting corruption (2015 to 2017)
- Anti-money laundering (2017 to 2019)
- Anti-money laundering and fighting corruption, with a specific focus on procurement (2018 to 2020)
- Human rights (2022 and 2023)

Taking the mitigating measures into account, these risk analyses did not identify any significant compliance risks. In the reporting period, we embarked on a risk analysis in the area of antitrust law.

In the reporting period, we used the IT-based process developed with an external service provider in the previous year in our analysis of human rights and antitrust risks see p. 120.

Group-wide training concepts are available for all aspects bundled in the House of Compliance, and we continuously review them. Alongside the target group, they define the type, frequency, and content of training. Each organizational unit is responsible for conducting its training. We pay special attention to training in the areas of antitrust law, fighting corruption, anti-money laundering, human rights, and the code of conduct. Participants are allocated to three levels on the basis of risk (T27).

Each unit is responsible for making employees aware of the importance and scope of the rules on each compliance topic. That includes advising and supporting them in questions relating to a particular issue. This supports early identification and evaluation of risks. In the training sessions, we provide information on where to seek advice.

Uniform group-wide training concept 2-24 T27

Topic	Description
Topics covered	Human rights
	Antitrust law
	Fighting corruption
	Code of conduct
	Anti-money laundering
Selection of target group	Job function and qualifications
	Uniform risk criteria
	Risk level[a]: none—low—high
	Differentiation between compliance issues
Frequency[b] and type	Low risk: approx. every three years → mandatory e-learning sessions
	High risk: approx. every two years → mandatory face-to-face and e-learning sessions (alternating)

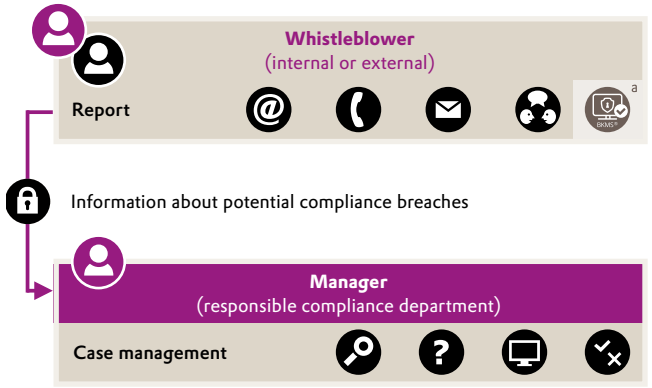
[a] An additional risk level covering those at risk of being affected has been introduced for human rights compliance. This reflects the fact that any employee's human rights could be affected.

[b] Training can be held more frequently, if necessary, e.g., if there are changes in the legal framework or statutory requirements.

Principle of detection
All employees are required to report possible or actual violations of the code of conduct to the responsible department or compliance officer without delay, regardless of whether they relate to them personally or to their colleagues. To detect possible non-compliance, Evonik has established several channels that employees, personnel from staffing agencies working at Evonik, and external stakeholders can use to report suspected compliance violations p. 121.

Principle of response
We initiate suitable measures to end the violation and minimize the risk. Depending on the severity of the case, the measures taken with regard to employees range from warnings or reprimands to termination of employment and claims for compensation. In addition, further action is taken to raise awareness, for example, through training. Sanctions against business partners can include termination of the business relationship and blacklisting.

Evonik's whistleblower system 2-16, 2-25, 2-26 C34



[a] External whistleblower system. Guarantees anonymity, if desired by whistleblower.

Since 2023, we have performed an annual human rights risk analysis of our business and (in)direct suppliers. This global, IT-based analysis involves many departments. The risks are examined from the perspective of the groups that might potentially be affected, taking into account the severity and probability of occurrence. Preventive or remedial action is taken as necessary.«

Gerald Breyer | Human Rights Commissioner, Germany

Responsible management/human rights

Our compliance reporting

Our annual compliance report mainly provides information on the compliance organization and issues specific to the compliance management system. The report on internal investigations presents the internal investigations conducted during the year. Both reports are prepared for the executive board, division heads, and the management board of Evonik Operations GmbH. They are also made available to the supervisory board's audit committee. Furthermore, the audit committee and executive board are informed of relevant risks and developments—insofar as is deemed necessary in individual cases—both during the year and on an ad-hoc basis in urgent cases. This applies to all material risks and violations of regulations that are of overriding significance for the Evonik Group. 2-16

Moreover, we have introduced half-yearly reports on internal investigations, training, key activities, and risks. These are addressed to the divisions, the management board of Evonik Operations GmbH, and the regions. This target group also receives ad-hoc notification of material risks and breaches of regulations where appropriate. Furthermore, we communicate relevant risks and issues to other line managers.

Transparent presentation of our activities to protect human rights is very important to Evonik. For many years, we have provided relevant information in our non-financial statement, our sustainability report, and the sustainability section of our website. Our annual statements on the UK Modern Slavery Act and the California Transparency in Supply Chains Act are also published on our website. More. They contain information on the action we take to prevent modern slavery.

Continuous improvement of the compliance management system

Moreover, every organizational unit in the House of Compliance must regularly check the appropriateness and effectiveness of its compliance management system. In addition, regular reviews are performed by Group Audit.

Human rights compliance risk analysis

The annual group-wide risk analysis in the area of human rights covers both Evonik's own area of business and direct and indirect suppliers. The risks of breaches relating to protected legal positions are identified and prioritized. Risks are identified via a task management tool using a standardized questionnaire. More than 350 employees group-wide were sent this questionnaire in the reporting period. We identified this target group as employees with information on protected human rights positions. The questionnaire is followed up by risk-based interviews and workshops, where the risks identified are examined in more detail and appropriate mitigation measures are defined. As the next steps, the measures are implemented and updated, and effectiveness checks are defined. The entire process is documented in the IT tool.

This is supplemented by the identification and evaluation of the risks at direct suppliers by the Procurement function as part of the ongoing supplier-specific risk management process. The abstract human rights risk relating to the supplier is determined with the aid of the EcoVadis predictive risk tool. In the next step, a possible specific risk is determined via EcoVadis assessments and other tools, for example, by using digital platforms to screen business partners. Building on this, preventive measures such as corrective action plans and training are put in place to avoid specific risks. If actual breaches of human rights are identified in audits, via whistleblowers or via external sources, action is taken to end such breaches by the suppliers. The task management tool is also used to document this process and monitor its effectiveness.

The risk analysis enables us to gain a good overview and a more detailed basic understanding of the relevant risks. Overall, Evonik's risk profile is in line with expectations for a global specialty chemicals corporation. The gross risks identified and prioritized can be brought to a reasonable, manageable net level through suitable measures, including standards and processes, so that the statutory requirements, especially those of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), are met.

In the human rights risk analysis in the reporting period, we focused on compiling systematic, group-wide information on risk topics at direct suppliers and those indirect suppliers identified in the previous year. This was additional to the ongoing supplier-specific risk management of direct suppliers. We will successively include other potential risk areas further along the supply chain.

Within the supply chain, the following priority issues were identified for further examination and, where necessary, the development and implementation of additional measures:

- Metallic and mineral raw materials due to the very high human rights risks, particularly at the extraction stage, but also in the processing of these materials
- Renewable raw materials due to the very high human rights risks, especially in the production of certain raw materials
- Services due to the high human rights risks to employees, especially those arising in connection with low-skilled and/or low-wage work and the use of sub-contractors
- Logistics due to the high to very high human rights risks of certain shipping modes such as ocean freight and transportation of goods by road

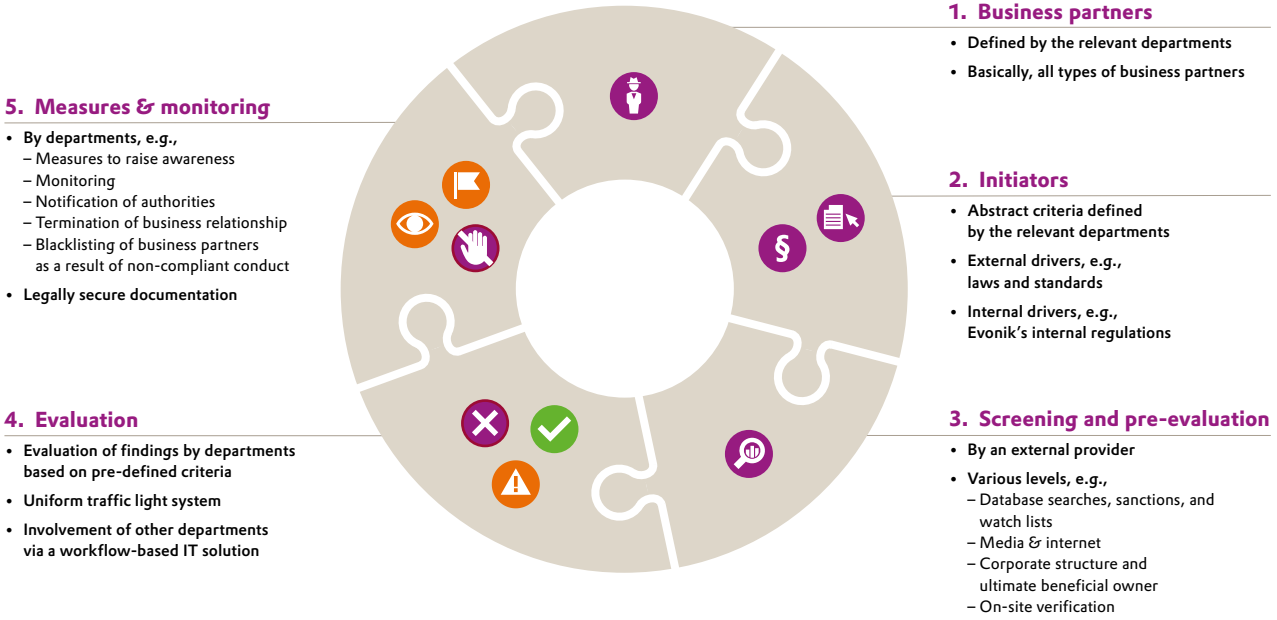
Business partner assessments at Evonik

Various departments are involved in different aspects of business partner assessments at Evonik. To leverage synergies, avoid duplication of work, and create transparency, a standing committee has been set up. The members are Group Compliance (Antitrust, Compliance, Foreign Trade, Human Rights), Procurement, Marketing & Sales Excellence, and Group Security. Together with an external provider, these functions have established an IT-based process to validate the integrity of business partners. To supplement their internal assessments, this enables the relevant departments to request integrity checks and to initiate and monitor any necessary action. If any of the findings are of potential relevance, the respective departments are automatically requested to evaluate them. This IT solution also facilitates interdisciplinary communication, collaboration, and documentation. 2-24, 2-25

Compliance rules for business partners

Evonik has issued a special code of conduct for suppliers, which sets out binding requirements p. 129. Intermediaries, above all sales intermediaries, are subject to a compliance check before the establishment of the business relationship and normally every five years thereafter. They also have to sign a compliance declaration. Risk-based compliance checks (due diligence) and any necessary measures are also applied to business partners involved in acquisitions, joint ventures, corporate venture projects, and major investment projects. These are based on uniform rules for the Evonik Group. 2-24, 2-26

Business partner assessment at Evonik 2-25 C35



Evonik's whistleblower system

Evonik has set up various channels for people to report actual and possible compliance violations.

- An electronic whistleblower system operated by an independent external provider with data protection certification, whose servers are based exclusively in Germany, is available worldwide 24/7 via the intranet and via Evonik's internet site. In keeping with Evonik's global presence, this system is available in more than 20 languages. This system can be used by Evonik employees, agency staff working for Evonik, business partners—for example, suppliers, service providers, customers, and their employees—and other external stakeholders, such as local residents in the vicinity of our sites and NGOs, to report actual or potential non-compliance. The system is certified as conforming with European data protection legislation. Technical security measures mean that neither Evonik nor the provider can draw conclusions about the identity of the whistleblower if they prefer to submit their report anonymously. In addition, whistleblowers can set up a "postbox" in the system, which they can use to communicate continuously, confidentially, and, if required, anonymously, with the case managers at Evonik.
- Additionally, Evonik employees and agency staff working for Evonik can contact the internal compliance officers personally or by phone.
- Employees and external stakeholders can submit reports by email to compliance-officer@evonik.com.

Evonik falls within the scope of the German legislation on the protection of whistleblowers (HinSchG), which transposes EU directive 2019/1937 into national law. In addition to the issues and legal positions defined in these two regulations, reports can be filed on all important compliance issues, including cases of suspected breaches of human rights, corruption, and blackmail. Reports submitted via the electronic whistleblower system are automatically routed to the relevant units at Evonik. Our employees are made aware of the various reporting channels via information in the intranet and in recurrent compliance training sessions and can access them with a few clicks.

Specially trained staff in the departments at Evonik responsible for the specific issues reported take up all allegations immediately and investigate them internally. Our code of conduct states that Evonik does not tolerate any disadvantage to persons who report possible or actual violations in good faith or who cooperate in the investigation of such violations. Consequently, the identity of such persons may only be disclosed on a need-to-know basis to those employees who legitimately require this confidential information for the purpose of internal investigations. Possible conflicts of interest in the conduct of internal investigations and decisions on remedial and follow-up measures must be disclosed so that they can be eliminated in order to ensure impartiality. Evonik and its investigating employees are obligated and empowered to process all such reports in accordance with the principles of independence, impartiality, due diligence, and confidentiality without being subject to directions on how to act. They are

required to maintain secrecy. In the interests of a fair process, all relevant circumstances must be taken into account and the principle of proportionality must be observed.

Evonik endeavors to ensure comparable protection of external whistleblowers. To this end, we have set out corresponding expectations, for example, in our code of conduct for suppliers. 2-25, 2-26

Responsible management/human rights: progress in 2023

Evonik is subject to the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). In January 2023, KPMG conducted a readiness check and confirmed that Evonik met all requirements of this legislation, taking into account the reasonable timeframe for implementation. In the reporting period, we met further due diligence requirements and established and developed additional elements of a compliance management system.

The group-wide annual risk analysis in the area of human rights is outlined in the sections "Principle of prevention" p. 117 and "Human rights compliance risk analysis" p. 120. Our policy statement on human rights was updated on the basis of the findings of this risk analysis and the identified priority risks.

We have developed processes to review human rights and environment-related risks in connection with our collaboration with business partners. These extend beyond our suppliers and are integrated into our decisions. This applies, in particular, to M&A and investment projects, as well as to the use of external intermediaries. In addition, the contractual compliance clauses and general terms of business were revised to take account of the corporate due diligence obligations. These are applied on a risk-related basis in relationships with suppliers and other business partners.

We implemented the human rights training concept for our own business area developed in the previous year. Employees who are in a position to identify or could even commit a breach of human rights because of their field of work are required to take a mandatory e-learning module, followed by a mandatory face-to-face training course. In addition, the e-learning module is open to all other employees on a voluntary basis. It is available in 13 languages, so about 96 percent of the employees subject to mandatory training can complete the module in their mother tongue. In 2023, we developed a concept for face-to-face training in human rights with external support. The focal areas are dealing with human rights dilemmas and the application of the principles in day-to-day work situations. By year-end 2023, 11 face-to-face training sessions had been held in Germany. A train-the-trainer concept has also been developed on the basis of the face-to-face sessions. This is used to train regional compliance officers and empower them to conduct face-to-face human rights training sessions in their region.

The management of the companies subject to the German Act on Corporate Due Diligence Obligations in Supply Chains—Evonik Industries AG and Evonik Operations GmbH—obtain regular information, at least once a year, on the status and development of the activities to comply with the human rights due diligence obligations. This is ensured through appropriate processes for standard and ad-hoc reporting. In addition, Procurement and other relevant organizational units are informed of the results and consequences of the risk analysis, especially in order to define a plan to implement any measures. Initial preparations were made for the reports to be submitted to the Federal Office for Economic Affairs and Export Control (BAFA) under this legislation.

In the reporting period, we rolled out the mandatory e-learning module on fighting corruption for the "low-risk" group in ten further languages. We also revised the mandatory e-learning module on fighting corruption and the code of conduct for the "high-risk" group and made it available in 12 languages.

To meet the requirements of the benefits policy issued in 2022 and various local legal requirements, the North America region completely revised and rolled out the regional version of this policy. The EMEA region and the Greater China and SEAANZ[1] cluster completely revised their regional policies. Implementation is scheduled for 2024.

Furthermore, the processes contained in the policy on intermediaries were redesigned in consultation with Procurement and Marketing & Sales Excellence to meet the heightened compliance requirements, including the human rights aspects. In this context, special attention was paid to consultants and service providers involved in the sale of Evonik products and those who maintain contact with public authorities in countries where there is a particular risk of corruption.

In the area of anti-money laundering, we implemented the formal legal requirements, especially registering those group companies in Germany that fall within the scope of this requirement with the Financial Intelligence Unit (FIU). As a further measure to prevent payment fraud, we ran an internal awareness campaign in the group-wide intranet.

[1] SEAANZ: South East Asia, Australia, and New Zealand.

In 2023, we aligned the (anonymous) whistleblower system with the requirements of the German whistleblower and supply chain due diligence legislation, drafted a group-wide policy on initiating and conducting internal investigations, which was adopted by the executive board, and issued group-wide standards, for example, on the conduct of compliance interviews.

Fines and other sanctions

In 2023, the annual compliance reporting comprised a structured survey to identify significant fines (>€100,000) and non-monetary sanctions resulting from failure to comply with laws or regulations. The survey covered all areas included in the House of Compliance, plus Group Security, ESHQ[1], and IT security. No fines or sanctions were imposed in the reporting period. 2-27

Legal proceedings resulting from anti-competitive conduct or the formation of cartels and monopolies

There were no pending antitrust proceedings in 2023. 206-1

Training

For the compliance areas antitrust law, anti-money laundering, fighting corruption, code of conduct, and human rights, we report a training rate for 2023. This is defined as the number of training candidates with a valid certificate relative to the total number of training candidates. The data refer to both face-to-face training and e-learning sessions.

The chief compliance officer reports to the executive board quarterly on the present status of compliance, including on fighting corruption. 205-1, 205-2

[1] Including failure to comply with environmental laws and regulations.

Compliance training and training rate 2023[a] 2-24 T28

	Anti-money laundering		Antitrust law		Fighting corruption[b]		Code of conduct[c]		Human rights	
	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %
Worldwide	**5,027**	**98**	**4,660**	**89**	**14,134**	**86**	**31,333**	**92**	**1,571**	**90**
Management functions	**2,437**	**98**	**3,211**	**88**	**9,081**	**87**	**9,471**	**91**	**1,319**	**90**
Executives[d]	36	100	108	93	158	96	158	97	96	90
Senior management[e]	100	100	329	89	481	90	481	90	242	93
Other management levels[f]	2,301	98	2,774	87	8,442	86	8,832	91	981	90
Non-management functions	**2,590**	**98**	**1,449**	**93**	**5,053**	**83**	**21,862**	**92**	**252**	**89**
Job functions										
Production & Technology	4	100	152	93	3,600	86	13,558	90	170	96
Innovation management	1	0	675	91	1,731	89	4,624	96	71	94
Marketing & Sales	1,693	98	1,518	86	1,627	88	1,724	89	2	100
Administrative functions	3,330	98	2,315	91	7,176	84	10,300	93	1,328	89
Other[g]	0	0	0	0	0	0	1,127	84	0	0
Regions										
Asia-Pacific	1,211	99	1,164	94	2,330	89	3,759	95	236	90
Central & South America	304	94	185	81	414	71	781	82	59	69
Europe, Middle East & Africa	446	97	378	61	954	91	2,714	88	113	86
North America	847	94	793	82	2,284	79	4,985	86	222	79
Germany	2,219	99	2,140	95	8,152	86	19,094	94	941	95

[a] The training rate is defined as the number of training candidates with a valid certificate relative to the total number of training candidates as of December 31, 2023. All training reported in the system is included.
[b] We do not explicitly provide the disclosures on the training of business partners required by GRI 205-2.
[c] We do not explicitly provide the disclosures on the number of hours of human rights training required by GRI 412-2.
[d] Executives = executive functions, i.e., top management functions in the Evonik Group.
[e] Senior management = senior management functions, i.e., key functions in the segments, regions, service units, and corporate divisions.
[f] Other management levels = further management functions.
[g] Other = apprentices, non-permanent staff.

Internal investigations into compliance violations

In the reporting period, the departments responsible for conducting investigations reported 126 alleged compliance violations. Chart **C36** shows their distribution between the investigating departments.

As a result of these allegations, 110 internal investigations of suspected compliance violations were reported to us. In addition, there were 82 cases of payment fraud in the reporting period. These were handled by the Antitrust Law & Investigations unit through an interdisciplinary payment fraud task force, which includes representatives of other functions.

Two reports of breaches of human rights did not lead to an investigation. One of these reports did not have any meaningful content, and the other related to employment law.

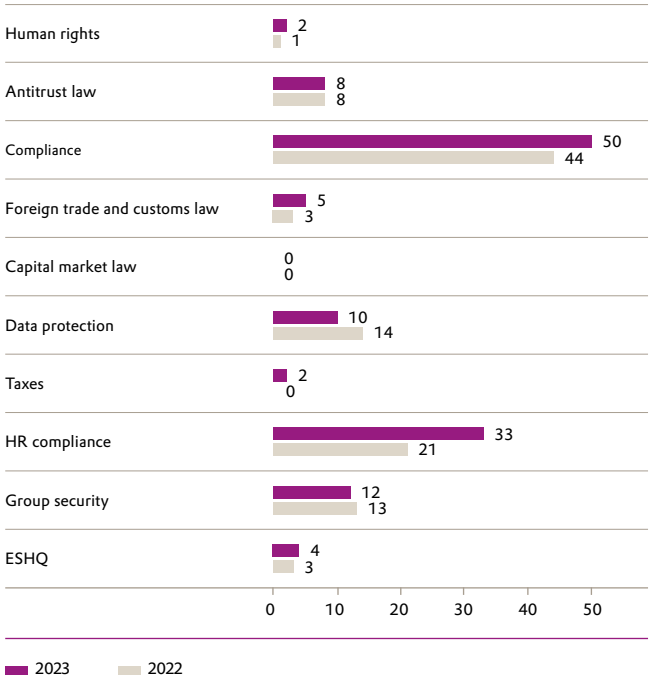
Based on the investigations concluded by year-end, 86 measures were taken. The breakdown was as follows: 12 employees were dismissed and a further 15 received a warning or reprimand. Three contractual relationships were terminated, and the contracting parties were blacklisted. Special training and other awareness-raising measures were taken in 23 cases. In addition, 33 case-specific measures were implemented. 2-16, 2-27

Confirmed incidents of corruption and action taken

Eight alleged cases of corruption were investigated in the reporting period. Six of the eight cases of corruption involved kick-back scenarios, where there was a suspicion that Evonik business partners had made payments to individual employees to give them preferential treatment when selecting suppliers or to obtain offers of Evonik products at preferential prices. Following a thorough investigation, no evidence was found of such conduct in any of these cases. In one case in the USA, a procurement employee had accepted critical invitations. The employee and his supervisor received further training. For the first time in many

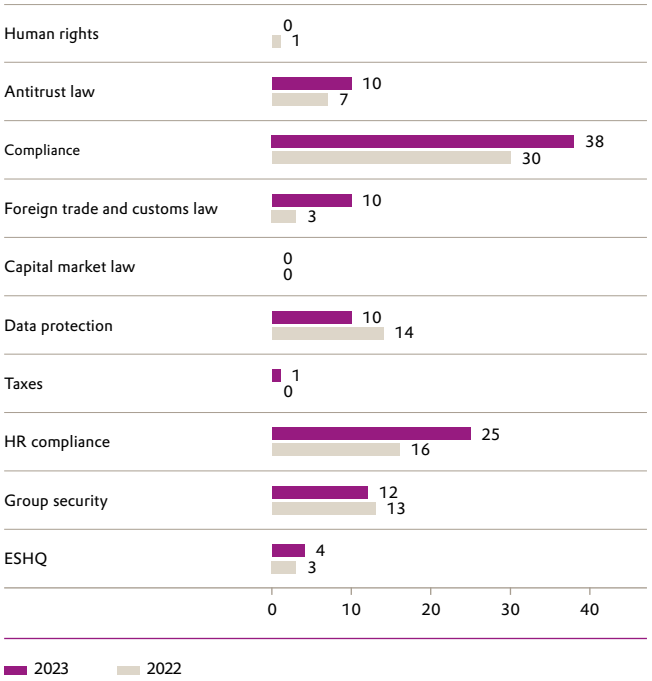
Reports of suspected compliance violations C36

Total 126



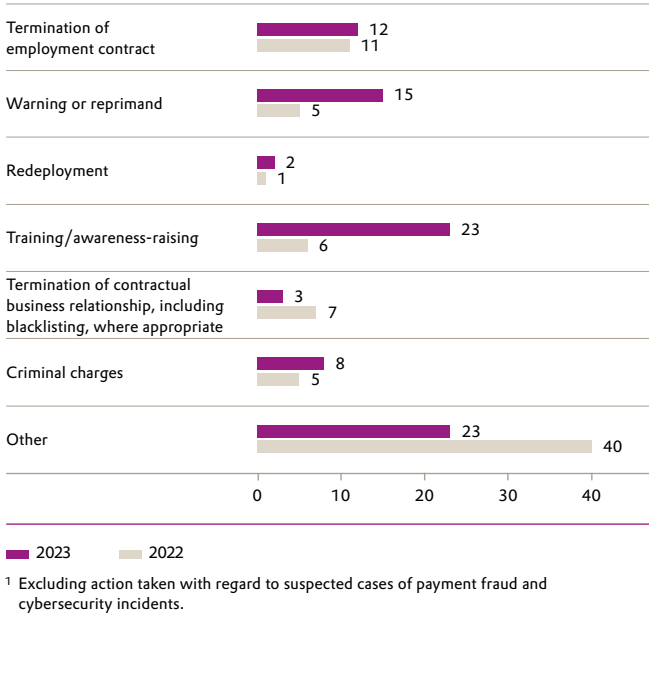
Internal investigations reported C37

Total 110



Action taken[1] C38

Total 86



[1] Excluding action taken with regard to suspected cases of payment fraud and cybersecurity incidents.

years, there was a significant drop in the number of alleged cases of corruption in China (from six in 2022 to one in 2023). By contrast, there was a significant increase in the number of cases in North America and EMEA. 205-3

Cybersecurity

Evonik regards cybersecurity and information security as vital preconditions for successful digitalization. The challenges in cyberspace are increasing exponentially. This is attributable to the further professionalization of cyber blackmail, the serious effects of ransomware attacks, the increasing diversity of malware programs and their mutations, and critical weaknesses in widely used software products. The growing importance of this topic is confirmed by our materiality analysis: Cybersecurity was ranked as a material topic. To heighten cybersecurity, we are focusing on the risks of a loss of intellectual property, combined with a loss of business, inadequate observance of regulatory and compliance requirements, and inadequate robustness of critical IT and operational technology systems. We are also focusing on inadequate technical equipment and speed in order to keep pace with digital business projects, risks for third parties such as the loss of customer data, reputational risks, and emerging technological risks.

Cybersecurity affects IT throughout the Evonik Group, including both office systems and IT for operational technology (OT). The chief financial officer (CFO) bears overall responsibility for cybersecurity. The chief information officer (CIO), who reports directly to the CFO, is responsible for cybersecurity at operational level. The CIO and chief IT security officer (CISO) report regularly to the CFO on the related tasks and risks, as well as the appropriateness and efficacy of the IT security management system. Our IT security organization includes a central cybersecurity operation center, which protects Evonik's digital territory and brings together the important operational IT security functions. The cybersecurity operation center includes the cyber defense team, which is based in Germany and is responsible for identifying and dealing with IT security incidents.

ALL EVONIK LOCATIONS WITH >10 IT EMPLOYEES ARE CERTIFIED AS COMPLIANT WITH DIN ISO 27001

Evonik's cybersecurity framework comprises a binding group functional policy, group-wide standards, and standard operating procedures for IT and OT. To protect its information and IT systems, Evonik uses international security management systems. These include ISO/IEC 27001—our central IT organization was certified as compliant with this standard for the first time in 2020—and IEC 62443 for OT. All Evonik locations with more than ten IT employees are certified as compliant with DIN ISO 27001.

There is a binding technical document containing supplementary information security rules for OT. This describes the OT security management system, including the roles in the OT security organization. We use a global network of experts and partners to counter cyberattacks. In addition, we are a member of various professional cybersecurity associations and working groups. Evonik has insurance to cover business interruption and consequential damages resulting from cyberattacks.

We continuously review our extensive security measures to prevent attacks by third parties and invest in technical and organizational measures to identify and ward off such attacks. One example is our cybersecurity enforcement program, which classifies our employees in cyberattack protection (CAP) groups. The higher the CAP classification, the greater the level of protection required. More stringent security measures apply to particularly high-risk employees and applications, especially with regard to information requiring special protection, for example, information affecting Evonik's competitiveness or access to critical IT infrastructure. For risk-based checking and improvement of the security of IT systems, we carry out regular penetration tests and IT security audits.

We drive forward and monitor the implementation of our security measures for the operation and use of IT with the aid of an internal management system. In this way, we keep a constant eye on the present threats and align our security measures to them. Our cybersecurity performance is measured and evaluated by the external rating agencies BitSight and CyberVadis using their own parameters. Evonik's current rating positions it in the top third of the manufacturing industry peer group. Evonik increasingly uses digital networking in its collaboration with suppliers, partners, and customers and develops special cybersecurity measures for this purpose.

Increasingly, our production plants are networked with each other. Originally designed as stand-alone solutions in many cases, they are increasingly being connected to the Office network and the internet. To mitigate the associated cyber risks, we constantly adapt the protection level for our plants by implementing our EMPOS program (Evonik Management Platform for OT Security). We use our Cyber Security Resilience Program—known as CRISP for short—to protect the Evonik Group against increasingly aggressive, state-motivated cyberattacks. In the reporting period, a hiring freeze was introduced as a consequence of the business situation in the chemical industry. This affected the planned timeline for the implementation of the EMPOS and CRISP programs.

We regularly train our employees and use posters, training modules, video formats and interactive events, such as the Evonik learning sessions, to heighten awareness. Participation in cybersecurity training sessions was 95 percent in the reporting period. We also continued our phishing test initiatives: eight tests were conducted in 2023. In the reporting period, 66 system administrators took online training modules, which are designed to further enhance the risk awareness of this mission-critical group of employees. Timely information on current threats is posted on the intranet and via an app for mobile devices. In the reporting period, Evonik was presented with the Outstanding Security Award (OSPA) for the best cyber awareness program.

Green Data Center

We have been systematically optimizing the energy performance of our computer centers since 2021. This includes an agreement with the provider of our central computer services on exclusive use of green power. In the selection of cloud providers, Evonik also makes sure that they have set CO_2 avoidance targets.

Our annual Cyber Security Month features internal and external lectures, training sessions, and elements like games and competitions. For the fourth time, we have held this format as a way to reinforce the awareness of this important and dynamic topic to complement our current awareness measures.«

Juliana Bornato | Cyber Security Awareness Lead, Germany

Cybersecurity

Management of data protection

Protection of personal data is one of the principles used by Evonik to shape its relationship with employees, job applicants, customers, suppliers, other business partners, prospects, and other people affected. Therefore, handling personal data conscientiously is important to us. One focus of our activities in the reporting period was ongoing progress in aligning international data transfer with the legal requirements. Target-group-specific data protection training is mandatory and is based on a defined training plan. All employees worldwide who have a company email address were sent a one-pager outlining particularly important basic rules on handling personal data. The training rate was around 81 percent in 2023.

All employees have access to information on the relevant requirements and responsibilities via the intranet. The organization of data protection and rules on reliable processing of personal data, including customer data, are set out, among other things, in the compliance policy and the group-wide data protection policy. Our data protection management supports compliance with the regulations and assists the organizational units in implementing them. It also monitors the correct use of data processing. Data protection incidents are dealt with in accordance with the statutory and in-house documentation, information, and reporting obligations. In the reporting period, Evonik received one complaint relating to the loss of data or violation of data protection rules in connection with customer data. 418-1

Based on a readiness check performed on the compliance management system on the basis of standard IDW PS 980 in 2022, the policy landscape in the area of data protection was restructured and extended in the reporting period.

Tax[1]

The payment of taxes is a central link between legislators, states, local authorities, and companies. We affirm our responsibility to stakeholders in the countries where we operate. As well as credibility and transparency in all tax matters, this includes levying taxes correctly and timely and the complete payment of taxes. In 2023, for example, Evonik paid income taxes worldwide totaling €292 million and received reimbursements of previous tax payments totaling €60 million.

In our code of conduct, the executive board has defined principles for tax strategy. These are published on our website. **More**. The values set out in the code of conduct explicitly include observing laws and regulations on taxation. In its worldwide operations, Evonik and its employees are required to observe the applicable national tax law at all times. In view of the diversity of local tax laws, Evonik has issued internal regulations to standardize cross-border issues. There are mandatory where local tax laws are less stringent.

Tax planning at Evonik is based exclusively on economic principles using Evonik's business model and corporate values. We reject aggressive tax strategies geared exclusively toward tax avoidance.

Evonik strives for a high level of transparency and a stable legal basis in tax matters. In accordance with the applicable national provisions, we make all relevant facts and circumstances transparent. We communicate openly and constructively with public institutions, local fiscal authorities, and financial statement and tax auditors. Where necessary, we also defend Evonik's tax position by utilizing the legal scope and weighing up non-tax aspects. In addition, Evonik plays its part in the development of tax legislation and administrative instructions, as well as in the academic debate on aspects of tax policy.

Risk management and tax compliance

Evonik has a decentralized group-wide risk management system (p. 114), which includes effective and appropriate management of tax risks. This provides for systematic identification, analysis, evaluation, monitoring, and minimization of tax risks as well as communication of the risks.

The Tax department is one of the units assigned to our House of Compliance, which is responsible for setting minimum group-wide standards for compliance management systems. Uniform, binding group-wide rules have therefore been issued for tax compliance. In the interests of tax compliance, the Evonik Group gives top priority to prompt and full settlement of all tax liabilities in accordance with the applicable laws, directives, contracts, and legal judgments. Other tax compliance objectives are optimizing and steadily extending the internal tax control system and avoiding tax risks. Information on the violation of tax compliance obligations can be reported anonymously via a whistleblower hotline run by a third party p. 121.

Evonik's tax compliance management system is based on three basic elements: the Group Organizational Policy Taxes, risk control matrices, and process documentation **C39**. These elements are reviewed annually to check that they are up-to-date and whether modifications are needed.

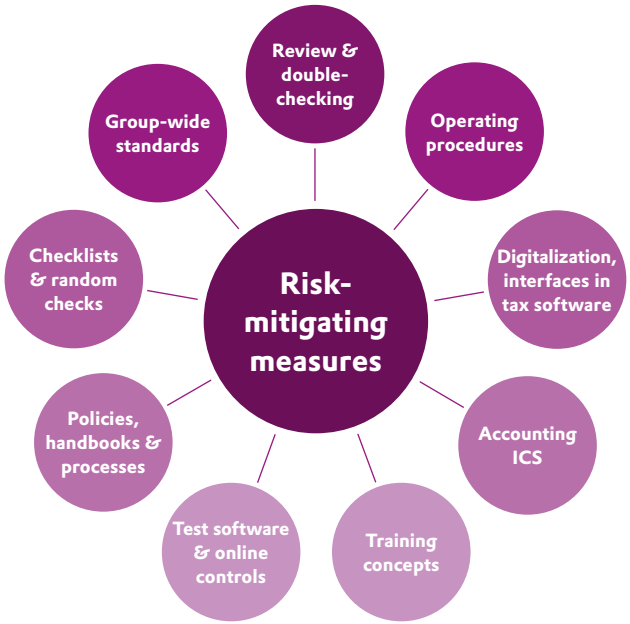
Elements of our tax compliance management system C39

The Group Organizational Policy Taxes sets out the fundamental responsibilities for the fulfillment of our tax obligations, together with the associated tasks, accountability, authorizations, and guidelines. It defines how those involved work together in order to meet Evonik's obligations and allocates tasks and responsibilities.

[1] Voluntary reporting in accordance with GRI Standard 207: Tax 2019, because taxation was not identified as a material topic in the 2022 materiality analysis. This section refers to the disclosures **207-1, 207-2, 207-3**

Typical risk mitigation measures include process documentation and are defined and documented by the Tax department. The processes are mandatory for employees of the Tax department. For other departments, the processes are by nature descriptive and may be supported by further instructions within the Taxes function's scope to issue policies.

Examples of risk-mitigating measures for tax compliance C40



The risk control matrices map possible scenarios for incorrect tax assessment of tax-related topics that could occur at Evonik. On the basis of risk identification and evaluation in the risk control matrices, risk mitigation measures are derived and defined **C40**.

In light of the increasing digitalization of fiscal authorities around the world, Evonik is currently building up the necessary digital know-how and corresponding IT solutions. We have developed a digital agenda and installed corresponding software solutions for our tax compliance management system to enable monitoring of defined principles, measures, and controls. Furthermore, for tax purposes, online controls have been introduced to optimize business processes and identify structural errors.

Responsibility within the supply chain

Strategy and management

Evonik has a significant influence on the environment and society through its procurement volume. By working closely with our suppliers, we want to help prevent breaches of human rights and environmental violations. We strive to counter a lack of transparency and inadequate traceability in the supply chain. 2-6

By selecting suppliers carefully, we do not simply secure and increase their sustainability standards, we also enhance the quality of the entire value chain. Our focus is on validating and evaluating suppliers. Suppliers of certain critical raw materials are subject to a special examination. We define critical raw materials as all raw materials that could potentially involve a supply risk or reputational risk, such as conflict minerals and renewable raw materials. We have established specific procurement strategies for these critical raw materials. The processes are integrated into a management system, where they are mapped. As well as monitoring suppliers of critical raw materials, we aim to examine all major raw material suppliers[1] from sustainability perspectives through Together for Sustainability (TfS) assessments by 2025. At year-end 2023, we had validated around 66.7 percent of this group using the corresponding criteria.

Continuous dialogue with our suppliers is very important for us. In addition to direct contact with Evonik's procurement organization, employees at supplier companies always have the option of reporting any issues or problems to our externally operated whistleblower hotline p.121. All cases are examined promptly so that appropriate action can be taken. In 2023, no issues relating to our suppliers were reported to us.

The aim of our procurement organization is to guarantee long-term reliability of supply for the production of Evonik products and to secure competitive advantages for our operating businesses. Alongside economic requirements, our procurement strategy takes account of criteria such as health, quality, safety, social factors, and environmental protection. As a member of the UN Global Compact, we are committed to its principles. These requirements are documented in our code of conduct for suppliers, which is based on our corporate values, the principles of the UN Global Compact, the International Labor Standards issued by the International Labour Organization (ILO), and the topics addressed by the Responsible Care® initiative ("Voluntary

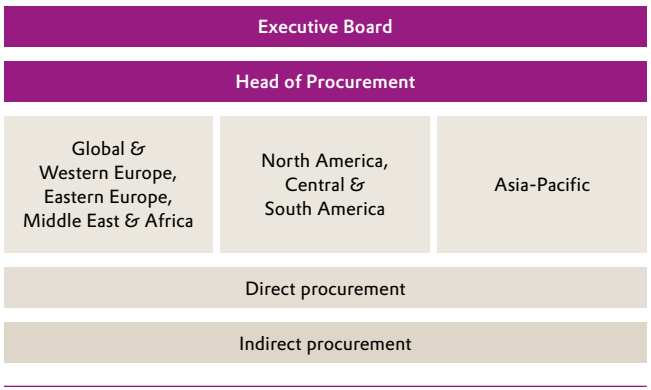
[1] Annual procurement volume > € 100 thousand.

commitments" p. 111). The code of conduct for suppliers was updated in the reporting period to give greater prominence to the importance of observance of human rights by direct and indirect suppliers and to draw attention to the risks and consequences of failure to comply.

Procurement is organized globally at Evonik and comprises direct procurement (raw materials, logistics, and packaging) and indirect procurement (general and technical goods and services). Both are 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 **C41.**

The validation and evaluation of our suppliers are an integral part of sustainable supply chain management at Evonik. The validation of new suppliers includes checking that they meet the requirements of our code of conduct for suppliers. In our evaluation of suppliers, special attention is paid to our strategic suppliers and suppliers of strategic raw materials. Strategic suppliers and raw materials are defined as those identified by the operational units as being of high significance for our business performance. These may be key raw materials or single-source situations. We work systematically both to extend strategic relationships with suppliers and to validate new suppliers. To supplement our code of conduct for suppliers, our approach includes self-assessments, audits, and validation of suppliers through the Together for Sustainability (TfS) initiative.

Evonik's procurement organization C41



In procurement, our commitment to sustainable procurement and business relationships based on partnership have top priority. This includes criteria such as health, quality, safety, social affairs, and environmental protection. Therefore, it is very important to thoroughly review our supply chains and identify potential risks at an early stage.«

Jane Zhang | Manager Procurement Strategy, China

Responsibility within the supply chain

In 2023, we sourced raw materials and supplies, technical goods, services, energy, and other operating supplies with a total value of €11.3 billion (2022: €13.6 billion) from around 34,000 suppliers. Local sourcing accounted for about 75 percent of this amount[1] (2022: 76 percent). Raw materials and supplies accounted for 47 percent of procurement volume (2022: 53 percent). Spending on petrochemical feedstocks was around €3.4 billion and accounted for 65 percent of our raw material base. 204-1

Together for Sustainability (TfS)

Harmonizing global standards in the supply chain creates transparency and makes it easier for both suppliers and customers to reliably assess and evaluate sustainability performance. The chemical industry set up the TfS initiative for this purpose in 2011. Evonik is one of the six founding members. **More**. The aim of TfS is the joint development and implementation of a global assessment and audit program for responsible procurement of goods and services. It also provides webinars and training on sustainability. In this way, the initiative does not simply make environmental and social standards in supply chains measurable; it also contributes to a direct improvement.

[1] For us, local sourcing means deliberate procurement from sources that are geographically close to our production sites.

Active involvement in TfS is important to us. Our employees are represented on TfS workstreams in Germany, North and South America, and Asia. Moreover, Evonik plays a leading role by chairing or co-chairing TfS workstreams. Sharing knowledge of sustainability criteria with suppliers is a key aspect of TfS. Through the TfS Academy, we therefore invited our suppliers to participate in the corresponding TfS and EcoVadis [1] webinars in 2023. This new learning platform is used to provide specific information and for the training and development of both suppliers and Evonik's procurement organization. In all, the training rate for sustainability-related procurement training programs is >99 percent.

As a member of the TfS initiative, we are also subject to TfS assessments. In 2023, for the seventh time, the EcoVadis rating agency awarded us a status of at least gold. This places us among the top 5 percent of the companies evaluated by EcoVadis in both the chemical industry and in other sectors.

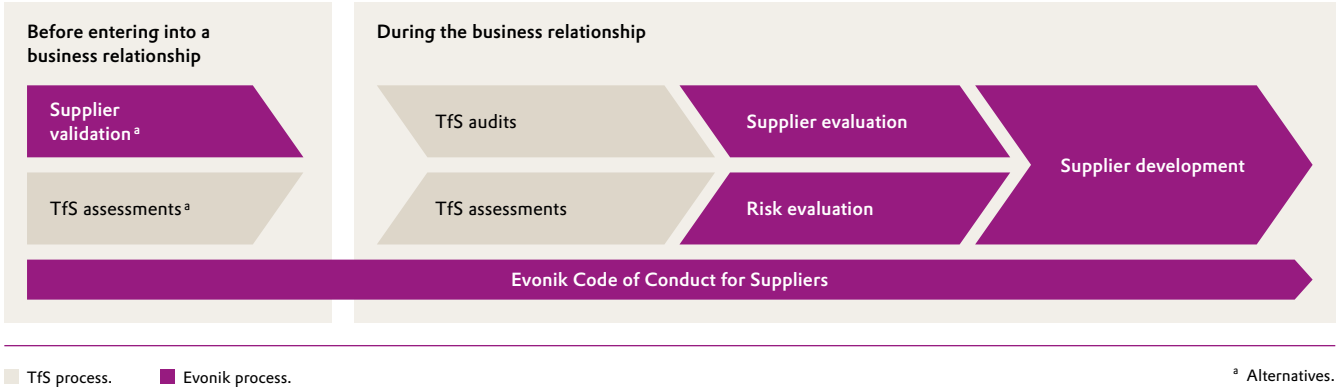
Worldwide, the TfS member companies initiated 492 audits and 1,296 assessments in 2023.[2] Evonik initiated 17 of these audits and 91 of the assessments. About 80 percent of our direct and over 70 percent of our indirect procurement volume was covered by TfS assessments.

Validation and evaluation of suppliers

We expect our suppliers to share our principles and act correctly in all respects, which means accepting responsibility towards their employees, business partners, society, and the environment. In the interests of a fair and reciprocal understanding of business, Evonik always endeavors to pay outstanding invoices by the agreed payment deadlines. Around 90 percent of invoices are settled within 60 days. Validation is the first step in every new supply relationship. For this purpose, we use a validation process based on the values defined in our code of conduct for suppliers. Alongside quality, environmental protection, safety, health, and energy management, the assessment of potential risk factors includes corruption prevention, cybersecurity, labor and social standards (the right to freedom of association and collective bargaining), human rights (compulsory, forced, or child labor), conflict minerals, and responsibility within the supply chain. All details are entered online and evaluated using a validation matrix. The initial validation is a country-based process and does not include a separate review of the location of operations. The values and expectations set out in our code of conduct for suppliers are communicated to all suppliers in our general terms and conditions of purchase. In 2023, we evaluated 1,440 new suppliers. That was over 85.2 percent of new suppliers.

Successfully completed TfS assessments can also be used as evidence of validation. Overall, suppliers are evaluated using a method that identifies and quantifies risk factors as a basis for risk mitigation. This safeguards the supply of raw materials and

Supplier validation and evaluation C42



[1] EcoVadis is the partner that performs the sustainability assessments for the TfS initiative.
[2] The results of the audits and assessments by EcoVadis and TfS were outside the scope of the auditor's limited assurance engagement.

technical goods to Evonik and enables us to gain access to new procurement markets and suppliers. In the reporting period, TfS assessments were performed on 116 new suppliers of raw materials, technical goods, and services.

We apply the same care to the evaluation of existing relationships with suppliers. In addition to the annual evaluation of all significant supplier relationships, a more detailed review of strategic suppliers is undertaken. On the basis of the findings, measures are initiated as required **C43**. To minimize the risk to Evonik, as part of our management of contractors, we obtained and evaluated evidence and self-assessments on compliance with the relevant German legislation (the German Minimum Wage Act, the German Employee Secondment Act, and the German Ordinance on Craftsmen).

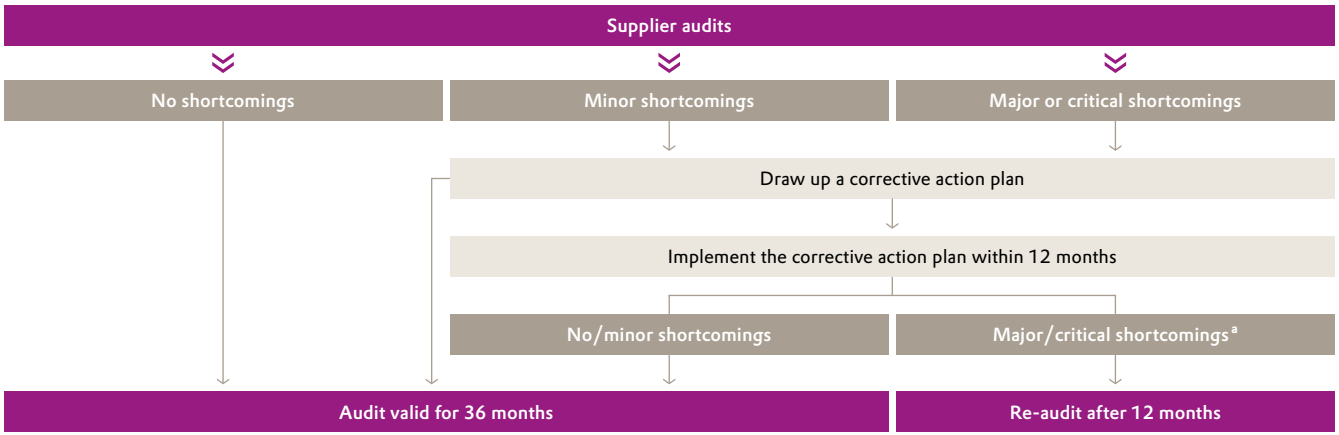
2-23, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2

We have a clear and structured process for supplier audits, including various escalation steps. If shortcomings are identified, we expect our suppliers to implement corrective action plans within a defined timeframe. If the shortcomings are particularly serious and no improvement can be identified, we reserve the right to end our collaboration with the supplier.

Chart **C44** shows the sustainability performance of our suppliers in the various evaluation categories used by the EcoVadis ratings[1]. Taking all criteria together, around 68 percent of our suppliers are within our target range of 45 to 100 points.

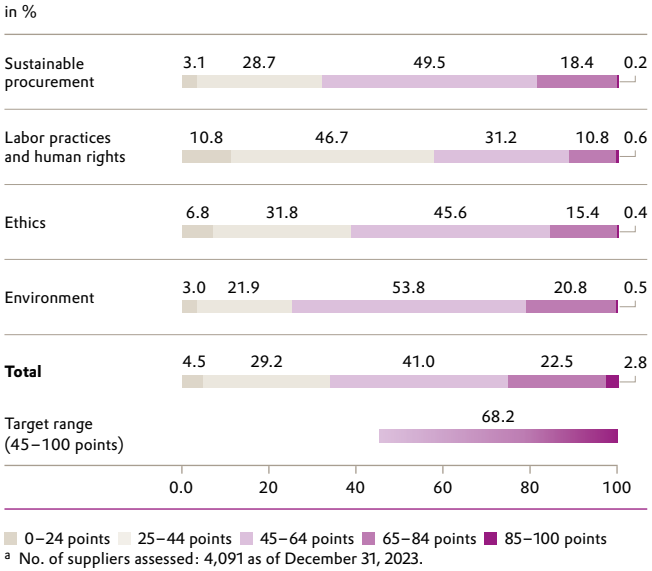
We focus particularly on the process of following up on audits and assessments. In the reporting period, corrective action was initiated with nine suppliers, where major or critical issues were identified during audits. In 13 cases, supplier assessments showed that insufficient attention had been paid to sustainability aspects. In these cases, as well, corrective action was initiated. 25 suppliers

Audit escalation process C43



[a] If the shortcomings are particularly serious and no improvement can be identified, we reserve the right to end our collaboration with the supplier.

Sustainability performance of Evonik suppliers[a] C44



[a] No. of suppliers assessed: 4,091 as of December 31, 2023.

[1] The results of the audits and assessments by EcoVadis and TfS were outside the scope of the auditor's limited assurance engagement.

showed an improvement in the follow-up to the previous audit/assessment. In particular, shortcomings in the implementation of environmental measures and potential for improvement in occupational safety were identified at suppliers audited by TfS. None of the suppliers evaluated had significant negative impacts on the environment or on social aspects. There were no cases of discrimination or restriction of the freedom of association.
406-1, 407-1, 408-1, 409-1

In 2023, we evaluated 1,548 new suppliers. That comprised audits, assessments, and supplier validations performed by TfS and directly by Evonik.

Conflict minerals

The Dodd-Frank Act requires companies listed on the US stock market to disclose whether or not their products contain potential conflict minerals. These are mineral raw materials from the Democratic Republic of Congo and its neighboring countries that are often used to finance armed conflicts. In addition, human rights are often violated in the production of conflict minerals. 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. Nevertheless, we believe we have a responsibility to check the origin of such substances sourced from established suppliers. The minerals checked include tin, tungsten, tantalum, gold, and cobalt. We continuously evaluate whether further critical raw materials should be included. As a result, mica was added in 2023. Furthermore, we require new suppliers to provide evidence of origin in the validation process. In 2023, we screened 1,440 new suppliers and did not identify any use of conflict minerals.

Supplier validation, assessments, and audits, including corrective action 308-1, 308-2, 414-1, 414-2 T29

	2019	2020	2021	2022	2023
No. of new suppliers evaluated[a]	2,049	2,055	1,754	1,804	1,440
No. of new and established suppliers evaluated[a]	2,192	2,272	1,946	2,054	1,548
No. of suppliers audited where a need for corrective action was identified	26	34	34	25	22
thereof suppliers where significant actual or potentially negative impacts were identified[b] (in %)	–	–	–	–	–
thereof suppliers with whom corrective action plans were agreed (in %)	*100*	*100*	*100*	*100*	*100*
thereof suppliers where the supply relationship was terminated as a result of the evaluation (in %)	–	–	–	–	–

[a] Based on environmental and social criteria.
[b] Zero percent environmental impacts, zero percent social impacts.

Responsibility within the supply chain: progress in 2023

During the reporting period, we continued to improve the processes used to evaluate and validate suppliers. In particular, that included analyzing supplier risks in the context of human rights requirements. In addition, we refined our monitoring of raw material risks by examining regional and geopolitical dependencies in greater detail than before p. 133. Consequently, we can now respond faster in volatile conditions. Following the validation of our SBTi targets, we extended our communication with suppliers and drew attention to the high significance of product carbon footprints for a sustainable business relationship. We also established product carbon footprints in the procurement process as a possible criterion for decisions and integrated them into decisions about awarding contracts. Moreover, we openly inform our significant suppliers that we expect them to provide data on the carbon footprint of their products by the end of 2025 at the latest.

In keeping with our climate targets, we took the next major step on the basis of the guideline on the uniform calculation of product carbon footprints issued by the TfS initiative in October 2022. This involves pilot trials with a software solution to share product carbon footprints, which could possibly be rolled out in 2024[1,2]. Furthermore, we systematically analyze the reduction targets of our significant raw material suppliers, for example, on the basis of CDP or SBTi commitments. More than 84 percent of our suppliers already have their own sustainability targets. We have signed the first contractual agreements with suppliers on a specific reduction in scope 3 emissions relating to the specific raw material procured. For further aspects of the reduction in scope 3 emissions, see "The environment" p. 49.

[1] tfs-initiative.com/how-we-do-it/scope-3-ghg-emissions
[2] tfs-initiative.com/news/chemical-industry-to-partner-with-siemens-for-pilot-to-decarbonize-its-supply-chain

In 2023, we implemented analyses and activities relating to the German Act on Corporate Due Diligence Obligations in Supply Chains, based on the concept developed in 2022. Critical suppliers were identified and appropriate steps taken (see "Responsible corporate management and human rights" p. 111).

We extended our activities under our supplier diversity program. The focus here is on the USA and indirect procurement. Internally, we evaluate the quantities procured from "diversity suppliers," while we also identify further potential suppliers to increase the proportion of such suppliers. We define "diversity suppliers" as companies that are, for example, run by persons who belong to a minority or classified within their industry as small businesses.

Supply chain resilience in times of geopolitical change

As an overarching goal, our procurement strategy includes securing the availability of raw materials on the best possible terms. Restrictions on the availability of starting products and intermediates in the short- or intermediate-term represent potential risks. In addition to preparations to substitute suppliers in emergencies, we closely monitor the business situation of selected suppliers of key raw materials in order to anticipate bottlenecks and mitigate risks. At the same time, we identify the possible impacts of present and potential crises and geopolitical conflicts on Evonik's supply situation and introduce timely and specific mitigation measures where possible. We do this, for instance, by weighting the country of origin of materials in our risk assessment and using scenario analyses to assess relevant events. This procedure proved effective for the supply risks resulting from the coronavirus pandemic and Russia's invasion of Ukraine and the related disruption. In this way, we were largely able to maintain supply and avoid negative impacts despite production stoppages and logistics constraints.

Our targets

Below is an overview of the targets set for our governance and compliance area of action.

Target attainment in 2023	Targets for 2024 and beyond
Governance	**Governance**
30 percent women at both the first and the second management level below the executive board by year-end 2024 (status at year-end 2023: 38.5 percent at the first management level and 33.3 percent at the second management level)	30 percent women at both the first and the second management level below the executive board by year-end 2024
Compliance	**Compliance**
Regular risk analyses on compliance aspects ● Human rights in 2023 ● Antitrust law, fighting corruption and prevention of money laundering by year-end 2024	Regular risk analyses of human rights, antitrust law, fighting corruption, and anti-money laundering by year-end 2025
	Identify antitrust risks using an IT-based compliance management tool by year-end 2024
Responsibility within the supply chain	**Responsibility within the supply chain**
100 percent of all raw materials suppliers where annual procurement volume is >€100 thousand to be covered by TfS assessments by year-end 2025 (status at year-end 2023: 66.7 percent)	100 percent of all raw materials suppliers where annual procurement volume is >€100 thousand to be covered by TfS assessments by year-end 2025

Target not achieved
Target partially achieved or target horizon extends beyond 2023Target achieved

1:€4.67[1]

Every €1 value added by Evonik creates a total of €4.67 added value for society[2,3]

1:11.6 jobs[1]

1 Evonik employee secures an average of 11.6 jobs in the value chain[2,3]

1:€1.70[1]

Every €1 value added by Evonik results in public revenue of €1.70[2,3]

[1] Since the high inflation in 2022 is not yet adequately reflected in the statistics-based models used for the impact valuation, the calculations for 2023 contain some uncertainty. (2021: Every €1 value added by Evonik created €4.12 added value for society; one Evonik employee secured 10.5 jobs; every €1 value added by Evonik resulted in public revenue of €1.90.)

[2] Disclosures outside the scope of the auditor's limited assurance engagement.

[3] The total includes Evonik's direct impact.

Further elements of our sustainability management

Organization and management

The executive board bears overall responsibility for sustainability and all climate-related aspects at Evonik. Direct responsibility is assigned to the chief human resources officer. Responsibility for sustainability management is defined in a corporate policy. The supervisory board also regularly addressed sustainability issues in 2023 (see "Governance and compliance" p. 113). 2-9, 2-14

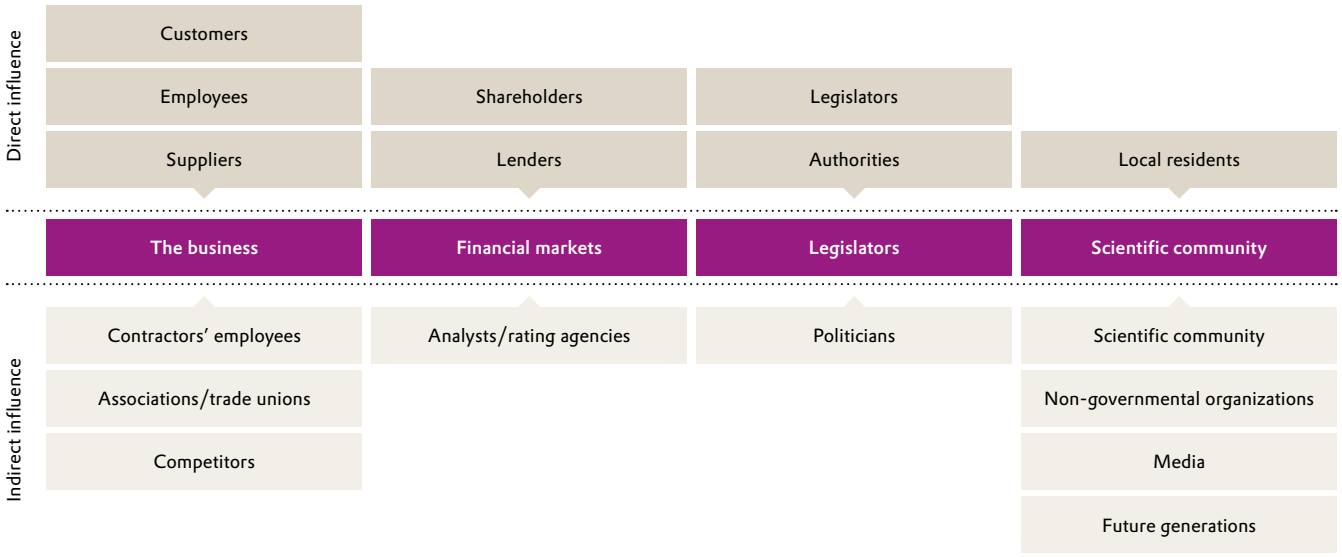
In view of the increasing relevance of sustainability for the management of the Evonik Group, ESG aspects are integrated into our governance framework. Since 2022, our **sustainability council** has met at the executive board level, chaired by the chairman of the executive board. To strengthen the alignment with our businesses, alongside the executive board, members include the heads of the divisions. The sustainability council is responsible for the management of sustainability-related aspects and the associated decisions. Following approval by the executive board, the measures are implemented by the operational units in close consultation with the relevant functions, for example, Strategy, Sustainability, Research, Development & Innovation, and Procurement. The decisions taken by the sustainability council are prepared by the sustainability circle, which comprises representatives of the functions and departments of relevance for sustainability. The sustainability circle is chaired by the chief human resources officer, who is the executive board member responsible for sustainability. Aspects discussed by the **sustainability circle** in the reporting period included Next Generation Solutions, the EAGER project to reduce greenhouse gas emissions, and the preparations for reporting in accordance with the European Sustainability Reporting Standards (ESRS).

Moreover, Evonik integrated further sustainability aspects into the long-term remuneration of the executive board and senior executives from 2023 (see "Strategy and growth" p. 18).

Sustainability governance structure at Evonik C45

a Since fall 2022, part of an extended executive board meeting.

Stakeholder groups and their influence on Evonik 2-29 C46



Engaging with our stakeholders

We are convinced that only companies that act responsibly, enjoy people's trust, and are open to continuous improvement can be successful. That includes listening very carefully to how we are perceived by our stakeholders. In this way, we want to strengthen the trust of our most important stakeholders—for example, customers, suppliers, and shareholders. 2-29.

Dialogue with our stakeholders is important to give us a better understanding of different perspectives and regularly review our own positions. It enhances our understanding of present and future societal challenges. In addition, we use our stakeholder engagement to improve our insight into the impact of new market trends and developments on our business. That makes it easier for us to identify possible opportunities and risks at an early stage and position Evonik more resiliently. We use the following criteria to define and prioritize our stakeholder groups:

- Type of influence (direct, indirect)
- Impact cluster (for example, business, financial market)
- Characterization (for example, suppliers, employees, customers).

Chart **C46** **p. 135** shows the stakeholder groups of relevance for Evonik and their influence on our company.

In our extensive new materiality analysis in 2022, we reviewed the stakeholder groups we had defined and added contractors' employees, future generations, and trade unions. This was partly in connection with the recommendations of the new GRI 3 Material Topics 2021. Our dialogue with stakeholders is a continuous process—both in the operating business and at group level—and includes a wide range of topics and events. Chart **C47** provides an overview of the main communication channels we use for this.

Every year, our dialogue with stakeholders takes place through a wide range of topics and events ("Stakeholder engagement 2023" **C48** **p. 137**). The insights gained are shared within the company. Our approach to engaging with our stakeholders includes the involvement of the Evonik regions. In general, we take care to achieve the widest possible coverage of operational, political, social, and community perspectives. **More**.

Stakeholder communication channels [a] **C47**

	Personal or remote discussions	Townhall meetings, workplace/ staff meetings	Open days, site visits	Whistleblower system (compliance, human rights)	Surveys	Sustainability reporting	Evonik website, social media
Customers	✓		✓	✓	✓	✓	✓
Suppliers, contractors, business partners	✓		✓	✓	✓	✓	✓
Employees	✓	✓	✓	✓	✓	✓	✓
Local residents, general public	✓		✓	✓	✓	✓	✓
Investors and shareholders	✓		✓	✓		✓	✓
Authorities, legislators, regional and national politicians	✓		✓	✓		✓	✓

[a] Stakeholders with direct influence.

Stakeholder engagement 2023 2-12, 2-29, 3-1

C48

Stakeholder groups[a]	Most important material topics[b]	Examples of stakeholder engagement
Customers	• **Portfolio transformation** • **Circular economy** • Cybersecurity • Mitigating climate change • Product stewardship • Responsibility within the supply chain • Responsible management/human rights	• Discussions with customers on topics such as - The sustainability agenda and eCO product series - Product carbon footprints/life cycle assessments - Sustainable recycling of polyurethane - Sustainability of siliconized films • Exchange with sustainability working groups in various industry associations, e.g., - Additive Technical Committee - UEIL[d]/ATIEL[e] on the development of product carbon footprint methodology for lubricants
Employees	• **Portfolio transformation** • Occupational and plant safety • Attractiveness as an employer • Health protection and promotion • Mitigating climate change • Employee satisfaction • Responsible management/human rights • Diversity and equal opportunity	• Internal social media platforms ("communities") • Evonik learning sessions on various subjects to share experience internally • Workplace/staff meetings ("meet & greet") • Regular dialogue with Evonik regions on various sustainability topics • Training for procurement staff on CO_2 incentives to reduce scope 3 emissions
Suppliers	• **Portfolio transformation** • **Circular economy** • Mitigating climate change • Responsibility within the supply chain • Responsible management/human rights	• Dialogue with suppliers: - Renewable raw materials and bioacetone - Low carbon roadmap for bio-isopropanol • Workshops with suppliers: - Secondary silicon - Carbon footprint of sodium silicates
Shareholders	• **Green energy** • **Portfolio transformation** • **Circular economy** • Occupational and plant safety • Cybersecurity • Mitigating climate change • Responsible management/human rights	• Virtual shareholders' meeting • Roadshows, conferences such as the Société Générale ESG European Conference in Paris (France) • Site visits for RAG-Stiftung, e.g., Wesseling and Rheinfelden (Germany), Schörfling (Austria)

Stakeholder groups[a]	Most important material topics[b]	Examples of stakeholder engagement
Legislators	• **Green energy** • **Circular economy** • Biodiversity • Cybersecurity • Mitigating climate change • Product stewardship • Responsibility within the supply chain • Responsible management/human rights • Diversity and equal opportunity • Water management	• Dialogue with members of the European Parliament • Dialogue with regional and national politicians in Germany • Site visits by German and European politicians, e.g., Marl and Hanau (Germany)
Authorities	• Occupational and plant safety • Health protection and promotion • Mitigating climate change • Product stewardship • Responsible management/human rights • Diversity and equal opportunity • Water management	• Regular dialogue, e.g., with the environment ministry in the federal state of Hesse on water management and permits • Dialogue with authorities, e.g., on environmental impacts in connection with permitting applications
Local residents[c]	• **Green energy** • Occupational and plant safety • Attractiveness as an employer • Biodiversity • Mitigating climate change • Responsible management/human rights • Water management	• Support for local projects and activities, e.g., - Visit to the Hanau site by the not-for-profit Leadership Network - Digital apprenticeship fairs - Regular dialogue on hydrogen with the H_2Hanau advocacy group
Lenders	• **Green energy** • **Portfolio transformation** • **Circular economy** • Anlagen- und Arbeitssicherheit • Occupational and plant safety • Cybersecurity • Mitigating climate change • Responsible management/human rights • Diversity and equal opportunity	• Continuous dialogue on sustainability issues

[a] Only includes stakeholder groups with a direct influence. | [b] Most important material topics for stakeholders from Evonik's perspective C07 p. 25. | [c] Around Evonik sites. | [d] UEIL = Union of the European Lubricants Industry. | [e] ATIEL = Technical Association of the European Lubricants Industry.

Heaquarters of the European Commission: Evonik takes part in consultation procedures.

We have developed various formats for social dialogue. These help us engage with both direct and indirect stakeholders. Our large annual stakeholder conference, Evonik Perspectives, has been held digitally since 2021. Evonik Perspectives, which is organized with our cooperation partner DENEFF, the German enterprise initiative on energy efficiency, has become established as an expert forum and a platform for informed debate on key aspects of sustainable development.

Donations and sponsorship

The executive board defines the aims and conditions for the Evonik Group's donations and sponsorship. It has delegated coordination and monitoring to the Board Office and Communications functions on the basis of specific policies and guidelines. For example, the approval of the executive board is required for individual donations of supra-regional significance and sponsorship from a threshold of €100,000. The divisions and regions can decide on regional and site-specific activities within an annual budget approved by the executive board. At the Evonik Foundation, the management is responsible for coordinating and supervising donations. The executive board of the Evonik Foundation defines the areas of focus.

The Evonik Group made many donations and was involved in many sponsorship projects in the reporting period. Information can be found on our website. More.

Advocacy

We refined our management approach in 2023 and issued a political mission statement. At its heart is the conviction that business must act politically. Companies are part of society. And only in partnership with the chemical industry can the sustainable transformation of the economy and energy production be achieved. We use our expertise to play a constructive role in politics and society. Assuming our corporate political responsibility comes naturally to us. Democracy, an open society, and an efficient state are competitive factors and the basis of our prosperity. We are therefore determined to put to use our strengths—in Germany, Europe, and globally.

Our offices in Berlin and Brussels play an important role in our work. Our employees network with politicians, the general public, and industry associations. They provide input to shape political conditions and are actively involved in consultations, hearings, and discussions. The areas of strategic relevance for Evonik are environmental policy, environmental regulation, energy, the climate, circular economy, industrial policy, agriculture, and the bioeconomy. They are closely meshed with the top 3 topics identified in our materiality analysis.

We have set up extensive monitoring on issues of strategic importance. We have entries in the German and European lobby registers to safeguard transparency. In 2023, Evonik renewed and refined its entry in the European Transparency Register and the list of lobbyists maintained jointly by the European Commission and European Parliament and its entry in Germany's national lobby register. Since 2022, Evonik has no longer made donations to political parties. 415-1

The consequences of the war in Ukraine and rising energy prices were at the center of our advocacy activities, especially in the areas of the environment, the climate, and energy policy. Together with the German chemical industry association VCI, we are therefore campaigning, among other things, for an industrial electricity price. At the same time, we are pressing for business conditions that strengthen the social market economy and industry in this crisis and beyond. 2-15

Our positions

In the area of environmental policy and regulation, our interaction with politicians covers the digitalization of permitting processes, especially the implementation of the pact to accelerate this and legislation to ensure a reliable planning base. Here, the priorities are safeguarding know-how and protection against cyberattacks.

Through the planning modernization task force, we advocate for amendment of planning and permitting legislation to increase the speed, digitalization, and efficiency of existing workflows. Similarly, we are campaigning for the development of an "Online Access Act 2.0."

Another aspect that remains relevant for us is the possible classification of certain silicones as persistent organic pollutants, which we are addressing together with the European chemical industry council Cefic. In addition, the European Commission has published a proposal to restrict the use of PFAS. Alongside the consultation process, we are engaged in advocacy activities.

Evonik supports the objectives of the Paris Agreement on Climate Change. As the EU and Germany move toward climate neutrality by 2050 and 2045, respectively, we are actively engaged in the process of shaping European climate, energy, and industrial policy. Important political frameworks for the transformation process include the dossiers on the carbon border adjustment mechanism (CBAM), the European emissions trading system (EU ETS), the Renewable Energy Directive (RED III), and the gas package for the future gas and hydrogen market. In view of the complexity of our supply chains, it is important for Evonik that the chemical industry is excluded from the CBAM. The revision of the EU ETS directive will further reduce the availability of emission allowances. The price of these allowances could become a significant driver of technologies and investment decisions in the EU in the future.

Electricity is a vital production input for the chemical industry. As it transitions to climate-neutral operation, the chemical industry will need considerably more electricity in the future, both for the production of hydrogen and for the electrification of processes. A competitive electricity price and further relief measures are therefore necessary. That is why we are advocating for an industrial electricity price. In this context, we have discussed various concepts with members of parliament, and ideas have been put forward in talks given by members of our executive board.

To make climate-neutral production viable, Evonik's sites will need climate-neutral hydrogen in the future. Our site in Rheinfelden (Germany) is a case in point. This site currently needs 8,000 metric tons of hydrogen a year. Since the plans for long-distance pipelines in the federal state of Baden-Württemberg for the period up to 2040 only extend to Karlsruhe, we are engaged in talks with politicians on the extent to which the hydrogen network could be extended and whether on-site projects for electrolyzers could be realized under the more stringent conditions of EU legislation (RED II, delegated act). To that end, we are engaged in talks with the prime minister of Baden-Württemberg and members of the German parliament.

In the area of resource efficiency, we want to help drive forward the transformation to a circular economy with our products and solutions. In this context, we are advocating, among other things, for a legal framework based on open technology that includes and allows a variety of recycling technologies. Our activities focus on establishing the mass balance approach as a method of measuring chemically recycled products.

Following the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which came into effect on January 1, 2023, upcoming legislation includes the EU's Corporate Sustainability Due Diligence Directive (CSDDD). The three EU institutions aim to reach a final agreement before the elections to the European Parliament (EP) in May 2024. The German supply chain due diligence legislation introduced on January 1, 2023 would have to be adapted when the new EU provisions are transposed into national law. The draft adopted by the EP on June 1, 2023 goes well beyond the proposal put forward by the EU Commission. In our view, it would create bureaucratic hurdles that could threaten the viability of many companies, especially small and mid-sized enterprises (SMEs). Other critical aspects from our perspective are the lack of legal clarity and the lack of a clear limitation of liability. Companies should only be held liable for matters within their sphere of influence, otherwise there is a risk that they will be exposed to multiple lawsuits. Based on the present status, there is a risk that companies' business options could be curtailed by incalculable liability risks and the resulting lack of legal clarity. That would damage both their competitiveness and Europe as a business base.

Sustainability Focus Areas (SFAs)

Our contributions to a sustainable transformation are bundled in four SFAs: fight climate change, drive circularity, safeguard ecosystems, and ensure health & wellbeing. That sharpens our businesses' awareness of the most important sustainability requirements in their markets and facilitates dialogue with customers on these aspects.

Each SFA addresses specific sustainability requirements and describes our contribution to the Sustainable Development Goals (SDGs). In this context, we examine both positive and negative impacts of Evonik's business activities. These impacts are examined for each product-application-region combination (PARC) as part of our sustainability analysis p. 20.

Fight climate change

This SFA bundles all contributions to reducing our scope 1, 2, and 3 emissions, increasing energy efficiency, and the use of renewable energies. We also consider the greenhouse gas emissions avoided along the value chain by using our products.

Drive circularity

Here, we bundle all contributions from the use of renewable and circular raw materials, the reduction in production waste, and the production of products that enable circular solutions.

Safeguard ecosystems

This SFA brings together all contributions in connection with Evonik products and solutions that support deforestation-free supply chains and biodiversity. Moreover, it covers environmentally friendly products that do not involve the use of chlorine or solvents and avoid polluting nature with persistent substances.

Ensure health & wellbeing

This SFA bundles all contributions made by Evonik products that avoid exposing people to volatile organic compounds (VOCs)[1], microparticles, or dangerous chemicals during the application phase and those that allow access to safe food and water. Further, this SFA describes the contribution made by our solutions for efficient pharmaceutical active ingredients and medical therapies.

In our innovation activities, the four SFAs support selective optimization of business-related processes and products and the ongoing development of new business models. The three clusters at our strategic research unit Creavis—Defossilation, Life Sciences, and Solutions Beyond Chemistry—are also focused on high-growth solutions aligned with our SFAs.

In the coming years, our businesses will be quantifying and improving their handprint in the four SFAs, reducing their footprint, and generally creating additional value with sustainable solutions. 2-6

Impact valuation[2]

Since Evonik is an industrial company, it is important to monitor the impact of our business activities. We use an impact valuation to regularly measure and analyze the direct and indirect impacts from an economic, ecological, and social perspective. This supplements our established analytical approaches. We anticipate that this will allow early identification of potential future opportunities and risks, make our business model more resilient, and improve our understanding of the long-term value that our business activities create for society. 2-12

This procedure provides an insight into

- the scale of the positive and negative ecological, social, and macroeconomic impact of our corporate activities;
- Evonik's benefits for society as a whole; and
- the key levers to reduce negative impacts and maximize positive impacts along our value chain.

Our impact valuation is based on the input-output-outcome-impact (IOOI) model, which takes account of the input of resources and the measurable outcomes of corporate activity. In addition, short- and long-term impacts are identified, measured along the value chain, and evaluated.

[1] VOC = volatile organic compounds.
[2] The impact analysis was outside the scope of the auditor's limited assurance engagement.

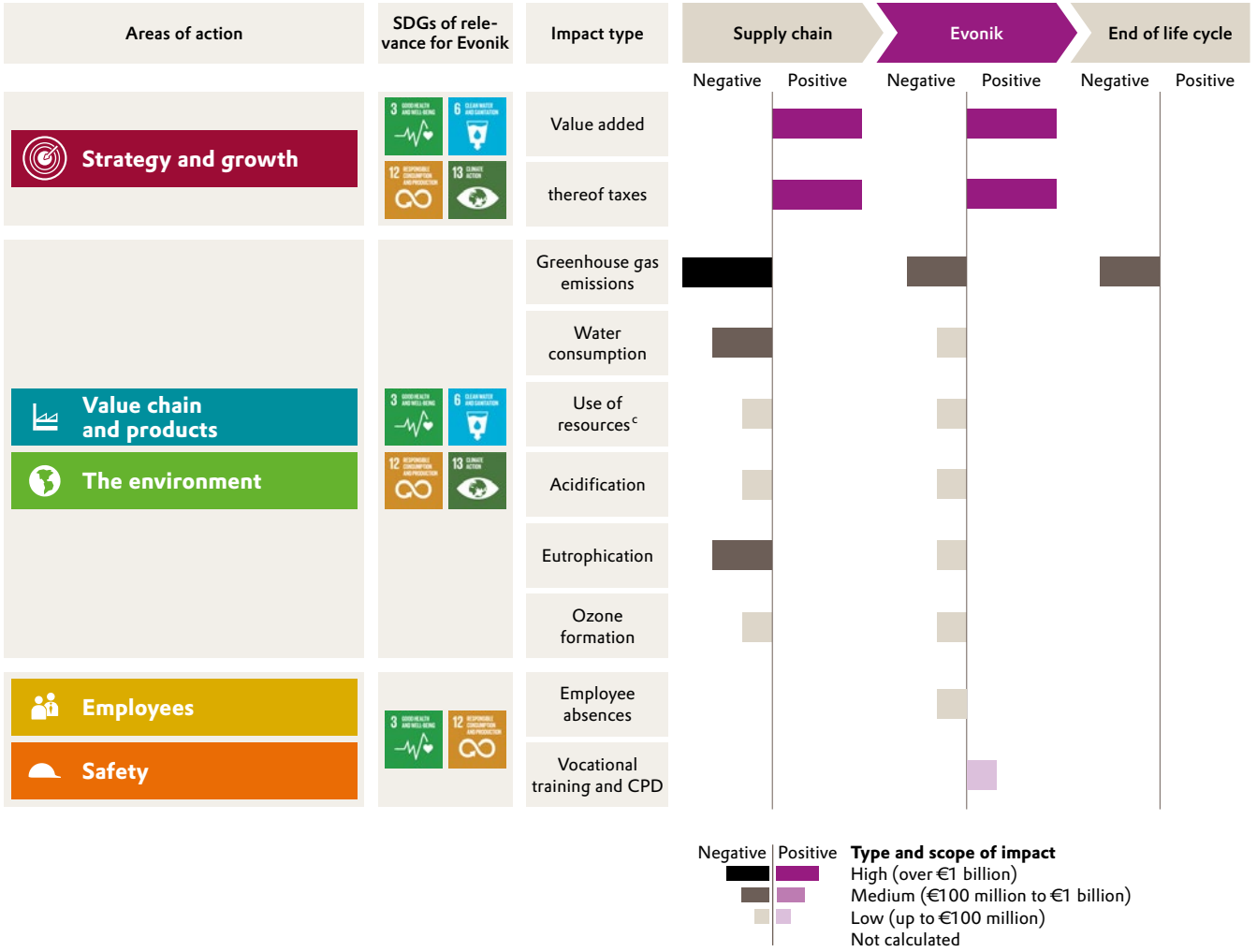
Monetary impact valuation

We aim to assign a monetary value to individual indicators such as vocational training and continuing professional development of employees, employment impacts, and global warming so they can be compared. Most of the factors used for this are publicly available. They are based on the work of the relevant economic, environmental, and social research institutes.

Chart C49 "Monetary impact valuation of our business activities" shows the results of the impact valuation, based on the figures for 2023. Our business activities are associated with ecological impacts at many points. The main negative impacts are greenhouse gas emissions and water consumption in the supply chain. These are countered by strongly positive macroeconomic impacts, both along the supply chain and by our own production activities. 303-1, 306-1

Evonik markets a range of products whose use makes a positive ecological and social contribution compared with conventional alternatives. Examples of the avoidance of greenhouse gas emissions with our products are outlined in "Strategy and growth" p.24. The impact analysis presented here only looks at the absolute impact of our business activities. It does not include the impact of the use of our products or a comparison with alternatives.

Monetary impact valuation of our business activities[a,b] C49



[a] The impact analysis was outside the scope of the auditor's limited assurance engagement. This chart shows Evonik's impact along the value chain, excluding induced effects, which were calculated separately. | [b] It is not possible to calculate all monetary impacts along the value chain as not all data are available. | [c] The impact of raw materials and supplies used in production is taken into account in supply chain/raw materials "upstream."

Consolidated sustainability indicators for the Evonik group 2-22

The following tables are an overview of Evonik's principal company-specific KPIs. The structure is aligned with Evonik's six areas of action. **The 15 material topics** are highlighted **in color.** For more detailed information, please go to the relevant chapters in this report.

Sustainability indicators 2023[a] T30

Strategy and growth p. 13	Unit of measurement	2021	2022	2023
Production	in million metric tons	9.5	8.4	7.5
Production sites worldwide	n	102	104	104
Sales	in € billion	14.9	18.5	15.3
Adjusted EBITDA	in € million	2,383	2,490	1,660
Net income	in € million	746	540	–465
Portfolio transformation				
Proportion of sales from Next Generation Solutions	in %	41	43	43
CO_2e avoided by using Evonik products[b]	in million metric tons CO_2e	39	44	48

Value chain and products p. 28	Unit of measurement	2021	2022	2023
Research & development				
R&D expenses	in € million	464	460	443
Ratio of R&D expenses to sales	in %	3.1	2.5	2.9
No. of new patent applications filed	n	280	256	227
Circular economy				
Proportion of renewable raw materials	in %	9.7	11.1	12.0
Proportion of RSPO-certified palm (kernel) oil in the RSPO accounting period (September 1, 2022 through August 321, 2023)	in %	–	–	60
Product stewardship				
Breaches of product labeling regulations	n	0	0	0

The environment p. 46	Unit of measurement	2021	2022	2023
Mitigating climate change				
Evonik Carbon Footprint[c]				
Scope 1: Direct energy- and process-related emissions	in million metric tons CO_2e	4.4	4.2	3.8
thereof methane[d]	in thousand metric tons CO_2e	*13*	*22*	*21*
Scope 2: Indirect emissions from purchased energy (gross, market-based approach)	in million metric tons CO_2e	1.9	1.8	1.5
Scope 3: Upstream and downstream emissions	in million metric tons CO_2e	23.4	20.5	19.2
thereof upstream	in million metric tons CO_2e	*15.3*	*14.4*	*13.3*
thereof downstream	in million metric tons CO_2e	*6.3*	*6.1*	*5.9*
GHG emissions Evonik Carbon Footprint (sum of scope 1, 2, and 3)	in million metric tons CO_2e	29.7	26.5	24.6
Other emissions into the air				
Carbon monoxide (CO)	in metric tons	1,096	800	803
Sulfur oxides (SO_x/SO_2)	in metric tons	1,530	1,185	1,027
Nitrogen oxides (NO_x/NO_2)	in metric tons	3,799	3,192	2,803
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	in metric tons	0.82	0.31	0.26
Non-methane volatile organic compounds (NMVOC)	in metric tons	939	994	741
Ozone-depleting substances[e]	in metric tons CFC-11 equivalents	0.20	0.30	0.29

[a] Differences between the data and totals are due to rounding.
[b] In 2021, 4 products with sales of €1.8 billion were evaluated.
In 2023, 5 further products were added, bringing the total evaluated to 11 products with sales of €1.3 billion.
[c] For details, see "The environment" p. 53.
[d] Emissions from production and energy generation.
[e] Emissions of ozone-depleting substances calculated in accordance with the Montreal Protocol.

Green energy	Unit of measurement	2021	2022	2023
Energy				
Gross energy input[a]	petajoules	80.55	74.96	71.82
Net steam required[b]	petajoules	41.32	38.29	37.09
Net electricity required	petajoules	15.73	14.32	13.31
Steam sold[b]	petajoules	10.86	9.51	9.64
Elictricity sold	petajoules	0.85	0.83	2.41
Internal steam generation[b,c]	petajoules	37.66	34.03	33.88
Internal electricity generation	petajoules	6.00	4.44	4.78
Purchased electricity[d]	petajoules	10.58	10.70	10.94
thereof renewable energy	in %	–	*27*	*35*
Purchased steam[b]	petajoules	14.52	13.78	12.85
Net energy input[e]	petajoules	68.84	64.63	59.77
Change in net energy input versus 2020	in %	6	0	–8
Specific net energy input per million metric tons production	petajoules	7.22	7.71	7.97
Change in specific net energy input versus 2020	in %	–1	6	10
Savings due to measures to enhance efficiency	c	218	380	–[f]
Sites certified as compliant with ISO 50001 energy management	n	45	48	57
Water management				
Total water intake	in million m^3 p.a.	460	444	403
thereof freshwater	in million m^3 p.a.	*256*	*248*	*224*
thereof salt water (seawater)	in million m^3 p.a.	*204*	*197*	*179*
Total discharges	in million m^3 p.a.	454	439	397
Total water consumption	in million m^3 p.a.	6	5	6
Sites with water risk classification of extreme or very high	n	10[g]	13[g]	0[h]
Sites with water risk classification of high	n			5[h]
Sites with water risk classification of medium or moderate	n	9[g]	12[g]	47[h]
Total wastewater load (direct discharges only)	in metric tons	1,597	1,612	1,541
Waste management				
Hazardous waste, reprocessed[i]	in 1,000 metric tons	134	128	100
Non-hazardous waste, reprocessed[i]	in 1,000 metric tons	88	113	82
Hazardous waste, disposal[i]	in 1,000 metric tons	143	102	89
Non-hazardous waste, disposal[i]	in 1,000 metric tons	86	84	79
Total waste	in 1,000 metric tons	451	427	348
thereof total reprocessed waste	in 1,000 metric tons	*222*	*241*	*182*
Waste reprocessing rate	in %	49	56	52
Biodiversity				
Area of production sites adjacent to conservation areas	in km^2	–	–	19.8
Production sites adjacent to conservation areas	n	–	–	34
Area of production sites adjacent to key biodiversity areas	in km^2	–	–	2.0
Production sites adjacent to key biodiversity areas	n	–	–	11

Employees p. 85	Unit of measurement	2021	2022	2023
Key data				
Total employees	n	33,004	34,029	33,409
Total personnel expenses	in € million	3,408	3,487	3,254
Women as a proportion of the total workforce	in %	26	26	27
Men as a proportion of the total workforce	in %	74	74	73
Full-time employees as a proportion of the total workforce	in %	93	93	93
Part-time employees as a proportion of the total workforce	in %	7	7	7
Proportion of women working full-time	in %	80	80	80
Proportion of men working full-time	in %	97	97	97

[a] Fuel inputs plus purchased eletricity and steam.
[b] Conversion factor: 2.8 * 10^{-6} PJ/t steam.
[c] Including process heat, e.g. from acrolein production.
[d] Excluding trading and excluding supply of purchased electricity to third parties in Germany.
[e] Fuel inputs plus purchased electricity and steam less electricity and steam supplied to third parties.
[f] Figures for 2023 will only be available in summer 2024.
[g] Calculated using the AWARE (Available WAter REmaining) method recommended by the EU Commission.
[h] Determined using the WWF Risk Filter, based on an analysis of various physical risk aspects, e.g., water stress, flooding, water quality.
[i] Chemical production + building + demolition rubble.

	Unit of measurement	2021	2022	2023
Proportion of women working part-time	in %	20	20	20
Proportion of men working part-time	in %	3	3	3
Agency staff[a]	n	506	583	229
Employees with disabilities[a]	n	1,735	1,752	1,695
Proportion of employees with disabilities[a]	in %	8.4	8.2	8.2
Apprentices[a,b]	n	1,569	1,510	1,668
Expenditure for vocational training[a]	in € million	62	61	64
Employees covered by collective pay agreements	in %	71	70	70
Employees covered by collective agreements on work time	in %	74	74	74
Employees aged under 21 years	in %	2.2	2.2	2.5
Employees aged 21-30 years	in %	16.3	16.7	16.4
Employees aged 31-40 years	in %	25.8	26.4	26.5
Employees aged 41-50 years	in %	23.7	23.3	23.8
Employees aged 51-60 years	in %	27.2	26.4	25.5
Employees aged over 60 years	in %	4.8	5.1	5.4
Attractiveness as an employer				
Employees who receive performance appraisals (total)	in %	80	80	88
Expenditure for CPD	in € million	11.2	18.3	12.4
Expenditure for CPD per employee	in €	338	538	371
Average learning time on the LILY and LinkedIn Learning digital platforms	hours	5.4	3.5	3.8
Participation in "Evonik learning sessions"	n	39,090	23,181	17,664
No. of "Evonik learning sessions"	n	109	94	74

[a] In Germany.
[b] Evonik apprentices (1,112) and apprentices being trained in cooperation with other companies (556).
[c] Employment terminated by new employees within the first year.
[d] Total remuneration of the highest paid person in the company/average total remuneration of the workforce in Germany.
[e] Executives = executive functions, i.e., top management functions in the Evonik Group.
[f] Senior management = senior management functions, i.e., key functions in the divisions, regions, service units, and corporate divisions.
[g] Other management levels = further management functions.
[h] No. of work-related accidents per 200,000 working hours. Upper limit ≤ 0.26.
[i] No. of work-related accidents relating in absence per 200,000 working hours.
[j] No. of incidents per 200,000 working hours. Upper limit ≤ 0.40.
[k] Lower limit ≥ 5.0. Upper limit 6.0.
[l] ODR for 2023 not available by the editorial deadline.

Employee satisfaction				
Participation in pulse checks	n	9,638	8,655	10,562
No. of pulse checks	n	50	30	27
Turnover rate	in %	7.0	6.7	6.6
Early turnover rate[c]	in %	2.2	1.9	2.2
Average length of service	in years	14.5	14.1	13.9
No. of employees who left the company - total	n	2,317	2,204	2,260
No. of employees who left the company - women	n	560	545	566
No. of employees who left the company - men	n	1,757	1,657	1,694
Employment terminated by employee	n	884	1,080	1,190
Diversity and equal opportunity				
Gender pay gap	in %	–	1	–6.6
Total remuneration of highest paid person in the company	in € '000	3,561	2,521	3,501
Average remuneration of total workforce (in Germany)	in € '000	89	85	85
Ratio[d]	n	40	30	41
Women in management (total)	in %	27.9	29.1	29.6
Female executives[e]	in %	17.7	20.3	22.2
Women in senior management[f]	in %	17.6	17.1	18.5
Women in other management levels[g]	in %	28.7	29.9	30.3

Safety p. 102	Unit of measurement	2021	2022	2023
Occupational and plant safety				
LTI-R	n[h]	0.19	0.25	0.21
LTI-R contractors' employees	n[i]	0.67	0.43	0.79
PSI-R	n[j]	0.48	0.49	0.43
Health protection and promotion				
Workforce represented by safety committees	in %	> 99	> 99	> 99
Occupational health performance index[k]	n	5.6	5.5	5.5
Occupational disease rate (ODR)	n	0.28	1.11	–[l]

Governance and compliance p. 110	Unit of measurement	2021	2022	2023
Responsible management/human rights				
Executive board members	n	4	4	4
Supervisory board members	n	20	20	20
Women on executive board	in %	25	25	25
Women on supervisory board	in %	30	30	30
Women at first management level [a]	in %	26.9	38.5	38.5
Women at second management level [a]	in %	29.2	31.0	33.3
Training rate: code of conduct	in %	89	89	92
Training rate: fighting corruption	in %	92	91	86
Training rate: anti-money laundering	in %	96	97	98
Training rate: antitrust law	in %	83	85	89
Training rate: human rights (new 2023)	in %	–	–	90
Locations with a certified anti-corruption management system	in %	100	100	100
Discrimination cases	n	7	4	12
Alleged breaches of human rights	n	–	1	2 [b]
Corruption cases (current year)	n	5	8	8
Reported cases	n	168	162	126
Reported internal investigations	n	136	142	110
Reported action	n	152	168	86
Cybersecurity				
Locations certified under ISO 27001 or equivalent [c]	in %	–	–	100
Cybersecurity training participation rate	in %	–	96	95
Phishing test drives	n	14	8	8
Data protection				
Training rate: data protection	in %	85	–	81
Responsibility within the supply chain				
Procurement volume	in € billion	10.4	13.6	11.3
Local sourcing [d]	in %	76	76	75
Raw materials and suppliers of total procurement volume	in %	57	53	47
Petrochemical feedstocks of total procurement volume	in %	62	61	65
Total suppliers	n	35,000	35,000	34,000
Suppliers validated by TfS audits and assessments	n	1,629	1,923	1,788
thereof Tfs audits	*n*	*284*	*378*	*492*
thereof Evonik audits	*n*	*16*	*11*	*17*
thereof Tfs assessments	*n*	*1,345*	*1,545*	*1,296*
thereof Evonik assessments	*n*	*176*	*108*	*91*
Newly-validated suppliers	n	1,754	1,804	1,440
Suppliers where corrective action is required	n	34	25	22
thereof suppliers where a corrective action plan has been agreed	in %	*100*	*100*	*100*
Procurement employees trained in sustainability aspects	in %	–	–	99
Suppliers with sustainability reporting or sustainability targets	in %	–	–	84

[a] At Evonik Industries AG.
[b] Suspected cases that were not substantiated.
[c] Locations with more than ten IT employees.
[d] For us, local sourcing means deliberate procurement from sources close to our production sites.

Status of our sustainability targets for 2023 2-22

This table shows the targets we set for the reporting period. The traffic lights show progress towards achieving the targets.
You can find details of the exact status in the relevant chapters and the table "Sustainability indicators for the Evonik Group" p. 142.

Target attainment in 2023 T31

Strategy and growth p. 13

- Increase the proportion of sales generated with Next Generation Solutions to over 50 percent by 2030
- Proportion of sales from challenged products should be permanently below 5 percent

Value chain and products p. 28

- Generate more than €1 billion in additional sales[a] a in our six innovation growth fields by 2025
- Generate more than €350 million in additional sales with solutions for the circular plastics economy from 2030
- Solutions for around 400,000 metric tons of recyclable plastics by 2025
- Add substances/products from acquisitions[b] to CMS/CMS^{PLUS} and process them by the end of 2023

The environment p. 46

- Reduce absolute scope 1 and scope 2 emissions by 25 percent between 2021 and 2030
- Reduce absolute scope 3 emissions[c] by 11 percent[d] between 2021 and 2030
- Reduce both absolute and specific energy consumption by 5 percent between 2020 and 2025
- Switch purchased electricity to 100 percent green electricity by 2030
- Reduce specific freshwater intake by 3 percent relative to production volume between 2021 and 2030
- Reduce the specific volume of production waste by 10 percent relative to production volume between 2021 and 2030

[a] With products introduced in or after 2015.
[b] Since 2017.
[c] Scope 3 emissions comprise all upstream categories and the category "Downstream transportation and distribution."
[d] Exact target: 11.07 percent.

Employees p. 85

- Proportion of women in top and senior management should be 23 percent at each level by 2023
- Intercultural mix at executive level should be 20 percent by 2023

Safety p. 102

- Lost time injury rate (LTI-R) ≤ 0.26
- Process safety incident rate (PSI-R) ≤ 0.40
- Occupational health performance index ≥ 5.0

Governance and compliance p. 110

- 30 percent women at both the first and the second management level below the executive board by year-end 2024
- Regular risk analyses
  - Human rights in 2023
  - Antitrust law, fighting corruption, and prevention of money laundering by year-end 2024
- 100 percent of all raw materials suppliers where annual procurement volume is >€100 thousand to be covered by TfS assessments by year-end 2025

Target not achieved
Target partially achieved or target horizon extends beyond 2023
Target achieved

About this report

Sustainability report 2023

This is the 16th full sustainability report published by Evonik. It supplements the financial report 2023 and the combined non-financial statement in the management report by reporting on further material ecological and social issues. The aim is to give our stakeholders an insight into how we run our business and drive forward sustainability in the Evonik Group. The report covers the period from January 1 to December 31, 2023, except where otherwise indicated. Our previous sustainability report on 2022 was published in March 2023. 2-3

Method

This report continues our focused, digital, and strategic approach to sustainability reporting. In last year's extensive new materiality analysis, we identified 15 material topics for Evonik. These are bundled in six areas of action, which define the structure and depth of this report. Taking the ESRS requirements as our starting point, in the reporting period, we conducted a gap analysis of the impacts on which our materiality analysis is based. In addition, we divided our positive impacts into existing and potential. Moreover, we checked whether sufficient attention had been paid to human rights impacts. We also used a peer group and media analysis to check that our material topics are complete and up-to-date. The outcome of these activities relating to the materiality analysis is that there has been no change in the validity of our 15 material sustainability topics. (See "Strategy and growth" p. 24).

The strategic messages on sustainability are contained in the chapter headed "Strategy and growth." The chapter titled "Further elements of our sustainability management" contains details of our sustainability governance, our stakeholder management concept, and a description of our Sustainability Focus Areas.

The central theme of this report is the implementation of transformation steps at Evonik, hence the title IMPLEMENT! We made further substantial progress with this in 2023, ranging from the validation of our greenhouse emissions reduction targets by SBTi and expanding our business with Next Generation Solutions through investing in reducing greenhouse gas emissions to integrating sustainability targets into the remuneration of the executive board and other executives. A chart on p. 9 in the chapter "At a glance" shows milestones in the transformation of Evonik since 2015. A special magazine section features four practical examples of how we are working closely with partners on the three most important topics identified in our materiality analysis: green energy, portfolio transformation, and circular economy p. 66. The other twelve material topics are illustrated by comments from employees.

To further enhance the user-friendliness of this report, we have streamlined the chapter titled "At a glance." Information on our business model and our business performance in 2023 can now be found in "Strategy and growth." We have also condensed the description of our materiality analysis: The content formerly contained in the sections headed "New materiality analysis" and "Procedure for the materiality analysis" can now be found in the chapter titled "Strategy and growth." The focus on our top 3 topics is also reflected in the structure of this report: The chapters "Strategy and growth" (portfolio transformation), "Value chain and products" (circular economy), and "The environment" (green energy) are now presented consecutively. They are followed by "Employees," "Safety," and "Governance and compliance."

We link our six areas of action to the Sustainable Development Goals (SDGs) and our own targets. The most important sustainability targets and their status are summarized in a table at the beginning of the report and highlighted in a chart at the end of each chapter. Evonik supports the SDGs and has systematically taken them into account for years. We have mapped the GRI content index to the 17 SDGs, and the section titled "Basis of reporting" contains an index with the most important SDGs for the Evonik Group, including relevant sub-targets. In addition, we disclose the proportion of sales with which our chemicals businesses contribute to achieving the four SDGs of relevance to Evonik (SDG 3, SDG 6, SDG 12, SDG 13; see "Strategy and growth" p. 20).

In recent years, we have systematically optimized the processes used to compile our sustainability data. Following the adaptation of the processes for the simultaneous publication of the sustainability report and the financial report (2018), we accelerated the collection of data on the Evonik Carbon Footprint (2020), the impact valuation (2021), and the sustainability analysis of our business (2022). In 2023, we continued to switch from the fast close method to reporting actual environmental data. That gives our stakeholders an even more up-to-date view of our sustainability performance.

Transparency, rapid access to data, and a clear structure are important to us. In view of this, we have included overviews of our key sustainability indicators, target attainment, and future targets. In the report on 2023, we have greatly extended the

overview "Sustainability indicators for the Evonik Group." When selecting the data, we were guided by the requirements of selected financial and sustainability ratings. About 150 indicators from the sustainability report provide an overview of Evonik's performance, structured by areas of action and the 15 material topics identified in our materiality analysis. In addition, the information content has been further enhanced by revised charts and the addition of further charts. These include, for example, the extended chart titled "Materiality analysis process" (**C07** **p. 25**) and the new charts on the management of tax risks and tax compliance (**C39** **p. 127** and **C40** **p. 128**). The charts "Resources and value contributed by Evonik" **C03** **p. 12** and "Monetary impact valuation of our business" **C49** **p. 141** contain information on the impact of business activities.

At Evonik, the executive board bears overall responsibility for sustainability, and direct responsibility is assigned to the chief human resources officer. He approved the content of this report and confirmed that it addresses all material sustainability topics of relevance for Evonik and its stakeholders.

You can find additional information about our commitment to society (corporate citizenship) on our Sustainability website. **More**.

This report is published in English and German and is available solely in electronic form. It can be downloaded from the Sustainability section of Evonik's website. **More**. A multimedia version of the report is also available. **More**.

2-4, 3-2, 302-1, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Data capture, scope of reporting, and reporting boundaries

Our data cover the relevant companies worldwide that were included in the scope of consolidation[1] for the consolidated financial statements of Evonik Industries AG for the period from January 1 through December 31, 2023. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Alongside Evonik Industries AG, the relevant companies include all material German and foreign subsidiaries directly or indirectly controlled by Evonik Industries AG. 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. 2-2

In 2023, the Evonik Group comprised 30 German and 123 foreign companies. Relevant data on personnel and social indicators are based largely on the global SAP HR information system. To obtain supplementary information, we use a structured, qualitative global process. The focus of our reporting and the reporting boundaries are based principally on the sustainability topics derived from our materiality analysis. 2-7

The ecological data in this report comprise emissions and consumption data for 104 production sites in 27 countries. From 2016 until 2021, the data were compiled and evaluated using sustainability reporting software developed specifically for this purpose (SuRe software 2.0). In 2022, the SuRe software was only used to compile the data. For data analysis and reporting, we used the environmental module of our global ESTER software (Evonik Standard Tool ESHQ and Reporting). For this purpose, the data for the period 2020 through 2022 were transferred from SuRe to ESTER. As a further step forward, starting in 2023, ESTER has also been used to compile the data. SuRe is no longer used. Occupational safety data include further small production sites and non-production locations (mainly administration sites), so the data here cover 272 locations in 53 countries. 2-1

Since the sustainability report and the financial report are published on the same date, the global closing date for the supplementary HR data was September 30, 2023. Only the number of hours of continuing professional development has been projected for a twelve-month period.

All reporting units are clearly coded to allocate them to organizational and business entities and geographical region. This allows consolidation at management and legal entity levels as well as a more detailed regional analysis of the data. 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.

Material portfolio changes

The site in Lülsdorf (Germany) and the related cyanuric chloride business in Wesseling (Germany) were sold to International Chemical Investors Group (ICIG) as of June 30, 2023. The other portfolio changes, including acquisitions and divestments, did not have a material impact on the environmental data for 2023. 2-4

[1] An overview of all companies included in the consolidated financial statements and all shareholdings pursuant to section 313 paragraph 2 of the German Commercial Code (HGB) is presented in the list of shareholdings. **More**.

Principles of environmental data collection and corrections

Since the financial report and the sustainability report are published on the same date, we used a "fast close" process for our environmental reporting from 2018 until 2022. The annual data for our report were calculated centrally on the basis of the quarterly reporting for the first three quarters. The data on emissions into the air (excluding greenhouse gas emissions) and water were compiled once a year as of September 30. For this purpose, the emissions data were collected on a decentralized basis, then calculated and entered into the software.

As a result of the full introduction of the ESTER environmental module in 2023 and the simultaneous optimization of our internal reporting processes, we were able to replace the fast close process with a standard ESHQ report as of year-end 2023. The closing date for the key environmental data is now December 31, 2023. To this end, the internal submission date for the Q4 data was brought forward to early January 2024. The data reported for 2023 are therefore based for the first time on environmental data for four full quarters.

The closing date for data that are only reported once a year (emissions into the air, excluding greenhouse gas emissions; water) has been altered from September 30 to the beginning of December. Therefore, we have been able to switch almost entirely to actual figures. The actual data for these emissions in 2022 were calculated in mid-2023 and have replaced the fast close data for these emissions in 2022.

Similarly, the 2022 data from the quarterly reports were recalculated on the basis of four quarters and updated. All of these changes relating to 2022 are reflected in the data published in the sustainability report 2023, irrespective of the extent of the variation from the data published in the sustainability report 2022.

The fast close process outlined above was still used to compile the scope 3 emissions data for 2023 for all categories except for category 3 (energy-related activities not included in scope 1 and 2) and category 5 (disposal and recycling of waste).

In addition to data validation in connection with the annual reporting process, our ESHQ KPIs are subject to a wide range of internal performance analyses, benchmarks, internal and external audits, and oversight by various authorities during the year.
303-1, 303-2, 303-3, 303-4, 303-5

GRI

This report has been prepared in accordance with the GRI Sustainability Reporting Standards.

SASB

In addition, for fiscal 2023, we include a separate index based on the SASB Chemicals Sustainability Accounting Standard p. 162.

TCFD

We closely follow the objectives of the Task Force on Climate-related Financial Disclosures (TCFD). In keeping with our participation in CDP Climate Change, in 2023, we again published detailed strategies, data, and development paths on climate change. In this sustainability report, an overview of key climate-related information is presented using the TCFD structure, divided into the categories governance, strategy, risk management, and metrics and target p. 151.

External assurance

To ensure that this report is up-to-date, we have included all relevant data available to us as of the editorial deadline on February 26, 2024.

The chapters titled "Strategy and growth," "Value chain and products," "The environment," "Employees," "Safety," "Governance and compliance," "Further elements of our sustainability management," and "Basis of reporting," including "TCFD index," "SDG index," "GRI content index," and "SASB content index" were subject to a limited assurance review by KPMG AG Wirtschaftsprüfungsgesellschaft—with the exception of the information indicated as being outside the scope of this review. The non-financial statement, which forms an integral part of the management report in the financial report, is based on selected data from this sustainability report. More. As part of the separate assurance engagement for the non-financial statement, the sections in the non-financial statement on employees and safety were also subject to a reasonable assurance review. This covered the following key performance indicators/content:

The independent practitioner's limited assurance report is printed on p. 164. 2-5

Section/topic in non-financial statement 2023	Text/Qualitative information[a]	Key figures[a]
Employees	**Employees are the foundations of our success; Global management; Reduction in the headcount**	
Employees	Employees	Employees by division, Evonik employees, personnel expenses, personnel expenses as a percentage of sales
Attractiveness as an employer	**Attractiveness as an employer**	
Attractiveness as an employer	Systematic talent management	
Attractiveness as an employer	Creative onboarding	
Attractiveness as an employer	Culture initiative	
Attractiveness as an employer	An extensive performance management system	
Attractiveness as an employer	Addressing the shortage of skilled workers	
Attractiveness as an employer	Long-term jobs	Employees; of which employees on long-term/limited-term contracts; of which apprentices/trainees
Employee satisfaction	**Employee satisfaction**	
Employee satisfaction	Employee survey 2021	Participation rate, commitment index, questions, improvement measures, "pulse checks"
Employee satisfaction	Employee retention	Employee turnover rate, early turnover rate, average length of service
Employee satisfaction	Global remuneration policies	Collective agreements on remuneration, participation rate in the employee share program
Employee satisfaction	Work-life balance	Proportion of employees with access to initiatives to improve work-life balance
Employee satisfaction	Well@Work	
Employee satisfaction	#SmartWork project	Percentage of mobile worktime, percentage of registered employees worldwide
Diversity and equal opportunity	**Diversity and equal opportunity**	
Diversity and equal opportunity	Diversity enriches	
Diversity and equal opportunity	Age structure in the Evonik Group	Age structure by age group, average age, age of new hires
Diversity and equal opportunity	High proportion of women, key data on diversity	Women as proportion of the total workforce, female managers, female managers as a proportion of top management/middle management/other management levels, proportion of non-German employees in management roles
Diversity and equal opportunity	Training and continuing professional development	
Diversity and equal opportunity	Learning strategy for continuing professional development	LinkedIn Learning courses, no. of Evonik apprentices, no. of apprentices being training in cooperation with other companies
Diversity and equal opportunity	Training ratio remains high	No. of young people trained in the reporting period, training locations, training courses, training ratio, investment in vocational training, expenses for CPD total and per employee, no. of Evonik Explorers, participants in Evonik learning sessions
Occupational and plant safety	**Safety as a management task**	
Occupational and plant safety	Lost time injury rate below the upper limit	LTI-R for Evonik employees, LTI-R for contractors' employees, fatal accidents at work or during commuting
Occupational and plant safety	Process safety incident rate above the upper limit	PSI-R
Occupational and plant safety	Targets for 2024	LTI-R, PSI-R
Health protection and promotion	**Health protection and promotion**	
Health protection and promotion	Healthy employees are our goal	No. of employees with access to health protection and protection measures, occupational health performance index
Health protection and promotion	Emergency medical management	
Health protection and promotion	Corporate health promotion	
Further disclosures in the sustainability report subject to a reasonable assurance engagement that are included in the management report		
Research and development	**Research and development**	
Research and development	Our goal: leading in innovation	Breakdown of R&D expenses
Research and development	Global research network	R&D locations, R&D employees, ratio of R&D expenses to sales, government grants, no. of new patent applications filed, patents held/pending, R&D expenses
Research and development	Our progress in 2023	

[a] Subject to a reasonable assurance engagement.

TCFD index

We continue to closely follow the objectives of the Task Force on Climate-related Financial Disclosures (TCFD).[1] A cross-functional working group regularly examines the TCFD requirements. In keeping with its participation in CDP Climate Change, in 2022 Evonik again published detailed strategies, data, and development paths on climate change. **www.evonik.com/CDP-ClimateChange.** Key climate-related information is presented in the following overview using the TCFD structure, divided into the categories governance, strategy, risk management, and metrics and targets.

T32

Climate-related information by category	You can find further information here:
Governance	
Climate change is a matter of the utmost importance for the entire executive board. Direct responsibility for implementing our group-wide sustainability and climate strategy, monitoring, and reporting is assigned to the member of the executive board responsible for sustainability. The head of the Environment, Safety, Health and Quality function regularly reports to the executive board on climate-related issues. Our most important sustainability bodies are the sustainability council and the sustainability circle. The sustainability council is responsible for the management of sustainability-related aspects and the associated decisions. It is chaired by the chairman of the executive board. Other members, alongside the executive board members, are the heads of the divisions to ensure close alignment with the businesses. The decisions taken by the sustainability council are prepared by the sustainability circle, which comprises representatives of the functions and departments of relevance for sustainability. The supervisory board addressed sustainability issues at several meetings in 2023, including climate-related aspects and the related disclosures on the EU taxonomy and the introduction of the Corporate Sustainable Reporting Directive. In 2023, the supervisory decided that the finance and investment committee would also address sustainability in the future and renamed it the investment and sustainability committee. The ongoing strategic development of sustainability management at Evonik is also reflected in the remuneration of the executive board and corporate executives: From 2023, the attainment of sustainability targets, such as the reduction in our scope 1 and 2 emissions, is included as an additional long-term component.	Combined management report, section 5.5 The environment **Financial report, p. 63 ff.** Sustainability report, chapter The environment **p. 46 ff.** and chapter Further elements of our sustainability strategy **p. 135 ff.** 2023 CDP Climate Change response, chapter Governance; **evonik.com/CDP-ClimateChange**

Climate-related information by category	You can find further information here:
Strategy	
Climate and sustainability aspects are integrated into all aspects of our corporate strategy—portfolio management, innovation, and corporate culture. In 2023, we adopted a climate policy, which is available on our website. Our aim is to improve the efficient use of energy and raw materials in production and along our upstream and downstream value chains. For example, we are increasing the use of green electricity, include carbon pricing as an additional planning criterion in investment decisions, and perform scenario analyses that reflect climate-related opportunities and risks as part of our strategy process at executive board level. We are also committed to the independent SBTi and its target of "well below 2° C." Our climate targets are in conformance with the Paris Agreement on Climate Change. The SBTi undertook a scientific assessment of the targets and confirmed them in July 2023. In the upstream value chain, we consider both our "raw material backpack" and scope 1 and 2 emissions from our production facilities. Measures to reduce our scope 1 and 2 emissions include exiting coal-fired power generation at our site in Marl (Germany), ongoing global development of production processes and infrastructure (Next Generation Technologies), and the transition to renewable energies. Downstream, our products improve our customers' CO_2 profile. In view of the increasing climate awareness, we expect demand to rise further, with a correspondingly positive impact on our business. Our goal is to increase the proportion of our products with a pronounced sustainability profile (Next Generation Solutions) from 43 percent in 2023 to over 50 percent by 2030. Climate change involves considerable opportunities and risks for Evonik. We have identified short-, mid- and long-term transformation risks and physical risks. You can find an extensive description of the individual risks in our CDP Climate Change response.	Combined management report, section 1.2 Principles and objectives, **Financial report, p. 19 f.** Evonik Carbon Footprint **evonik.com/sustainability** Sustainability report, chapter The environment **p. 46 ff.** and chapter Strategy and growth **p. 13 ff.** 2023 CDP Climate Change response, chapter Business Strategy **evonik.com/CDP-ClimateChange**

[1] In October 2023, TCFD considered that it had fulfilled its purpose and was therefore disbanded. In the future, companies' progress will be monitored by the IFRS Foundation.

Climate-related information by category	You can find further information here:
Risk management	
In keeping with the executive board's overall responsibility, the chief financial officer (CFO) is responsible for ensuring the correct functioning of risk management. To ensure this, we use an integrated, multidisciplinary opportunity and risk management system, which explicitly includes climate-related opportunities and risks. The short- and mid-term opportunities and risks are taken into account in our financial planning. Our risk management system also includes extreme risks, which are partly due to climate change. Opportunities and risks are identified and evaluated group-wide, and measures are taken to control and monitor them. The risk committee chaired by the CFO meets quarterly. The corporate risk officer reports regularly to the executive board on the opportunities and risks for the Evonik Group, including climate-related opportunities and risks. To strengthen the focus on sustainability-related risks and opportunities in our risk identification and reporting, we use our annual risk coordinator conference to raise the awareness of our risk coordinators of the rising significance of these aspects. In many cases, the time horizon for sustainability risks goes well beyond the mid-term period used in our conventional risk management. Therefore, we are currently working on an approach to identify long-term sustainability-related risks and opportunities so that we can define adequate targets and measures to address them. We want to include these opportunities and risks even more effectively in our portfolio and innovation management and our investment activity in the future.	Combined management report, section 6. Opportunity and risk report **Financial report, p. 86 ff.** 2023 CDP Climate Change response, chapter Risks and opportunities **evonik.com/CDP-ClimateChange** Sustainability report, chapter Governance and compliance (Opportunity and risk management) **p. 114 ff.**

Climate-related information by category	You can find further information here:
Metrics and targets	
Evonik and its predecessor companies have defined ambitious environmental targets since 2004. As a member of SBTi, we have given a commitment to reduce absolute scope 1 and 2 emissions by 25 percent between 2021 and 2030. To achieve our ambitious targets, a wide range of measures are planned. We also aim to reduce scope 3 emissions by 11 percent[a] by 2030. Furthermore, we want to reduce both absolute and specific energy consumption by 5 percent between 2020 and 2025. Calculation of our CO_2e[b] emissions is based on the Greenhouse Gas Protocol. In 2023, our CO_2e emissions were: Scope 1: 3.8 million metric tons Scope 2: 1.5 million metric tons Scope 3: 19.2 million metric tons	Combined management report, section 1.2 Principles and objectives, **Financial report, p. 19 f.** Sustainability report, chapter The environment **p. 46 ff.** 2023 CDP Climate Change response, chapter Targets and performance **evonik.com/CDP-ClimateChange**

[a] Exact target: 11.07 percent. | [b] CO_2 equivalents.

SDG index

Reporting on the targets for the SDGs of relevance for Evonik

Evonik supports the United Nations 17 Sustainable Development Goals (SDGs). Using our own methodology (see "Strategy and growth" p. 20) we have identified the four SDGs that are especially relevant for Evonik.

An SDG is relevant for us if there is a significant positive or negative influence on or by Evonik. Our products and solutions help to achieve the relevant SDGs. We are always aware that our business activities can have critical impacts in some cases. The most relevant SDGs for Evonik are:

Targets for the SDGs of relevance for Evonik T33

Relevant targets	Reference in sustainability report 2023
SDG 3—Ensure healthy lives and promote well-being for all at all ages	
3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination	● Strategy and growth p. 13, 20 ● Value chain and products p. 28 ● The environment p. 46, 48, 60
SDG 6—Ensure availability and sustainable management of water and sanitation for all	
6.3: By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally	● The environment p. 46, 57
6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawal and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	● The environment p. 46, 57
6.6: By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes	● The environment p. 46, 24
SDG 12—Ensure sustainable consumption and production patterns	
12.2: By 2030, achieve the sustainable management and efficient use of natural resources	● Strategy and growth p. 13, 20, 23, 24 ● Value chain and products p. 28, 37, 39 ● The environment p. 46, 48, 54, 57, 60
12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment	● Strategy and growth p. 13, 20 ● Value chain and products p. 28, 39 ● The environment p. 46, 48, 54, 57, 60
12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	● Value chain and products p. 28, 39 ● The environment p. 46, 60
12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	● Strategy and growth p. 13, 20 ● Governance and compliance p. 110, 117 ● Value chain and products p. 23, 28
SDG 13—Take urgent action to combat climate change and its impacts	
13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	● Governance and compliance p. 110
13.2: Integrate climate change measures into national policies, strategies, and planning	● Strategy and growth p. 13, 20 ● The environment p. 46, 48
13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	● Strategy and growth p. 12,13 ● The environment p. 46, 48

GRI content index, including the 17 UN Sustainable Development Goals

The following GRI content index is based on the topics of material relevance to Evonik and therefore on the structure of the chapters in this report. The aim is to enhance readability and ensure that topics can be located easily. In the description of the management approaches, we have also increased the focus on topics of relevance to us. Consequently, the GRI indicators are not necessarily presented in ascending order. Instead, they are presented on the basis of our areas of action: strategy and growth, value chain and products, the environment, employees, safety, and governance and compliance (including an additional management approach on human rights).

This report has been prepared in accordance with the GRI Sustainability Reporting Standards. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The review by GRI was based on the German version of this report. Since 2019, we have mapped the 17 UN Sustainable Development Goals to the GRI disclosures.

GRI content index T34

Statement of use	Evonik Industries AG has reported in accordance with the GRI Standards for the period January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

Relevant SDG	GRI Standard/Other Source	Disclosure		Location [a]	Omission		
					Requirement(s) omitted	Reason	Explanation
General Disclosures							
	GRI 2: General Disclosures 2021	2-1	Organizational details	8, 148, 167, 171			
		2-2	Entities included in the organization's sustainability reporting	148. **More** .			
		2-3	Reporting period, frequency, and contact point	147, 171			
		2-4	Restatements of information	27, 148			
		2-5	External assurance	149, 164, 165			
		2-6	Activities, value chain, and other business relationships	14, 128, 140, 166			
8, 10		2-7	Employees	20, 89, 91, 93, 148			
		2-8	Workers who are not employees	89, 107			

[a] Page no. in sustainability report (page no. in financial report. **More**).

Relevant SDG	GRI Standard/Other Source	Disclosure		Location [a]	Omission		
					Requirement(s) omitted	Reason	Explanation
5, 16		2-9	Governance structure and composition	94, 113, 135			
5, 16		2-10	Nomination and selection of the highest governance body	113			
16		2-11	Chair of the highest governance body	113			
16		2-12	Role of the highest governance body in overseeing the management of impacts	113, 137, 140, (86, 103 , 111, 112)			
		2-13	Delegation of responsibility for managing impacts	113			
		2-14	Role of the highest governance body in sustainability reporting	5, 25, 27, 135, 148			
16		2-15	Conflicts of interest	113, 138, (103, 115)			
		2-16	Communication of critical concerns	119, 124			
		2-17	Collective knowledge of the highest governance body	113, (117, 119)			
		2-18	Evaluation of the performance of the highest governance body	113. **More**			
		2-19	Remuneration policies	18, 88, 114. **More**			
16		2-20	Process to determine remuneration	18, 91, 114. **More**			
		2-21	Annual total compensation ratio	91, 114			
		2-22	Statement on sustainable development strategy	5, 7, 17, 146			
16		2-23	Policy commitments	17, 111, 117, 131			
		2-24	Embedding policy commitments	111, 118, 120, 123			
		2-25	Processes to remediate negative impacts	118, 119, 120, 121, 122			
16		2-26	Mechanisms for seeking advice and raising concerns	25, 117, 118, 119, 120, 122			
16		2-27	Compliance with laws and regulations	123, 124			
		2-28	Membership of associations	12, 111, 112			
		2-29	Approach to stakeholder engagement	135, 136, 137			
8		2-30	Collective bargaining agreements	91, 94			
Material topics							
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	24, 25, 26, 27, 137			
		3-2	List of material topics	12, 25, 27, 148			

[a] Page no. in sustainability report (page no. in financial report. **More**).

Relevant SDG	GRI Standard/Other Source	Disclosure		Location[a]	Omission		
					Requirement(s) omitted	Reason	Explanation
Strategy and growth							
	Material topic: Portfolio transformation						
	Economic performance						
	GRI 3: Material Topics 2021	3-3	Management of material topics	16, 111, 112, 113, 114, 135, 136, 137			
8, 9	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	16			
13		201-2	Financial implications and other risks and opportunities due to climate change	20, 51, (86, 96)			
		201-3	Defined benefit plan obligations and other retirement plans	92			
		201-4	Financial assistance received from government	30		Confidentiality constraints	We only report on financial assistance received from the EU and Germany. (201-4 a. iii.)
	Market presence						
	GRI 3: Material Topics 2021	3-3	Management of material topics	90, 111, 112, 113, 114, 135, 136, 137			
1, 5, 8	GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	91			
8		202-2	Proportion of senior management hired from the local community	99			
	Indirect economic impacts						
	GRI 3: Material Topics 2021	3-3	Management of material topics	20, 111, 112, 113, 114, 135, 136, 137			
5, 9, 11	GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	12, 20			
1, 3, 8		203-2	Significant indirect economic impacts	12, 20, (30)			
Value chain and products							
	Material topic: Circular economy						
	Materials						
	GRI 3: Material Topics 2021	3-3	Management of material topics	32, 111, 112, 113, 114, 135, 136, 137			
8, 12	GRI 301: Materials 2016	301-1	Materials used by weight or volume	34			
8		301-3	Reclaimed products and their packaging materials	34			
	Material topic: Product stewardship						
	Customer health and safety						
	GRI 3: Material Topics 2021	3-3	Management of material topics	39, 111, 112, 113, 114, 135, 136, 137			
	GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	39			
16		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	39, (86, 112)			

[a] Page no. in sustainability report (page no. in financial report. **More**).

Relevant SDG	GRI Standard/Other Source	Disclosure		Location [a]	Omission		
					Requirement(s) omitted	Reason	Explanation
	Marketing and labeling						
	GRI 3: Material Topics 2021	3-3	Management of material topics	39, 111, 112, 113, 114, 135, 136, 137			
12	GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	39			
16		417-2	Incidents of non-compliance concerning product and service information and labeling	39, (86, 112)			
The environment							
	Material topic: Green energy						
	Energy						
	GRI 3: Material Topics 2021	3-3	Management of material topics	47, 54, 111, 112, 113, 114, 135, 136, 137			
7, 8, 12, 13	GRI 302: Energy 2016	302-1	Energy consumption within the organization	55, 56, 57			
7, 8, 12, 13		302-3	Energy intensity	57			
7, 8, 12, 13		302-4	Reduction of energy consumption	55, 56, 57			
7, 8, 12, 13,		302-5	Reductions in energy requirements of products and services	57			
	Material topic: Water management						
	Water and effluents						
	GRI 3: Material Topics 2021	3-3	Management of material topics	47, 57, 111, 112, 113, 114, 135, 136, 137			
6, 12	GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	58, 59, 141			
6		303-2	Management of water discharge-related impacts	58, 59			
6		303-3	Water withdrawal	58, 59	Points b and c	Information unavailable/ incomplete	Data are not available
6		303-4	Water discharge	58, 59	Points b and c	Information unavailable/ incomplete	Data are not available
6		303-5	Water consumption	58, 59	Points b and c	Information unavailable/ incomplete	Data are not available
	Material topic: Biodiversity						
	Biodiversity						
	GRI 3: Material Topics 2021	3-3	Management of material topics	47, 62, 111, 112, 113, 114, 135, 136, 137			
6, 14, 15	GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	63			

[a] Page no. in sustainability report (page no. in financial report. **More**).

Relevant SDG	GRI Standard/Other Source	Disclosure		Location [a]	Omission		
					Requirement(s) omitted	Reason	Explanation
	Material topic: Mitigating climate change						
	Emissions						
	GRI 3: Material Topics 2021	3-3	Management of material topics	47, 48, 111, 112, 113, 114, 135, 136, 137			
3, 12, 13, 14, 15	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	49, 51, 55			
3, 12, 13, 14, 15		305-2	Energy indirect (Scope 2) GHG emissions	49, 51, 55			
3, 12, 13, 14, 15		305-3	Other indirect (Scope 3) GHG emissions	49, 53, 55			
13, 14, 15		305-4	GHG emissions intensity	51, 55			
13, 14, 15		305-5	Reduction of GHG emissions	51, 53, 55			
3, 12		305-6	Emissions of ozone-depleting substances (ODS)	51, 54, 55			
3, 12, 14, 15		305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	51, 54, 55			
	Waste						
	GRI 3: Material Topics 2021	3-3	Management of material topics	47, 60, 111, 112, 113, 114, 135, 136, 137			
3, 6, 11, 12	GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	48, 61, 141			
3, 6, 11, 12		306-2	Management of significant waste-related impacts	37, 48, 61			
3, 11, 12		306-3	Waste generated	61			
3, 11, 12		306-4	Waste diverted from disposal	60, 61			
3, 11, 12		306-5	Waste directed to disposal	60			
Employees							
	Material topic: Employee satisfaction						
	Employment						
	GRI 3: Material Topics 2021	3-3	Management of material topics	86, 87, 90, 95, 111, 112, 113, 114, 135, 136, 137			
5, 8, 10	GRI 401: Employment 2016	401-1	New employee hires and employee turnover	90, 91, 96, 97, 98			
3, 5, 8		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	91, 93, 106			
5, 8		401-3	Parental leave	93			
	Material topic: Attractiveness as an employer						
	Labor/management relations						
	GRI 3: Material Topics 2021	3-3	Management of material topics	86, 87, 90, 95, 111, 112, 113, 114, 135, 136, 137			
8	GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	94			

[a] Page no. in sustainability report (page no. in financial report. **More**).

Relevant SDG	GRI Standard/Other Source	Disclosure		Location [a]	Omission		
					Requirement(s) omitted	Reason	Explanation
	Training and education						
	GRI 3: Material Topics 2021	3-3	Management of material topics	86, 99, 111, 112, 113, 114, 135, 136, 137			
4, 5, 8, 10	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	101			
8		404-2	Programs for upgrading employee skills and transition assistance programs	100			
5, 8, 10		404-3	Percentage of employees receiving regular performance and career development reviews	88			
	Material topic: Diversity and equal opportunity						
	Diversity and equal opportunity						
	GRI 3: Material Topics 2021	3-3	Management of material topics	86, 95, 111, 112, 113, 114, 135, 136, 137			
5, 8	GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	97, 98, 113 (117, 119)			
5, 8, 10		405-2	Ratio of basic salary and remuneration of women to men	91			
Safety							
	Material topics: Occupational and plant safety and health protection and promotion						
	Occupational health and safety						
	GRI 3: Material Topics 2021	3-3	Management of material topics	90, 103, 104, 105, 106, 111, 112, 113, 114, 135, 136, 137			
8	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	104, 105, 106			
8		403-2	Hazard identification, risk assessment, and incident investigation	107, 117, 118			
8		403-3	Occupational health services	106			
8, 16		403-4	Worker participation, consultation, and communication on occupational health and safety	104, 106			
8		403-5	Worker training on occupational health and safety	104, 106, 107			
3		403-6	Promotion of worker health	92, 108			
8		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	106, 107			
8		403-8	Workers covered by an occupational health and safety management system	106			
3, 8, 16		403-9	Work-related injuries	105	Point b, iii to iv and points c. and d.	Confidentiality constraints	We do not give figures for accidents and hours worked by contractors' employees.
3, 8, 16		403-10	Work-related ill health	107			

[a] Page no. in sustainability report (page no. in financial report. **More**).

Relevant SDG	GRI Standard/Other Source	Disclosure		Location[a]	Omission		
					Requirement(s) omitted	Reason	Explanation
Governance and compliance							
	Material topic: Responsibility in the supply chain						
	Procurement practices						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 128, 135, 136, 137			
8	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	129			
	Material topic: Responsible management/human rights						
	Anti-corruption						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 135, 136, 137			
16	GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	117, 118, 123			
16		205-2	Communication and training about anti-corruption policies and procedures	123			
		205-3	Confirmed incidents of corruption and actions taken	125			
	Anti-competitive behavior						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 135, 136, 137			
16	GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	123			
	Tax[b]						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 127, 135, 136, 137			
1, 10, 17	GRI 207: Tax 2019	207-1	Approach to tax	127			
1, 10, 17		207-2	Tax governance, control, and risk management	127			
1, 10, 17		207-3	Stakeholder engagement and management of concerns related to tax	127			
	Material topic: Responsibility in the supply chain						
	Supplier environmental assessment						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 128, 135, 136, 137			
	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	131, 132			
		308-2	Negative environmental impacts in the supply chain and actions taken	131, 132			
	Material topic: Responsible management/human rights						
	Non-discrimination						
	GRI 3: Material Topics 2021	3-3	Management of material topics	95, 111, 112, 113, 114, 135, 136, 137			
5, 8	GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	99, 132		Legal prohibitions	For data protection reasons, it is not possible for us to make all the disclosures on 406-1 b iv. required by the GRI.

[a] Page no. in sustainability report (page no. in financial report. **More**). | [b] Voluntary disclosure because this is not a material topic according to the latest materiality analysis.

Relevant SDG	GRI Standard/Other Source	Disclosure		Location [a]	Omission		
					Requirement(s) omitted	Reason	Explanation
	Freedom of association and collective bargaining						
	GRI 3: Material Topics 2021	3-3	Management of material topics	90, 111, 112, 113, 114, 128, 135, 136, 137			
8	GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	93, 112, 113, 118, 131, 132			
	Child labor						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 120, 135, 136, 137			
8, 16	GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	93, 112, 113, 118, 131, 132			
	Forced or compulsory labor						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 120, 135, 136, 137			
8	GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	93, 131, 132			
	Material topic: Responsibility in the supply chain						
	Supplier social assessment						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 128, 135, 136, 137			
5, 8, 16	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	131, 132			
5, 8, 16		414-2	Negative social impacts in the supply chain and actions taken	131, 132			
	Customer privacy						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 126, 135, 136, 137			
16	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	126, (86, 112)			
	Further material topic: Cybersecurity						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 125, 135, 136, 137			
Further elements of our sustainability management							
	Material topic: Responsible management/human rights						
	Public policy						
	GRI 3: Material Topics 2021	3-3	Management of material topics	111, 112, 113, 114, 135, 136, 137, 138			
16	GRI 415: Public Policy 2016	415-1	Political contributions	138			

[a] Page no. in sustainability report (page no. in financial report. **More**).

SASB content index

Evonik uses the Sustainability Accounting Standards Board (SASB) Content Index to provide structured information for investors on SASB-relevant topics. In the industry classification system provided by SASB, Evonik is assigned to the SASB Resource Transformation Chemicals industry standard. The SASB content index refers to Evonik's sustainability report, which has been prepared in accordance with the GRI Standards p. 154

SASB content index T35

SASB topic & accounting metric	SASB code	Category	GRI disclosure number	Reference point sustainability report
Greenhouse Gas Emissions				
Gross global scope 1 emissions, percentage covered under emissions-limiting regulations	RT-CH-110a.1	Quantitative	305-1	Greenhouse gas emissions p. 48–51
Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2	Discussion and analysis	305	Strategy and management p. 47, Environmental targets 2021 – 2030 p. 48, Climate change p. 48, Our targets p. 65
Air Quality				
Air emissions of the following pollutants: 1. NO_X (excluding N_2O) 2. SO_X 3. Volatile organic compounds (VOC) and 4. Hazardous air pollutants (HAPs)	RT-CH-120a.1	Quantitative	305-7	Other emissions into the air p. 54
Energy Management				
1. Total energy consumed 2. Percentage grid electricity 3. Percentage renewable 4. Total self-generated energy	RT-CH-130a.1	Quantitative	302-1-7	Energy data p. 56, Energy inputs p. 57
Water Management				
1. Total water withdrawn 2. Total water consumed, percentage of each in regions with high or extremely high baseline water stress	RT-CH-140a.1	Quantitative	303-3, 303-5	Water data p. 59, Water intake by source p. 58
Number of incidents of non-compliance associated with water-quality permits, standards, and regulations	RT-CH-140a.2	Quantitative	307-1, 419-1	Fines and other sanctions p. 123, Internal investigations into compliance violations p. 124
Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	Discussion and analysis	303	Water management p. 57–60
Hazardous Waste Management				
Amount of hazardous waste generated, percentage recycled	RT-CH-150a.1	Quantitative	306-2	Waste p. 61, Waste management p. 60

SASB topic & accounting metric	SASB code	Category	GRI disclosure number	Reference point sustainability report
Community Relations				
Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	Discussion and analysis	413-1 und 413-2	How we create value for society **p. 12**, Sustainability analysis of our business **p. 20–22**, Impact valuation **p. 140**, Stakeholder engagement **p. 137**, Voluntary commitments **p. 111**, Biodiversity **p. 62–64**, Product stewardship **p. 39–45**, Responsibility within the supply chain **p. 128–135**
Workforce Health & Safety				
1. Total recordable incident rate TRIR and 2. Fatality rate for a) direct employees and b) contract employees	RT-CH-320a.1	Quantitative	403-9	Lost time injury rate **p. 104** and **p. 105**
Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term chronic health risks	RT-CH-320a.2	Discussion and analysis	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-10	Health protection and promotion **p. 106–108**, Product stewardship **p. 39**, Safety **p. 102–109**
Product Design for Use-Phase Efficiency				
Revenue from products designed for use-phase resource efficiency	RT-CH-410a.1	Quantitative		2023 findings **p. 22**, CO_2e avoided by quantifying the handprint **p. 24**, Portfolio transformation **p. 23**, Sustainability analysis of our business **p. 20–22**, Circular economy **p. 32**, Efficient use of scarce resources **p. 37**
Safety & Environmental Stewardship of Chemicals				
1. Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals GHS Category 1 and 2 Health and Environmental Hazardous Substances 2. Percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	Quantitative		Product stewardship **p. 39**
Discussion of strategy to 1. Manage chemicals of concern and 2. Develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	Discussion and analysis		Product stewardship **p. 39**
Genetically Modified Organisms				
Percentage of products by revenue that contain genetically modified organisms GMOs	RT-CH-410c.1	Quantitative		Product stewardship **p. 45**
Management of the Legal & Regulatory Environment				
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	Discussion and analysis		Our positions **p. 139**, Opportunity and risk management **p. 114**, Opportunity and risk report in the financial report **p. 86**
Operational Safety, Emergency Preparedness & Response				
Process Safety Incidents Count PSIC, Process Safety Total Incident Rate PSTIR, and Process Safety Incident Severity Rate PSISR	RT-CH-540a.1	Quantitative	306-2	Process safety incident rate **p. 105**
Number of transport incidents	RT-CH-540a.2	Quantitative		Transportation safety and logistics **p. 108**
Activity metrics				
Production output by reportable segments	RT-CH-000.A	Quantitative		Production volume **p. 12**

Independent Practicioner's Limited Assurance Report[1]

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Independent assurance practitioner's report

To the Executive Board of Evonik Industries AG, Essen
We have performed a limited assurance engagement on the Chapters and Sections marked ✓ in the Sustainability Report (hereinafter, "SR") of Evonik Industries AG, Essen, (hereinafter the "Company") for the period from January 1, 2023 to December 31, 2023.

The contents of the Sub-Section „Impact Valuation" contained in the Section "Further elements of our sustainability management" are excluded from the assurance engagement and are marked accordingly as "non-audited" in the SR.

Responsibilities of Management
The Company's legal representatives are responsible for the preparation of the SR in accordance with the reporting criteria.

The reporting criteria comprise in particular:

- The principles and disclosures set out in the Global Reporting Initiative (GRI) Sustainability Reporting Standards
- The Corporate Accounting and Reporting Standard (Scope 1 and 2) of the World Resources Institute (WRI)
- The GHG Protocol Standard of the WRI and the World Business Council for Sustainable Development (WBCSD), in which the methodology for accounting for greenhouse gas emissions along the value chain (Scope 3) is closely aligned
- Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the supplementing Delegated Acts, as well as the interpretation by the Company of the wording and terms contained in the EU Taxonomy Regulation and the supplementing Delegated Acts, as set out in the Chapter "Strategy and Growth" of the SR

The responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the SR and the use of assumptions and estimates for individual disclosures which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the SR that is free of – intended or unintended – material misstatements.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in the section "Sustainable finance" in the SR. They are responsible for the validity of this interpretation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of the interpretation is subject to uncertainty.

Responsibility of the Assurance Practitioner
It is our responsibility to express a conclusion with limited assurance on the Chapters and Sections marked with ✓, except for the disclosures marked as "non-audited" in Evonik's SR.

We conducted our work in the form of a limited assurance engagement 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. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Chapters and Sections marked ✓ (except for the disclosures marked as "non-audited") in the SR for the reporting period from January 1, 2023 to December 31, 2023, have not been prepared, in all material respects, in accordance with the reporting criteria.

As the assurance procedures performed during a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The determination of the assurance procedures is subject to the auditor's own judgement.

[1] The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Within the scope of our engagement, we performed, among others, the following assurance procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Evonik
- Inquiries of personnel responsible for the methodology and processes of the Sustainability Analysis of Evonik's Businesses, tracing the main process steps at decentralized and centralized company level, testing the application of the methodology at selected business lines within the scope of a sample
- A risk analysis, including media research, to identify relevant information on Evonik's sustainability performance within the reporting period
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample of sites at seven locations
- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the SR
- Assessment of the overall presentation of the disclosures

The legal representatives have to interpret vague legal concepts in order to be compile the relevant disclosures in accordance with Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, accordingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for our assurance engagement.

Independence and Quality Assurance of the Assurance Practitioner's Firm

In performing the engagement, we applied the national legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Chapters and Sections marked ☑, except for the disclosures marked as "non-audited", in the Sustainability Report of Evonik Industries AG, Essen, for the period from January 1, 2023 to December 31, 2023 have not been prepared, in all material respects, in accordance with the reporting criteria. 2-5

Restriction of Use/General Engagement Terms

This assurance report is issued for the purposes of the Executive Board of Evonik Industries AG, Essen only.

Our assignment for the Executive Board of Evonik Industries AG, Essen, as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of the provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts their validity with respect to us.

Düsseldorf, February 27, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Brandt ppa. Dietrich
Wirtschaftsprüferin
[German Public Auditor]

Responsibility—an integral part of our business for more than 140 years 2-6 C50

Sustainability has deep roots in the commitment of our predecessor companies. At first, the focus was on **social policy and codetermination.**

1875 Insurance coverage for sickness and permanent incapacity to work[a]
1884 Introduction of the eight-hour workday[a]
1886 Establishment of a pension fund[a]
1898 First staff committee[a]

In the 1970s, the focus shifted to **environmental protection and safety.**

1979 Introduction of an environmental hotline for employees and local residents[c]
1995 Joined Responsible Care®[a]
2002 All executives in operating units agree targets for occupational safety[d]
2004 Ambitious environmental targets since 2004[d]
2013 Start of Safety at Evonik to establish a safety culture

Extensive **governance and compliance activities.**

2004 Code of Conduct[e]
2014 Code of Conduct for Suppliers
2016 Executive Board Policy Statement on Human Rights
2017 Externally run whistleblower system

Dialogue with stakeholders is becoming increasingly important.

Since **2011**, various formats have been introduced for dialogue with stakeholders
2016 Start of the Evonik Perspectives stakeholder conferences

2017
- First analysis of Evonik's contribution to the UN Sustainable Development Goals (SDGs)
- First impact valuation of our business

Evonik's first full sustainability report

TOGETHER FOR SUSTAINABILITY

2011
Founding member of the Together for Sustainability initiative

2019
Executive board adopts the Sustainability Strategy 2020+, including ambitious environmental targets

1875 1884 1886 1898 1939 1979 1994 1995 2007 2009 2011 2013 2016 2017 2018 2019 2020 2021 2022 2023

Employee engagement and creativity have always been important.

1939 Introduction of mailboxes for suggestions on improvements[b]
2009–2019 1,100 ideas submitted by our employees lead to savings of €15 million in the cost of energy, wastewater, waste disposal, and raw materials

Sustainability becomes a **businesas activity** and unlocks opportunities for growth.

1994 Rising demand for products with a reduced environmental impact such as hydrogen peroxide or silica and silanes for "green" tires[a]
2016 First sustainability analysis of our business

CHEMIE3
THE SUSTAINABILITY INITIATIVE OF THE GERMAN CHEMICAL INDUSTRY

Evonik is involved in major **sustainability networks and initiatives.**

2002 Member of the World Business Council for Sustainable Development
2009 Signature of the UN Global Compact
2013 Start of involvement in the Chemie[3] initiative

Sustainability integrated into the strategic management process

2020
Start of implementation of the sustainable corporate strategy

2022
Next Generation Evonik—Start of the next phase of the strategic transformation

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2023
- Science Based Target initiative validates Evonik's climate targets
- Sustainabiity targets included in remuneration of the executive board and other executives

[a] Former Degussa AG (Frankfurt am Main). | [b] Evonik Röhm GmbH. | [c] Former Hüls GmbH. | [d] Former "new" Degussa AG (Düsseldorf). | [e] Replaced the previous Compliance Rules.
All elements of this chart are provided as examples.

Principal locations[a] 2-1

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No. of employees		2021	2022	2023
Europe, Middle East & Africa				
Marl	Germany	6,996	7,143	7,139
Hanau	Germany	3,271	3,335	3,340
Essen (Goldschmidtstr.)	Germany	1,934	2,074	2,097
Darmstadt	Germany	1,282	1,351	1,378
Rheinfelden	Germany	1,176	1,146	1,131
Antwerp	Belgium	1,049	1,065	1,063
Wesseling	Germany	1,016	1,020	985
Essen (Rellinghauser Str.)	Germany	836	859	860
Krefeld	Germany	473	495	492
Herne	Germany	396	405	417
Slovenská Ľupča	Slovakia	229	242	265
Witten	Germany	253	258	255
Ham	France	216	222	238
Steinau	Germany	228	236	235
Lenzing	Austria	187	210	233
Dossenheim	Germany	179	186	191
Offenbach	Germany	169	175	169
Arifiye	Turkey	123	131	142
Weiterstadt	Germany	116	115	124
Künsebeck	Germany	102	107	107
Weißenstein	Austria			101
Lülsdorf	Germany	527	562	
Asia-Pacific				
Shanghai Xingzhuang	China	734	831	841
Shanghai MUSC	China	413	429	423
Nanning	China	351	355	334
Banyan Ave	Singapore		339	330
Selangor	Malaysia	277	306	320
Nanping	China	335	327	307
Dombivli	India	274	265	256
IBP	Singapore		216	214
Changchun	China	133	154	162
Taoyuan	Taiwan	159	161	156
Mumbai (Bombay)	India	152	158	145
Tokyo	Japan	138	143	138
Nanjing	China	113	130	133
Yokkaichi	Japan	140	136	131
Liaoyang	China	138	137	
Qingdao	China	108	102	
Singapore	Singapore	613		
North America				
Mobile, AL	USA	745	745	754
Lafayette, IN	USA	679	681	707
Piscataway, NJ	USA			377
Allentown, PA	USA	239	260	279
Birmingham, AL	USA	171	220	223
Greensboro, NC	USA	159	171	173
Mapleton, IL	USA	160	142	143
Etowah, TN	USA	137	138	136
Blair, NE	USA	105	118	125
Richmond, VA	USA	109	129	113
Tonawanda, NY	USA	106	114	112
Little Rock, AR	USA			107
Parsippany, NJ	USA	218	263	
Hopewell, VA	USA	122	104	
Central & South America				
São Paulo	Brazil	189	197	201
San José	Costa Rica	117	141	160
Americana	Brazil	131	139	139
Castro - Parana	Brazil	103		102

As of December 31 of the respective year.

[a] Based on Evonik's region model. Contains locations with >100 employees and covers 86 of the workforce.

Ratings and indices

Morgan Stanley Capital International (MSCI) has awarded Evonik an AA rating for its sustainability performance. Evonik is therefore in the leader category. We scored particularly highly on corporate governance.

An analysis by the Morningstar Sustainalytics rating agency ranks Evonik's sustainability performance among the top 5 percent of the roughly 600 chemical companies evaluated.

CDP Climate Change again awarded us a grade of A- and CDP Water Security awarded us a grade of B. We also participated in CDP Forest, where we were awarded a grade of B-.
In addition, Evonik participated in the CDP Supplier Engagement Leader.[1]
www.evonik.com/CDP-ClimateChange

Evonik's sustainability performance is rated B- by ISS-ESG. Evonik therefore retains its prime status, the highest level awarded, ranking it among the top 15 percent of companies in the chemical sector.

As a founding member of the Together for Sustainability (TfS) initiative, Evonik drives forward transparency and sustainability in the supply chain and is subject to annual assessments.
In 2023, the EcoVadis rating agency, a partner of TfS, also awarded us gold status for our sustainability performance.

Evonik was runner-up at the ESG Investing Award 2023, gaining second place in the category BEST COMPANY FOR SUSTAINABILITY REPORTING: INDUSTRIALS.

Evonik is a member of the FTSE4Good Europe Index and the FTSE4Good Developed Europe Index. These index families of the London-based FTSE Group rate companies in categories such as environmental management, human and labor rights, health and safety, sustainability in the supply chain, and corporate governance.

Evonik is listed in the STOXX® Global ESG Leaders Index. This index lists the best 25 percent of sustainable companies in the investment universe on transparency in environmental, social, and governance performance.

Since 2023, Evonik has been listed in the DAX® 50 ESG index.

In the Euronext index family of VigeoEiris, which evaluates corporate ESG performance, Evonik is included in the Europe 120 and Eurozone 120 indices. The evaluation is based on up to 330 indicators covering 38 sustainability criteria.

Evonik is listed in the Solactive Europe Corporate Social Responsibility Index.
The composition of this index is reviewed every six months using the Vigeo Eiris ESG methodology. This covers ecological and social aspects and corporate governance.

As of: February 2024. | [1] The results of the CDP Supplier Engagement Leader 2023 were not available at the time of publication.

Sustainability awards

Our Herne and Rheinfelden sites in Germany both won first place in Germany's national Responsible Care competition on sustainable and economical use of energy with projects on exhaust heat.

The League of American Communications Professionals (LACP) presented Evonik with the Vision Award in gold for its sustainability report 2022.

At the ARC Awards, Evonik's sustainability report 2022 was awarded bronze in the PDF category and silver in the microsite category.

Evonik´s sustainability report 2022 won gold in the FOX Finance awards and silver in the FOX Visuals awards.

List of tables and charts

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List of abbreviations

CAP	Cyberattack protection
Cefic	Conseil Européen des Fédérations de l'Industrie Chimique
CLP	Classification, Labelling and Packaging of substances and mixtures
CMS	Chemicals Management System
CSRD	Corporate Sustainability Reporting Directive
CSS	Chemicals Strategy for Sustainability
DEnMS	Digital energy management system
EAGER	Evonik Assessment of Greenhouse Gas Emission Reduction
EFRAG	European Financial Reporting Advisory Group
ESG	Environmental, social, governance
ESHQ	Environment, Safety, Health & Quality
ESHQE	Environment, Safety, Health, Quality and Energy
ESPR	Ecodesign for Sustainable Products Regulation
ESRS	European Sustainability Reporting Standards
ESTER	Evonik Standard Tool ESHQ and Reporting
GHG	Greenhouse gas
GHS	Global harmonized system
GPS	Global Product Strategy
GRI	Global Reporting Initiative
ICCA	International Council of Chemical Associations
IDW	German institute of auditors
IED	Industrial Emissions Directive
ILO	International Labour Organization
IOOI-model	Input-output-outcome-impact model
LILY	Learning and Individualized Library
MAF	Mixture allocation factor
MTBE	Methyl-tert-butylether
OT	Operational technology
PARC	Product-application-region combination
PPA	Power purchase agreement
PSA	Portfolio Sustainability Assessment
RD&I	Research, Development & Innovation
REACH	Registration, Evaluation, Authorisation, and Restriction of Chemicals
RSPO	Roundtable on Sustainable Palm Oil
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SDG	UN Sustainable Development Goal
SFA	Sustainability Focus Area
SSbD	Safe and Sustainable by Design
TCFD	Task Force on Climate-related Financial Disclosures
TfS	Together for Sustainability
TNFD	Task Force on Nature-related Financial Disclosures
VCI	German chemical industry association
VOC	Volatile organic compounds
WBCSD	World Business Council for Sustainable Development

Credits 2-1, 2-3

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[1] Energie Baden-Württemberg

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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