

# SUSTAINABILITY REPORT

Next Generation Solutions

# 2020

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## We accept responsibility

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.

### Next Generation Solutions

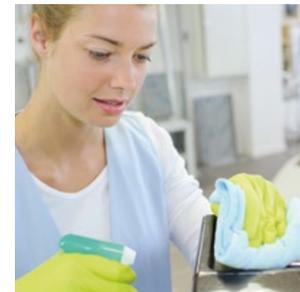
Evonik generates 35 percent of sales with products and solutions with a clearly positive sustainability profile that is above or even well above the market reference level. We call them Next Generation Solutions. You can find examples and further information in “Strategy and growth” [p. 11.](#) and at the start of each chapter.

#### Shareholder structure

C01



As of January 2021



Peracetic acid for effective, biodegradable disinfectants.



Viscosity improves for hydraulic fluids in construction machinery.



Drug delivery systems for better treatment.

€12.2

billion sales

€1.91

billion adjusted EBITDA

approx. 33

thousand employees

106

nationalities

26%

female employees

# Ten key messages on sustainability at Evonik

Why sustainability is a matter of principle for Evonik—and what it means for Evonik and its stakeholders.

## 1 Our purpose

To create sustainable, value-added solutions for our customers, we apply our purpose “Leading beyond chemistry to improve life, today and tomorrow” [p.5](#).

## 2 Beyond chemistry, beyond today

We lead beyond chemistry by networking competencies, perspectives, and partners [p.5](#).

## 3 Intensive dialogue with stakeholders

We maintain a constant dialogue with our stakeholders on challenges affecting our company and society. Evonik actively seeks dialogue so that it can respond rapidly to key future trends, global developments, and changing market requirements [p.19](#).

## 4 Sustainability in our corporate strategy

We are integrating sustainability more and more closely into our strategic management processes [p.12](#).

## 5 Ambitious environmental targets

Foresighted resource management is a key element in our sustainability strategy. We have defined ambitious climate and water targets. As a result, we have continuously reduced our CO<sub>2</sub> emissions in recent years. At the same time, our products and solutions play a significant part in helping customers avoid CO<sub>2</sub> in their applications [p.65](#).

## 6 Next Generation Solutions

Evonik helps serve the rising demand for sustainable solutions. Today, around a third of our sales are already generated with products and solutions that are key components for urgently needed technology and have sustainability benefits that are above or well above the market reference level. We call these our Next Generation Solutions. We intend to steadily increase their percentage of total sales in the coming years [p.15](#).

## 7 Our analytical methods

Our soundly based analytical methods meet the rising interest in sustainability. In this way, we show how we as a company add value for society [p.14](#).

## 8 Impact of our business

We systematically examine the positive and negative effects of our business activities along the value chain. Early identification of future opportunities and risks makes our business model more resilient and sharpens understanding of the long-term value that our activities create for society [p.17](#).

## 9 SDGs of relevance to Evonik

Evonik supports the United Nations’ Sustainable Development Goals (SDGs) and intensively examines its own contributions to achieving them. We have identified the four most important SDGs for our company and focus specifically on them [p.17](#).

## 10 Transparency is important

We achieve our transparency aspirations by continuously improving our sustainability reporting. Moreover, we are well-positioned in ratings and rankings [p.125](#).

## Our purpose highlights our strengths



**LEADING  
BEYOND CHEMISTRY  
TO IMPROVE LIFE,  
TODAY AND  
TOMORROW**

As we strive to become the best specialty chemicals company in the world, we are moving beyond chemistry.

We are interlinking disciplines, skills, and perspectives with one another so that as a partner of our customers we can create value-generating and sustainable solutions.

As a result, we play a leading role in our markets and in the development of our industry.

The answer to the question of why we exist lies in the passion with which we provide our customers' products with special characteristics:

***in order to make people's lives better, day after day.***

## Evonik in 2020

We continued to put our sustainability strategy into practice in 2020. Here are some examples from the various areas of action.

### Renewable energy

Since the start of 2020, Evonik's site in Schörföling (Austria) has sourced a quarter of its gas requirements from renewable sources. The mixture of carbon-neutral biomethane and fossil-based natural gas is mainly used as heat energy for production processes and to heat buildings.

### #togetheragainstcorona



To help fight the COVID-19 pandemic, many of our sites produced disinfectants, which were made available free of charge to local hospitals and pharmacies. We launched a global #togetheragainstcorona campaign calling on employees to take the preventive measures seriously, both at work and outside of work.



### Sustainability and reliability of supply

Evonik held the groundbreaking ceremony for a new gas and steam turbine power plant in Marl (Germany). This will end the generation of power and steam from hard coal in 2022 and reduce CO<sub>2</sub> emissions by up to 1 million metric tons a year. In addition, a new, highly efficient reserve gas and steam turbine power plant will come into service in Marl in the same year.



### Care products made from carbon dioxide

Beiersdorf and Evonik have set up a research alliance. The idea is to produce valuable ingredients for personal care products from water and CO<sub>2</sub> with the aid of solar power and bacteria—using an artificial synthesis process inspired by nature.<sup>1</sup>

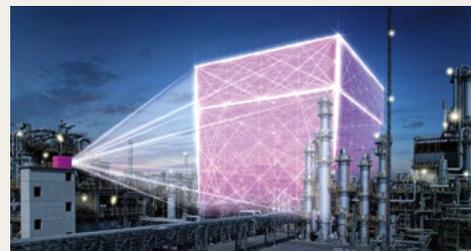
### Innovative membranes for water electrolysis

Evonik has developed a new type of membrane that should bring a breakthrough in the production of hydrogen. A consortium of industrial and research partners wants to use the membrane to develop a highly efficient electrolysis system.<sup>2</sup>



### Digital careers fairs

Despite the pandemic, potential apprentices can gain an insight into how a specialty chemicals company works thanks to Evonik's virtual careers fairs, which have proven very popular with Generation Z.



### Sustainability and circular economy

Evonik expanded its portfolio of specialty chemicals by acquiring the Porocel Group of Wilmington (Delaware, USA). Porocel offers a technology for efficient rejuvenation of desulfurization catalysts. There is high demand for these catalysts from the growing market for low-sulfur fuels.

### Artificial photosynthesis to close the carbon cycle

Evonik and Siemens Energy took a pilot facility for artificial photosynthesis into service in Marl (Germany) in the presence of Anja Karliczek, Federal Minister of Research. This facility uses solar power and bacteria to produce valuable chemicals from CO<sub>2</sub> and water.<sup>1</sup>



<sup>1</sup> This research project receives funding from the Federal Ministry of Education and Research.

<sup>2</sup> This research project receives funding from the European Union.

# Foreword

102-14, 102-32

## Ladies and gentlemen:

Around the world, **COVID-19** has changed our lives in ways that hardly anyone would have believed possible at the start of 2020. A central lesson of the pandemic is that global challenges need global solutions, cross-border collaboration, open exchange, and mutual trust.

Those are also qualities that are exceptionally important to Evonik, as reflected in our corporate purpose, **Leading beyond chemistry**. They have enabled us to develop tremendous resilience in these difficult times. That is attributable to the responsible conduct of our employees as well as to the stability of our established customer relationships and our good collaboration with thousands of suppliers and business partners. The coronavirus special in this report highlights some examples.  p.55

Intergenerational equity is becoming an even more pressing issue in the context of the pandemic. The big challenge of our era is the well-being of present and future generations, based on a balance of economic, ecological, and social interests. With our strong position in specialty chemicals, we are at the heart of this development. We see it as an additional opportunity for profitable growth and clear differentiation from our competitors. We already generate a good third of our sales with products and solutions that are key components for urgently needed technologies and have sustainability benefits that are above, or well above, the market reference level. We call them our **Next Generation Solutions**. In the coming years, we will be increasing their share of total sales. They are also the title of this report. We

are delighted that we can present some of them to you in more detail on the following pages.

Our promise as a sustainable, future-oriented company is based on two strong foundations. First, our efforts to reduce emissions and enhance energy and resource efficiency in our own processes. And second, the diverse ways in which we make our **customers'** products more economical, more effective, and more environmentally compatible. We are responding to the increasing importance of sustainability for our business by progressively integrating such criteria into our strategic management process. We continued to make good progress with this in the reporting period.

We are therefore delivering on our **aspiration of making life better for people**. Day by day. Today and for future generations. Thanks to future-oriented ideas. Working closely with customers and partners. To deliver intelligent products and solutions for the future.

That is what our Next Generation Solutions stand for.



Christian Kullmann



Thomas Wessel



**THOMAS WESSEL**  
Chief Human Resources Officer

**CHRISTIAN KULLMANN**  
Chairman of the Executive Board

Top 10 sustainability targets  102-14, 102-15

C02

▼ Sustainability areas of action	▼ Top 10 strategic targets 2021 and beyond	▼ KPIs for each area of action	▼ Status 2020
 <b>Strategy and growth</b>  p. 11    	<ul style="list-style-type: none"> <li>At least 35 percent of sales should come from Next Generation Solutions<sup>a</sup></li> </ul>	<ul style="list-style-type: none"> <li>Percentage of sales generated by Next Generation Solutions</li> </ul>	<b>35%</b>
 <b>Governance and compliance</b>  p. 25  	<ul style="list-style-type: none"> <li>Percentage of women at the first and second management levels below the executive board: 30 percent at each level by year-end 2024</li> </ul>	<ul style="list-style-type: none"> <li>Women at the first and second management levels below the executive board</li> </ul>	<b>26.9%/26.3%</b>
 <b>Value chain and products</b>  p. 38   	<ul style="list-style-type: none"> <li>100 percent of all raw materials suppliers where annual procurement volume is &gt;€100 thousand to be covered by TfS assessments by year-end 2025</li> <li>Generate more than €1 billion in additional sales<sup>b</sup> in our six innovation growth fields by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers of raw materials covered by TfS assessments<sup>c</sup></li> <li>Sales growth in € million</li> </ul>	<b>73%</b> -- <sup>d</sup>
 <b>The environment</b>  p. 63    	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions               <ul style="list-style-type: none"> <li>– absolute scope 1 and scope 2 emissions by 50 percent by 2025 (reference base 2008)</li> <li>– absolute scope 3 emissions from the upstream value chain—principally from the “raw material backpack”—by 15 percent by 2025 (reference base 2020)</li> </ul> </li> <li>Reduce both absolute and specific energy consumption by 5 percent by 2025 (reference base 2020)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in greenhouse gas emissions (scope 1 and 2/scope 3)</li> <li>Reduction in energy consumption in petajoules</li> </ul>	<b>-44% / --</b> --
 <b>Employees</b>  p. 78 	<ul style="list-style-type: none"> <li>20 percent intercultural mix<sup>e</sup> in top management by 2023</li> <li>23 percent women in top and senior management by 2023</li> </ul>	<ul style="list-style-type: none"> <li>Intercultural mix in top management</li> <li>Percentage of female managers</li> </ul>	<b>12.9%</b> <b>15.9%/14.2%</b>
 <b>Safety</b>  p. 90  	<ul style="list-style-type: none"> <li>Safety               <ul style="list-style-type: none"> <li>– Accident frequency rate ≤ 0.26<sup>f</sup></li> <li>– Incident frequency rate ≤ 0.40<sup>g</sup></li> </ul> </li> <li>Occupational health performance index ≥ 5.0</li> </ul>	<ul style="list-style-type: none"> <li>Accident frequency/incident frequency</li> <li>Occupational health performance index</li> </ul>	<b>0.80/1.45</b> <b>5.4</b>

You can find a full overview of the status of our sustainability targets for 2020 on  p. 100. You can find an overview of the main sustainability indicators used for the Evonik Group  p. 99.

<sup>a</sup> Outside the scope of the limited assurance review by PwC. | <sup>b</sup> With products introduced in or after 2015. | <sup>c</sup> Annual procurement volume > €100 thousand.

<sup>d</sup> We do not publish the interim status. | <sup>e</sup> Employees whose nationality is not German  p. 87. | <sup>f</sup> New reference parameter from 2021  p. 91.

<sup>g</sup> Modified calculation basis from 2021  p. 91.

## Our business model

**Evonik is one of the world's leading specialty chemicals companies. Our strengths include the balanced spectrum of our business activities, end-markets, and regions. Around 80 percent of sales come from market-leading positions<sup>1</sup>, which we are systematically expanding. Our strong competitive position is based on close collaboration with customers, high innovative capability, and integrated technology platforms.**

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 the end-markets accounts for more than 20 percent of our sales. Our specialty chemicals products make an indispensable contribution to the benefits of our **customers'** products, which generate their success in global competition. Close cooperation with our customers enables us to build up a deep knowledge of their business, so we can offer products tailored to their specifications and extensive technical service. Our technology centers and customer competence centers play an important role in this around the world.

Market-oriented research and development is an important driver of profitable growth. This is based on our strong **innovation culture**, which is rooted in our innovation management and management development.

Highly trained **employees** are a key success factor. They drive forward the company on a daily basis through their hard work and identification. 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.

As preconditions for Evonik's future viability, **sustainable business activities** and **responsible conduct** are cornerstones of our business model. Foresighted resource management is a key element in our Sustainability Strategy 2020+, which includes ambitious environmental targets and integrating sustainability into our strategic management process. The basis for this is the sustainability analysis of our business, which covered our entire portfolio of chemical products for the first time in 2020 (see "Strategy and growth"  p.11).

### Digitalization paves the way for sustainability

Evonik started to address the digitalization of production and business processes in the chemical industry and its practical implementation at an early stage. We are actively driving forward the digitalization of our production sites: Antwerp (Belgium) is currently being established as a digital lighthouse location as a model for the digital transformation of other sites.

Our **guiding principles for digitalization** set out how we intend to embrace people-centric digitalization. We regard digitalization

## AT A GLANCE

Our business model

as a group-wide structural task and are networking decentralized initiatives and bundling competencies and methodological knowledge. The role of Evonik Digital GmbH is to identify "uncharted territory" on the Evonik Group's digitalization map. In this sustainability report, employees outline how the COVID-19 pandemic has stepped up digital collaboration at Evonik. For further information, see the coronavirus special  p.55.

In addition, Evonik Digital GmbH promotes the use of digital technologies and data-based innovation processes. Examples include powerful e-commerce solutions and the use of artificial intelligence in research, development, and applications technology. As an overarching topic, digitalization is grouped in four clusters: smart operations, digital business, cognitive solutions, and human work. The aims are to raise efficiency, both at Evonik and along the supply chain, and improve the customer and user experience.

Digital innovations can also pave the way for new business models to help us establish a circular economy, increase product life cycles, and endeavor to reduce the consumption of resources at all stages in the value chain. In this way, digitalization is providing new momentum for circular strategies. Topics that the Evonik Group is currently working on include precision livestock farming and chemical leasing.

### Corporate structure

C03

Divisions	Specialty Additives	Nutrition & Care	Smart Materials	Performance Materials	Services	Evonik Group <sup>a</sup>
Sales (in € million)	3,225	2,992	3,235	1,983	734	12,199
Employees	3,666	5,295	7,874	1,639	14,310	33,106

<sup>a</sup> Including others/consolidation.

<sup>1</sup> We define these as ranking 1st, 2nd, or 3rd in the relevant markets. Source: Internal evaluations based on 2018.

### New corporate structure

We introduced a new corporate structure on July 1, 2020. Our specialty chemicals operations are now divided into four **chemical manufacturing divisions**, which operate close to their markets and customers. The new chemicals divisions—Specialty Additives, Nutrition & Care, Smart Materials, and Performance Materials—are more balanced in terms of size and profitability. Moreover, clearer alignment to the technology platforms allows more selective management. They are supported by our services operations.

The **Specialty Additives, Nutrition & Care**, and **Smart Materials** divisions operate in attractive markets with above-average growth rates. These three divisions offer customers customized, innovation-driven solutions. The aim is for them to achieve above-average, profitable growth 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. Our strategic goal for this division is to contribute earnings to finance the growth of the Evonik Group. Investments and, where appropriate, alliances concentrate on securing and extending our good market positions.

### Global production

Evonik generates 83 percent of its sales outside Germany. Our largest production sites are Marl, Wesseling, and Rheinfelden (Germany), Antwerp (Belgium), Mobile (Alabama, USA), Shanghai (China), and Singapore.

## Fiscal 2020

**We successfully continued the strategic development of Evonik in 2020. However, our operating performance was held back considerably by the economic impact of the coronavirus pandemic.**

Evonik registered a perceptible drop in demand worldwide due to the recession, especially in some customer industries such as the automotive and fuel industries. In May 2020, we had to reduce the guidance given at the start of the year for almost all financial indicators. Since the third quarter was better than we had expected, we were able to give more detailed guidance on fiscal 2020 and achieved these targets at year-end.

**Sales** fell 7 percent to €12,199 million in 2020 as a result of slightly lower volumes and selling prices, and negative currency effects. **Adjusted EBITDA** dropped by 11 percent to €1,906 million. Positive factors here were cost-cutting measures and the initial consolidation of PeroxyChem, a US producer of hydrogen peroxide and peracetic acid. The **adjusted EBITDA margin** dropped to 15.6 percent (2019: 16.4 percent) and was therefore below our target mid-term range of between 18 percent and 20 percent. **ROCE** declined to 6.1 percent and was therefore below both the cost of capital and our mid-term target.

Our **financial profile** is still very good: Evonik has a solid investment grade rating. Net financial debt increased as a consequence of the most recent acquisitions but remains at a sound level. In addition to adequate liquidity, we have sufficient unutilized credit lines.

### AT A GLANCE

Fiscal 2020

### Total value added

Value added is calculated from sales and other revenues less the cost of materials, depreciation, amortization, and other expenses. Value added totaled €4,067 million in 2020. That was 32 percent below the high prior-year level, which contained the proceeds from the divestment of the methacrylates business. The largest share of value added—78 percent (2019: 53 percent)—went to our employees. 6 percent (2019: 8 percent) was paid to the state in income and other taxes. A further 4 percent (2019: 4 percent) went on interest payments. Shareholders of Evonik Industries AG received 11 percent of value added (2019: 35 percent).

### Breakdown of value added

T01

in € million	2019	2020
Total value added	5,994	4,069
<b>Split</b>		
Employees	3,156	3,168
State	490	251
Creditors	221	171
Non-controlling interests	21	14
<b>Net income</b>	<b>2,106</b>	<b>465</b>

### Major events

To strengthen the catalysts business in the Smart Materials division, Evonik acquired the Porocel Group, Wilmington (Delaware, USA) in November 2020. Porocel offers a technology for highly efficient rejuvenation of desulfurization catalysts, which are in increasing demand in the growing market for low-sulfur fuel. The Porocel technology offers customers a considerable CO<sub>2</sub> reduction compared with newly produced catalysts with comparable efficacy, as well as clear cost benefits.

 [102-2](#), [102-7](#), [102-10](#), [102-15](#), [201-1](#)



Dr. Achmad Zen,  
Employee at our  
site in Darmstadt



## STRATEGY AND GROWTH

- |           |  |   |
|-----------|--|---|
| <b>12</b> | <b>Our Sustainability Strategy 2020+</b>                         | <b>1</b> 103-1, 103-2, 102-18, 102-19, 102-20, 102-22, 102-29, 102-32 |
| 12        | Integrating sustainability into the strategic management process |   |
| 12        | How we create value for society                                  |   |
| 14        | Organization and management                                      |   |
| <b>14</b> | <b>Measurability of our sustainability activities</b>            | <b>1</b> 103-1, 102-7, 102-15, 102-29, 201-1, 203-2                   |
| 14        | Sustainability analysis of our business 2.0                      |   |
| 17        | UN Sustainable Development Goals of relevance for Evonik         |   |
| 17        | Impact valuation   |   |
| 18        | Supply chain analysis  |   |
| <b>19</b> | <b>Engaging with our stakeholders</b>                            | <b>1</b> 102-40, 102-42, 102-43, 102-44, 102-21, 102-37               |
| <b>22</b> | <b>Our materiality analysis</b>                                  | <b>1</b> 102-44, 102-46, 102-47, 102-48, 102-49                       |
| <b>24</b> | <b>Our targets</b>   | <b>1</b> 102-14, 102-15   |

## Our Sustainability Strategy 2020+

**We developed our Sustainability Strategy 2020+ in constant dialogue with our stakeholders. Our materiality analysis and the UN Sustainable Development Goals (SDGs) of relevance for Evonik were also taken into account.**

Evonik aims to be a best-in-class specialty chemicals company. Our Sustainability Strategy 2020+ is an expression of this aspiration, including ambitious targets and an understanding of how to translate sustainability into profitable growth. More and more customers expect us to help them achieve their sustainability goals. The elements of our Sustainability Strategy 2020+ are:

- Giving sustainability a firm place in Evonik's market proposition and purpose
- Integrating sustainability into strategic management processes (sustainability analysis of our business 2.0 [p. 14 ff.](#), business line strategy dialogues)
- Ambitious environmental targets (see "The environment" [p. 63 ff.](#))
- Systematic focus on the impact of our business activities along the value chain (impact valuation [p. 17 ff.](#)) and on the UN Sustainable Development Goals (see [p. 17](#))
- Continuous improvement of our sustainability reporting (see "About this report" [p. 101 ff.](#) and "Sustainability awards" [p. 125](#)).

## STRATEGY AND GROWTH

Our Sustainability Strategy 2020+

### Integrating sustainability into the strategic management process

In 2020, Evonik presented its new corporate purpose, "Leading beyond chemistry to improve life, today and tomorrow" (see "At a glance" [p. 3](#)), which forms the basis for daily work and the strategic development of the Evonik Group. At the same time, we restructured our business. This process was completed in summer 2020 ([p. 10](#)). Today, Evonik operates its specialty chemicals business through three growth divisions: Specialty Additives, Nutrition & Care, and Smart Materials. The focus is on high-quality products and solutions, many of which also offer specific sustainability benefits. The sustainability analysis, which covered our entire chemicals portfolio for the first time in 2020, makes an important contribution to the management and ongoing development of our business activities (see [p. 14](#)). It enables us to integrate measurable sustainability effects into our strategic management process. The divisions apply different measures—aligned to the requirements of their markets—to avoid greenhouse gas emissions, protect biodiversity, or drive forward the circular economy. The corresponding roadmaps are currently being drawn up. The integration of sustainability criteria into ongoing processes is coordinated by the Sustainability function in close cooperation with the operating business and other relevant functions such as Strategy, Research, Development & Innovation, and Procurement.

### How we create value for society

The aim of our sustainability strategy is to gain a precise understanding of the principal influences and impacts on the value created by Evonik. Chart **c04** shows the resources and value contributed by Evonik along the value chain.

Resources and value contributed in 2020 📄 203-1, 203-2

C04

Our resources >>

Society

**33,106** employees  
**approx. 32,400** customers  
**approx. 29,000** suppliers

The environment

**61.91 PJ** energy inputs  
**544 million m<sup>3</sup>** water intake

Employees

**106** nationalities  
**26%** female employees (Evonik Group)  
**26.9%/26.3%** female managers at the 1st/2nd management level below the executive board

Financials

**€6,588 million** property, plant, and equipment  
**€995 million** capital expenditures

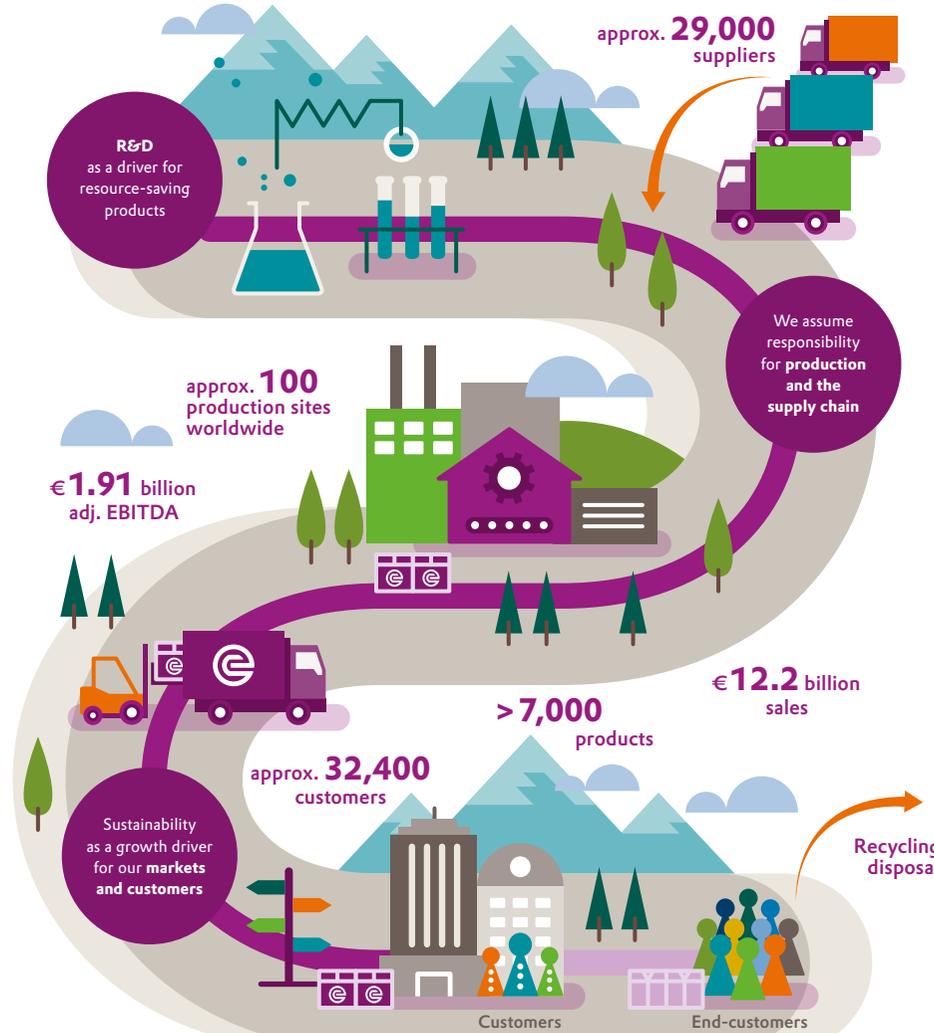
Knowledge

**approx. 24,000** patents  
**approx. 2,560** R&D employees  
**€433 million** R&D expenses

Production

**approx. €8 billion** procurement volume  
**7.7 million metric tons** raw material inputs  
**8.5%** renewable raw materials

Our business >>



Value contributed >>

Society

**approx. €2.5 billion** wages and salaries  
**€3.7 million** donations and sponsorship<sup>a</sup>

The environment

**5.4 million metric tons** CO<sub>2</sub> emissions (scope 1 and 2)  
**9 million m<sup>3</sup>** water consumption<sup>b</sup>

Employees

**1.3%** early employee turnover  
**€68.6 million** vocational and advanced training  
**0.80** accident frequency

Financials

**4.3%** dividend yield  
**€181 million** income taxes  
**€66 million** interest and other taxes

Knowledge

**215** new patents and patent applications

Production

**1.45** accident frequency  
**95.4%** of all sites are certified in conformance with ISO 14.001/9001  
**8.93 million metric tons** output

SDGs of particular relevance for Evonik:



<sup>a</sup> Outside the scope of the limited assurance review by PwC.  
<sup>b</sup> For further water data, see chart C22.

**Organization and management**  102-22

The executive board bears overall responsibility for sustainability at Evonik. Direct responsibility is assigned to the chief human resources officer, who is also responsible for all climate-related aspects. We have defined responsibility for sustainability management in a corporate policy.

Given the increasing significance of sustainability for Evonik, in fall 2020, we started to integrate it methodically into our corporate strategy. The strategic management process and the strategic objectives adopted for each business through a strategy dialogue with the executive board now include all key sustainability aspects and form the strategic framework for sustainability management. Following approval by the executive board, specific sustainability measures are implemented at business level by the operating units in close consultation with the Strategy and Sustainability functions. The Sustainability function coordinates the annual review of the sustainability targets for the individual businesses.

Group-wide sustainability projects are coordinated by a CR Panel chaired by the head of Sustainability. The members are the heads of other relevant functions and representatives of the divisions. The CR Panel meets at least twice a year, as defined in its rules of procedure. Content is prepared by the global corporate responsibility committee, which also supports the operational structuring of sustainability issues for the Evonik Group. Where necessary, further expertise is provided by project-based CR expert circles. Following the introduction of the new corporate structure in the reporting period, the corporate policy and governance of our sustainability activities will be reviewed in 2021.

## Measurability of our sustainability activities

**Extensive transparency and soundly based analyses are our response to the growing interest shown by our stakeholders in corporate sustainability. We pay equal attention to ecological, social, and economic effects as a basis for an integrated overview and 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 ensuring that society accepts new technologies and industrial production.

**Analysis of the measurability of sustainability**  102-29 **T02**

Type of analysis	Questions addressed
Sustainability analysis of our business 2.0	What are the strengths and weaknesses of the products in our portfolio with regard to sustainability requirements (inside-out)?
<ul style="list-style-type: none"> <li>Life cycle assessments</li> </ul>	What are the environmental impacts of our products?
<ul style="list-style-type: none"> <li>Analysis to determine which Sustainable Development Goals are relevant for Evonik (SDGs  p.17)</li> </ul>	Which products and solutions for our customers address the challenges facing society? How do we contribute to meeting the 17 SDGs?
Impact valuation (  p.17)	What positive and negative impacts do our business activities have on the environment and society?
Value chain analysis	From the perspective of our stakeholders, what opportunities and risks are associated with our products in their respective value chains (outside-in)?

Products and solutions from Evonik play a part in the sustainable transformation of many end-markets. We therefore welcome the growing attention paid to sustainability by our customers and the capital markets. Evonik has established itself among the leaders in the chemicals sector in renowned sustainability ratings and rankings and is included in a range of SRI funds and sustainability-oriented index families ( p.125). In June 2019, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the Federal Ministry for Economic Affairs and Energy established a Sustainable Finance Committee, which advises the German government on the development and implementation of its sustainable finance strategy. The head of our Sustainability function is a voting member of this committee. He is also committed to the European Commission’s new Platform on Sustainable Finance as part of a Cefic mandate.

**Sustainability analysis of our business 2.0<sup>1</sup>**

The sustainability analysis of our business plays an important role in establishing sustainability in our strategic management process. The methodology is based on the chemical industry standard for portfolio analysis. The signal categories examined in this process will facilitate continuous review and development in the future using the EU-wide classification system (taxonomy) for sustainable business activity.

The extensive evaluation of these sustainability signals gives us additional insights for the foresighted management of individual products and entire business areas. We are currently integrating the conclusions drawn from this analysis into our strategy process to allow integrated management using both financial and non-financial indicators. We expect this to further improve the assessment of alternative courses of action, investment decisions, and the allocation of funds in our planning and portfolio management processes. For the first time, stakeholder requirements—grouped

<sup>1</sup> The results of our sustainability analysis in 2020—based on the 2019 data—were outside the scope of the limited assurance review by PwC.

in the signal category “sustainability ambitions along the value chain”—can now be integrated directly into the planning process. The findings will be taken into account in the future in the review of our materiality analysis.

### Methodology

The market signals identified as being significant for Evonik form the heart of our sustainability analysis. These include, for example, anticipated regulatory trends, environmental and social performance compared to alternative solutions, and sustainability ambitions in our markets. All market signals are based on the World Business Council for Sustainable Development’s framework for portfolio sustainability assessments (PSA), which Evonik was involved in developing from the outset. One special feature of this approach is the 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 be quantifying these in greater detail. [102-8, 201-2, 203-1, 203-2](#)

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--) ([COS](#) [p.16](#)).

### 2020 findings

Our goal for the reporting period was to apply the sustainability analysis for the first time to Evonik’s entire portfolio. We

achieved this goal by conducting an analysis of 326 PARCs covering Evonik’s entire chemicals sales in 2019. The principal conclusions are outlined below:

- Evonik generates **90 percent** of sales with products and solutions whose sustainability performance is at least in line with the market reference (leader, driver, or performer category).
- Evonik generates **35 percent** of sales with products and solutions with a clearly positive sustainability profile that is above or even well above the market reference level (leader and driver categories). These are our **Next Generation Solutions**. They include, for example, viscosity improvers for hydraulic construction machinery, peracetic acid for effective biodegradable disinfectants, and drug delivery systems for more accurate treatment. The introductory pages to the various chapters highlight these and further examples [p.11, 25, 38, 63, 78, 90](#). Next Generation Solutions have attractive growth rates and stand out positively in their markets because of their clear sustainability benefits.



## STRATEGY AND GROWTH

Measurability of our sustainability activities

### Targets for 2021 and beyond.

Evonik operates in a dynamic competitive environment where markets and technologies are subject to change. Consequently, sustainability requirements are not static. Our sustainability analysis takes into account these rising aspirations. Our goal for the coming years is that Next Generation Solutions should continue to account for at least 35 percent of our portfolio.

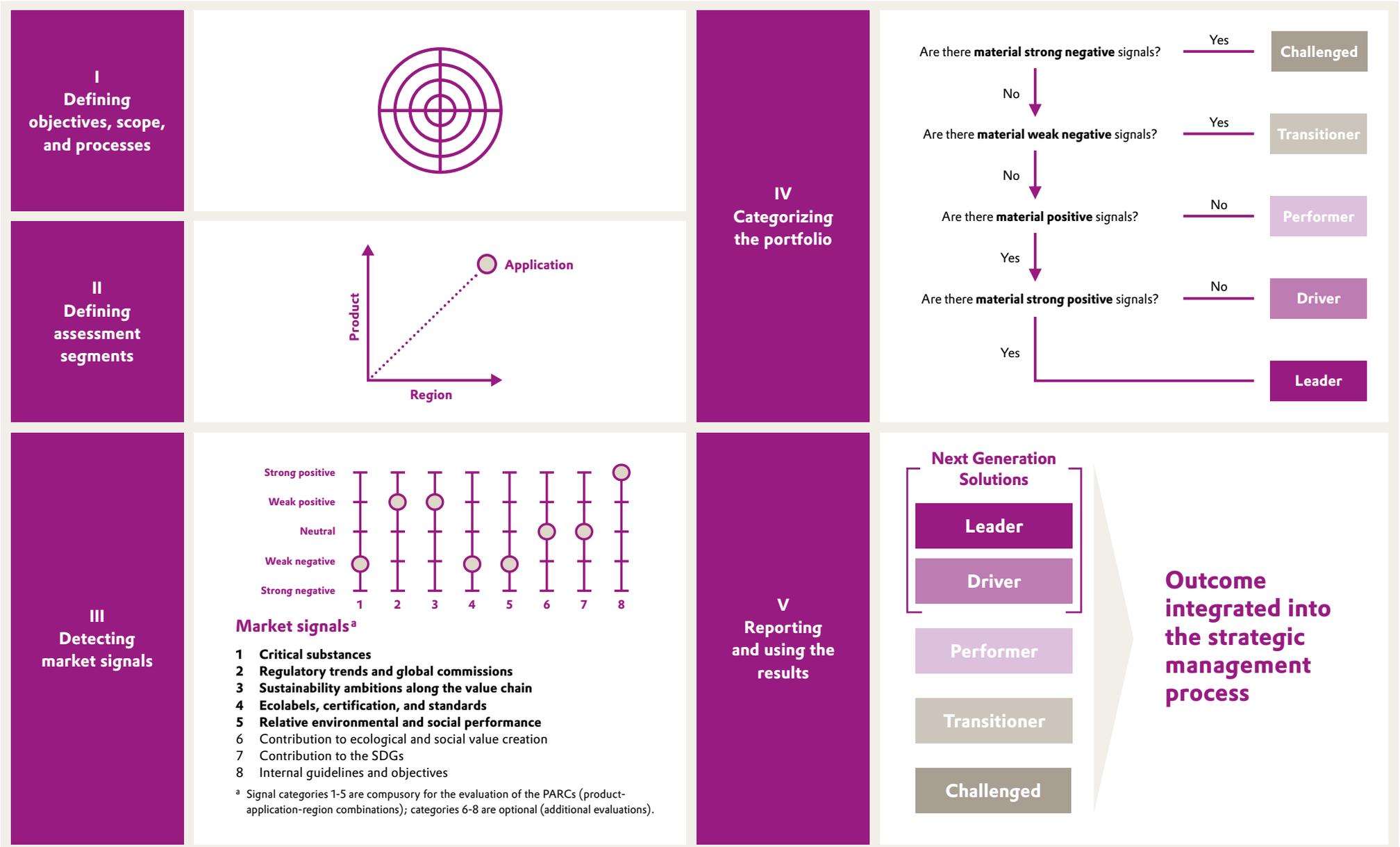
The holistic examination and assessment of our products and solutions throughout their entire life cycle, taking into account all three sustainability dimensions—economic, ecological, and social—supports our corporate purpose: Leading beyond chemistry to improve life, today and tomorrow. We have chosen Next Generation Solutions as the title of this report to highlight their special status.

### Life cycle assessments

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

Sustainability analysis of our business

C05



## 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.

In 2017, we started to document the positive contribution made by our products and solutions to the SDGs. The findings are published on our website.<sup>1</sup> In 2018, we developed our own methodology to identify the SDGs that are especially relevant for Evonik. This approach includes the 169 sub-targets of the 17 SDGs. An SDG is especially relevant for us if there is evidence of 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:



Throughout this report, you can find information on how our activities relate to the SDGs of relevance to Evonik (see “Focus on SDGs”  p.105, and the mapping of the 17 SDGs to the GRI content index  p.110).



### Impact valuation<sup>2</sup>

Since Evonik is an industrial company, it is important to intensively 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

## STRATEGY AND GROWTH

Measurability of our sustainability activities

anticipate that this will allow early identification of potential future opportunities and risks, make our business model more resilient, and improve understanding of the long-term value that our business activities create for society.  102-29

This procedure provides an insight into

- the scale of the ecological, social, and macroeconomic impact of our corporate activities
- Evonik’s benefits for society as a whole
- the key levers to reduce unwanted impacts and maximize desirable 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.

### Monetary valuation

We aim to assign a monetary value to individual indicators such as continuing 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 well-known economic, environmental, and social research institutes.

<sup>1</sup>  <https://corporate.evonik.com/en/responsibility/sustainable-development-goals>

<sup>2</sup> Outside the scope of the limited assurance review by PwC.

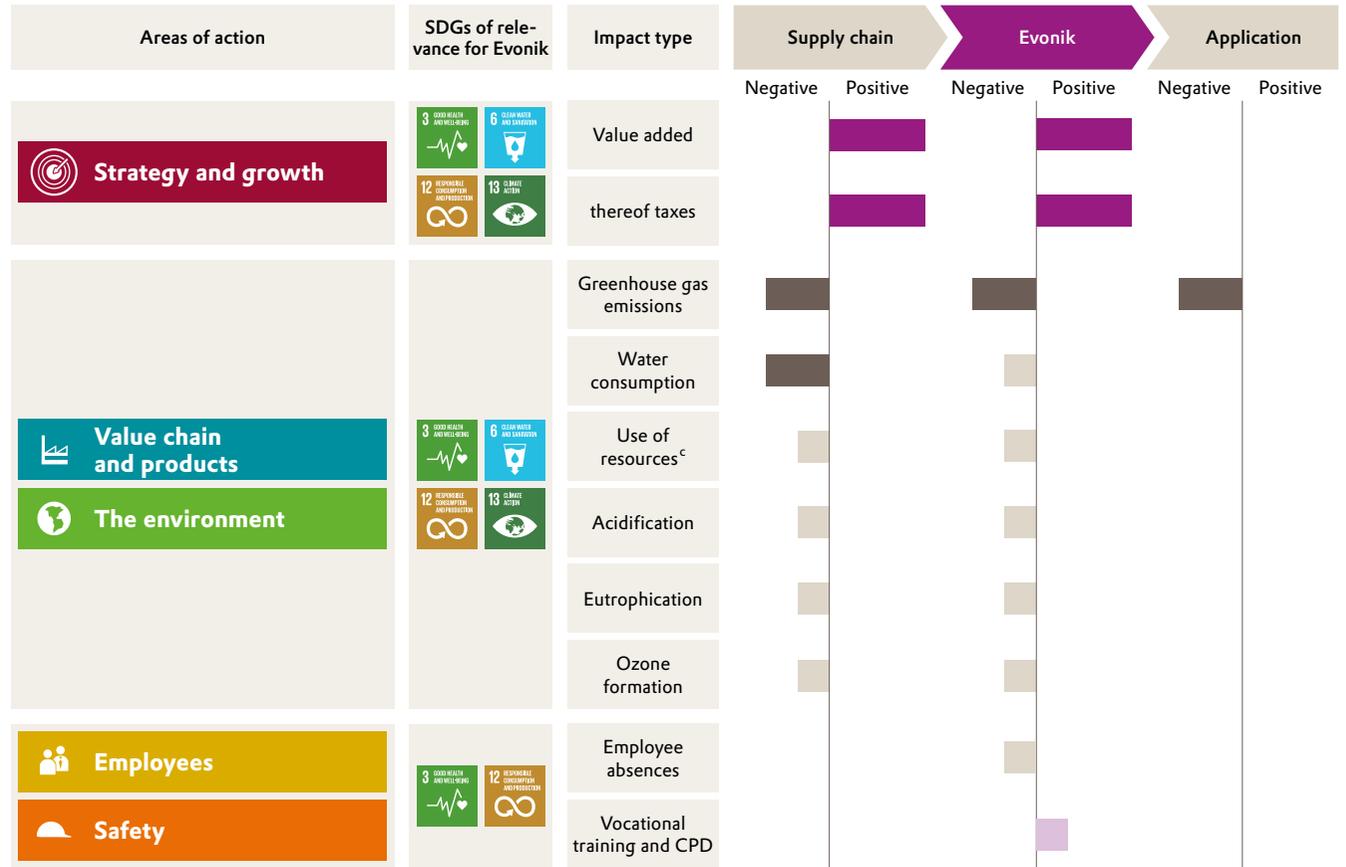
Chart C06 Monetary impact valuation of our business activities shows the results of the impact valuation, based on the figures for 2019. Our business activities are associated with ecological impacts at many points. The main negative impacts are greenhouse gas emissions and water consumption in the supply chain. These are countered by strongly positive macroeconomic impacts, both along the supply chain and by our own production activities. In the intermediate term, we want to merge the methodology used in our impact valuation with the sustainability analysis of our business. [303-1](#)

**Supply chain analysis**

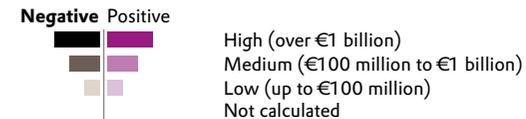
In 2017, we started to hold workshops with product managers to analyze the possible opportunities and risks of the value chains of relevance for their business. These include scenarios to explore disruptive factors in their markets, for example, as a result of changing customer requirements or increased regulation. In this way, we derive strategic recommendations for action on short- and long-term developments. This process also allows structured identification of the SDGs of relevance for each business. In the reporting period, four supply chain workshops were held with different business lines. Due to COVID-19, we switched to a digital format, which proved very effective. In particular, this format provided additional scope to include the experience of customers and colleagues in other regions. We plan to hold further workshops using this digital format.

**Monetary impact valuation of our business activities<sup>a,b</sup>**

C06



**Type and scope of impact**



<sup>a</sup> The impact valuation was outside the scope of the limited assurance review by PwC. Chart C06 shows Evonik's impact along the value chain, excluding induced effects, which were calculated separately.  
<sup>b</sup> It is not possible to calculate all monetary impacts along the value chain as not all data are available.  
<sup>c</sup> The impact of raw materials and supplies used in production is taken into account in supply chain/raw materials "upstream."

## 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 in the long term. That includes listening very carefully to the concerns of our stakeholders.**

102-40, 102-42, 102-43, 102-44

We actively seek interaction so we can respond rapidly to key future trends, global developments, and changing market requirements. Stakeholders are individuals or groups that influence Evonik’s decisions and activities and/or are influenced by

them. We use the following criteria to define and prioritize our stakeholder groups:

- Type of influence (direct, indirect)
- Impact cluster (e.g., business, financial market)
- Characterization (e.g., suppliers, employees, customers).

Chart c07 shows the stakeholder groups of relevance for Evonik and their influence on our company.

We have developed various formats for our dialogue with stakeholders. These help us engage with both direct and indirect stakeholders. The pandemic prevented us from utilizing these in the normal manner. We endeavored to compensate for this by

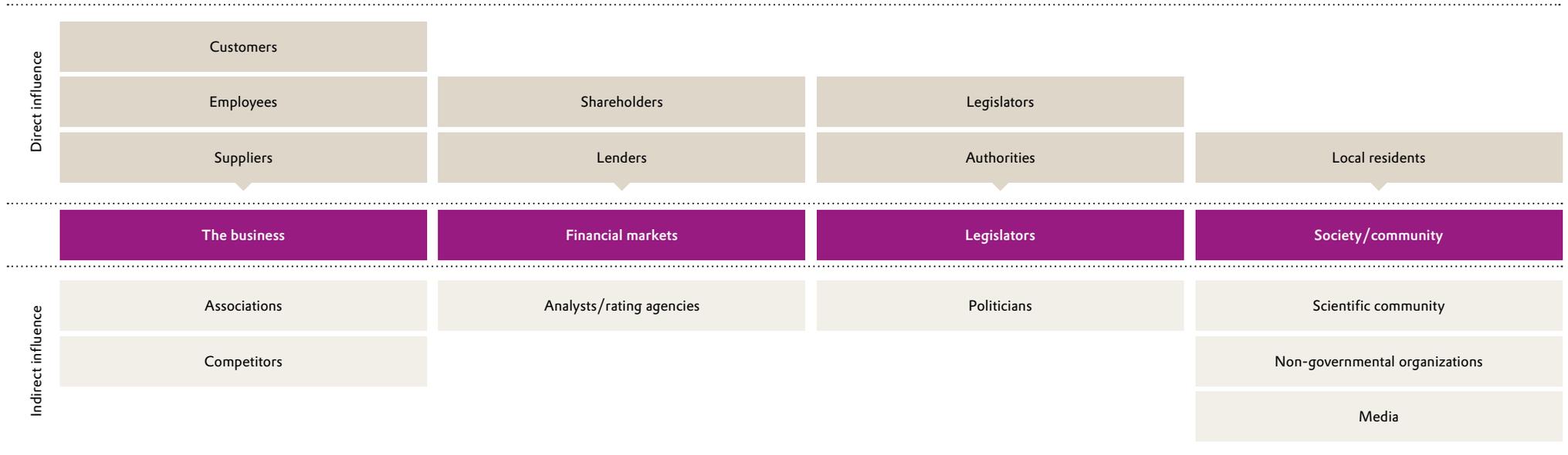
introducing a range of digital formats and sharing the insights gained within the company. 102-48

Our approach to stakeholder engagement includes Evonik’s regions and their wide-ranging contacts. In general, we take care to ensure the widest possible coverage of operational, political, social, and community perspectives. 102-21, 102-29

When choosing topics for our specific dialogue formats, we are guided by our materiality analysis. We also use these events to validate and, where relevant, fine-tune the relevance of issues. Chart c08 Stakeholder engagement in 2020 contains an overview of the topics and formats.

Stakeholder groups and their influence on Evonik 102-40

C07



Stakeholder engagement in 2020  102-21, 102-40, 102-43, 102-44, 102-47

C08

Stakeholder groups <sup>a</sup>	Examples of stakeholder engagement <sup>b</sup>	Key issues	Stakeholder groups <sup>a</sup>	Examples of stakeholder engagement <sup>b</sup>	Key issues
Customers	<ul style="list-style-type: none"> <li>Exchange on life cycle assessments</li> <li>Sustainability workshop</li> <li>Dialogue with leading tire manufacturers</li> <li>Evonik Petrochemical Network Week</li> <li>Exchange on the "Supplier Sustainability Balanced Scorecard"</li> </ul>	<ul style="list-style-type: none"> <li>Quality, reliability of supply, prices</li> <li>R&amp;D/innovation</li> <li>Responsible management and human rights</li> <li>Support to help customers achieve their sustainability targets</li> </ul>	Legislators	<ul style="list-style-type: none"> <li>Federal Ministry of Economic Affairs and Energy kick-off meeting on future dialogue with the chemical and pharmaceutical industry</li> <li>German government's Sustainable Finance Committee</li> <li>Dialogue with regional and national politicians</li> </ul>	<ul style="list-style-type: none"> <li>Responsible management and human rights</li> <li>Plant safety, occupational safety, transportation safety/logistics</li> <li>Climate change, water management</li> <li>Appeal as an employer</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Evonik learning sessions e.g., on sustainability, human rights, innovation</li> <li>Evonik workshop on closing carbon cycles</li> <li>Regular dialogue with the Evonik regions on various sustainability topics</li> <li>Employee development reviews</li> <li>Intranet, blogs, employee magazine</li> <li>Internal social media platforms ("communities")</li> </ul>	<ul style="list-style-type: none"> <li>Wages and salaries</li> <li>Vocational and advanced training</li> <li>Plant safety, occupational safety, transportation safety/logistics</li> <li>Work-life balance</li> <li>Leadership quality</li> <li>Current business development</li> <li>In-house changes</li> <li>Customer focus</li> <li>Diversity and equal opportunities</li> <li>Digitalization</li> </ul>	Authorities	<ul style="list-style-type: none"> <li>Talks with authorities</li> </ul>	<ul style="list-style-type: none"> <li>Climate change, water management</li> <li>Plant safety, occupational safety, transportation safety/logistics</li> <li>Permitting procedures</li> <li>Responsible management and human rights</li> <li>Appeal as an employer</li> <li>Efficient use of scarce resources/circular economy</li> <li>Tax audits</li> <li>Binding information on tax issues</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>TfS and EcoVadis webinars with Latin American suppliers</li> <li>Evonik workshops with strategic suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Price, quality, payment practice</li> <li>Responsible management and human rights</li> <li>Plant safety, occupational safety, transportation safety/logistics</li> <li>Climate change, water management</li> </ul>	Local residents <sup>c</sup>	<ul style="list-style-type: none"> <li>Magazines for local residents</li> <li>"Freundeskreis" neighborhood network</li> </ul>	<ul style="list-style-type: none"> <li>Plant safety, occupational safety, transportation safety/logistics</li> <li>Appeal as an employer</li> <li>Local activities</li> <li>Current business performance and outlook</li> <li>In-house changes</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Virtual shareholders' meeting</li> <li>Roadshows/conferences</li> </ul>	<ul style="list-style-type: none"> <li>Attractive dividend policy</li> <li>Current business performance and outlook</li> </ul>	Lenders	<ul style="list-style-type: none"> <li>Talks with rating agencies</li> <li>Talks with lenders, including sustainability investors</li> </ul>	<ul style="list-style-type: none"> <li>Ratings and rankings</li> <li>Corporate strategy</li> <li>Current business performance and outlook</li> </ul>

<sup>a</sup> Only includes stakeholders with a direct influence.<sup>b</sup> Fewer stakeholder dialogue events were held in the reporting period because of the pandemic.<sup>c</sup> Around Evonik sites.

## Advocacy

Advocacy is the foundation of the democratic decision-making process. Evonik gets involved in public debate and is a partner in opinion-forming processes at regional, national, European, and international level.

Our offices in Berlin and Brussels play an important role in this. Our employees network with politicians, the general public, and trade associations support them in shaping political conditions, and are actively involved in consultations, hearings, and discussions.

This dialogue is legitimized by transparency. Evonik therefore explicitly welcomes the intention of the coalition parties in Germany to pass lobby transparency legislation in the present legislative period.

Extensive monitoring of the topics of relevance for the Evonik Group allows timely identification of regulatory trends that could affect specialty chemicals and enables us to play a constructive part in the associated consultations and commentary processes. Topics that are particularly relevant for Evonik include environmental policy, environmental regulation, the climate, energy, resource efficiency, industrial policy, agriculture, and the bioeconomy.



Agriculture and the bioeconomy are topics of particular relevance for Evonik's advocacy activities.

## Our positions

We maintain a regular dialogue with politicians on environmental policy and regulation. Focal areas include the digitalization of permitting processes, for example, through legislation to ensure a reliable planning base, as well as safeguarding knowledge and protection from external attacks. Other relevant issues are the planned amendment of the German Clean Air Act (TA Luft) and the possible classification of certain silicones as substances with persistent toxic properties. Here, we are actively engaged in advocacy together with the European Chemical Industry Council (Cefic).

Evonik supports the objectives of the Paris Agreement on Climate Change (see "The environment"). The focus is on the European Climate Law 2050, adjustment of the climate targets of the European Union (EU) for the period up to 2030, and all related legislative processes.

Evonik is continuing to renew its energy infrastructure in Marl (Germany), its largest site worldwide. When the new power plants come into service in 2022, the Evonik Group will no longer use hard coal for electricity or steam generation at any of its sites worldwide. This step is an important contribution to achieving our climate target of halving absolute scope 1 and scope 2 greenhouse gas emissions by 2025. In the context of German legislation on phasing out coal, Evonik has lobbied to maintain full state aid for climate-friendly co-generation plants that were approved before the legislation was passed.

In the area of resource efficiency, we want our products and solutions to contribute to a circular economy for plastics with greater scope for recycling. In 2020, we concentrated on the EU action plan for the circular economy. Among other things, Evonik supports a legislative basis for chemical recycling, including taking this into account in national



Construction of the new gas and steam turbine power plant in Marl (Germany).

recycling quotas. In addition, we are involved in the European Chemicals Strategy for Sustainability. Our engagement is geared, among other things, to ensuring a stable regulatory framework. In industrial policy, the focus is on the EU industrial strategy presented in spring 2020.

The farm-to-fork strategy aims to place the food system in the EU on a sustainable basis. In agriculture and bioeconomy, Evonik supports approaches aligned to sustainable nutrition of agricultural livestock, which make a contribution to improving animal welfare and food quality as well as reducing surplus feed in the environment.

Information on donations to political parties and anti-corruption measures can be found in "Governance and compliance"  p. 25.

## Our materiality analysis

**Our sustainability activities are systematically aligned to materiality. The results of our materiality analysis are grouped in six areas of action, which also provide the basic structure for this report.**

The last extensive review of our materiality analysis was in 2018. This comprised asking our stakeholders about the most important sustainability issues for Evonik. A distinction was made between stakeholders with direct and indirect influence. The participants at our stakeholder dialogues formed the basis for our survey. In addition, we asked internal experts, employee representatives, and specialists from the Evonik regions for their opinions. Particular attention was paid to both the positive and negative impacts of Evonik's business activities along the value chain.

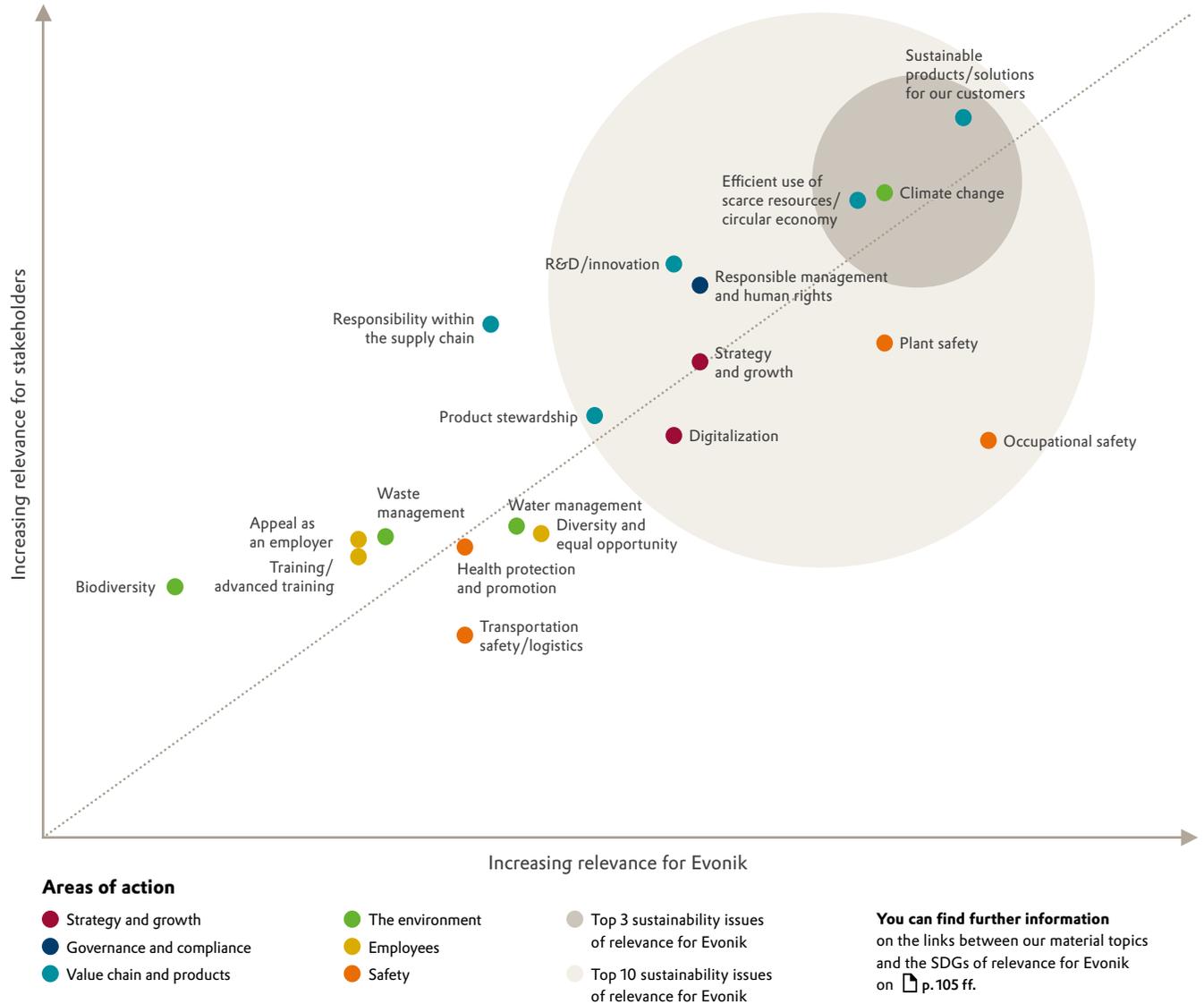
102-40, 102-42, 102-43, 102-46, 102-48, 102-49

Chart c09 Materiality analysis 2020 shows the opinion of our stakeholders and internal experts on the most important sustainability topics for Evonik. The top three topics are

- sustainable products/solutions for our customers
- climate change
- efficient use of scarce resources/circular economy.

Materiality analysis 2020 102-44, 102-46, 102-47, 102-48, 102-49

C09



These were the focus of our work in 2020. This is reflected directly in our targets to reduce scope 1, 2, and 3 CO<sub>2</sub> emissions, which are an important part of our Sustainability Strategy 2020+. In addition, it is reflected by our new energy target and our increased activities relating to the circular economy. This report is also systematically aligned to the materiality criterion.

In 2020, we reviewed the material sustainability topics for Evonik via a media and peer group analysis. The topics we identified in this analysis were the same as those identified in our materiality analysis in 2018. We intend to conduct an extensive update of our materiality analysis roughly every three years. In the meantime, we are driving forward the topics already identified.

For the sustainability topics defined in our materiality analysis, there is an anonymous complaints mechanism for both employees and external stakeholders. One important tool in this context is our whistleblower system (see "Governance and compliance" p.32 ff.).

**Our influence along the value chain**

In 2020, we continued to develop our analysis of Evonik's influence along the value chain and increased the level of detail. In addition to the influence in aggregated areas of action, for the first time, we looked at the impact on the basis of our 19 material sustainability aspects.

**Areas of action and impact of Evonik's business along the value chain** ⓘ 102-46, 102-47

C10

Areas of action and SDGs of relevance for Evonik	Key topics	Influence along the value chain		
		Supply chain	Evonik	Application
<b>Strategy and growth</b> 	Strategy and growth	Medium	High	Medium
	Digitalization	Low	High	Medium
<b>Governance and compliance</b> 	Responsible management and human rights	Medium	High	Low
<b>Value chain and products</b> 	Responsibility within the supply chain	Medium	High	None
	R&D/innovation	Low	High	Medium
	Efficient use of scarce resources/ circular economy	Medium	High	Low
	Sustainable products/ solutions for our customers	None	High	High
	Product stewardship	Low	High	Medium
<b>The environment</b> 	Climate change	Medium	High	Medium
	Water management	None	High	None
	Waste management	None	High	None
	Biodiversity	None	Medium	None
<b>Employees</b> 	Appeal as an employer	None	High	None
	Diversity and equal opportunity	None	High	None
	Training/advanced training	None	High	None
<b>Safety</b> 	Occupational safety	Low	High	None
	Plant safety	None	High	None
	Protecting and promoting health	None	High	None
	Transportation safety/logistics	Medium	High	Medium

■ High ■ Medium ■ Low ■ None

For this, we developed an estimate of the possibilities and limits of our influence along the value chain. The decisive factors affecting the extent of our influence are the criteria outlined above, in other words, the existence of management systems, metrics, targets, and governance systems. From this, we derived the reporting boundaries.

These specify whether we monitor and manage the topics within our organization or externally. This was also included in the assessment of our influence. We examine the issues from a reporting perspective. Apart from climate change, the topics in

the environment area of action are examined exclusively within our organization. In this area of action, our metrics, governance systems, etc., therefore relate to Evonik and not to the supply chain or applications. The same applies to topics in the employees area of action.

For all topics apart from biodiversity, we have a high influence in the value chain shown in chart C10 at the Evonik level because, in addition to metrics and governance systems, we have developed management systems for the 19 material sustainability topics for our business.

**Classification of the extent of our influence**  102-46

T03

Influence	Criteria
<b>High</b>	Direct influence because management is possible using our own management systems, metrics, and governance systems. We set and monitor the targets.
<b>Medium</b>	Indirect influence. The same criteria as for a high level of influence are met, with the exception of our own management systems.
<b>Low</b>	Little influence. Limited decision-making scope; decisions are taken by others (e.g., customers). We cannot directly define metrics and targets. The management systems are owned by others and are outside our organization. We can only make basic decisions based on our governance systems (e.g., to enter into or end a business relationship).
<b>None</b>	No influence. There are no management systems; Evonik does not have its own targets, metrics, or governance systems.

STRATEGY AND GROWTH

Our targets

## Our targets

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

### Target attainment in 2020<sup>1</sup>

-  Complete the sustainability analysis 2.0 by year-end 2020

### Target for 2021 and beyond

At least 35 percent of sales should come from Next Generation Solutions

-  Target not achieved
-  Target partially achieved or target horizon extends beyond 2020
-  Target achieved

<sup>1</sup> The results of the sustainability analysis in 2020 were outside the scope of the assurance review by PwC.



**Gevitha Selvakumar**  
Employee at  
our site in Essen

**GOVERNANCE AND COMPLIANCE**

**26 Responsible corporate governance and human rights**

- 26 Strategy and management  102-12, 102-13, 102-16
- 27 Human rights  406-1, 407-1, 408-1, 409-1, 103-2
- 28 Corporate governance  102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-27, 102-28, 102-35, 102-36, 405-1
- 30 Opportunity and risk management  102-15, 102-29, 102-30, 201-2
- 30 Compliance  102-11, 102-33, 102-34, 102-17, 307-1, 103-2, 407-1, 205-1, 205-2, 205-3, 206-1, 419-1
- 35 Cybersecurity
- 36 Management of data protection  418-1
- 36 Tax  207-1, 207-2, 207-3
- 37 Donations to political parties  415-1

**37 Our targets**

**Responsible corporate governance and human rights**

**Responsible corporate governance does not simply involve complying with the law and respecting human rights. It also includes internal regulations and binding voluntary commitments. We are committed to fair competition, we comply with cartel and antitrust law, and we forbid any form of corruption.**

**Strategy and management**

Evonik is committed to observing internationally recognized standards and its 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

global social policy and our environment, safety, health, and quality (ESHQ) values. In addition, the executive board has adopted a policy statement on human rights. Human rights are also included in our code of conduct.

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<sup>1</sup> 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 violation of our code of conduct. Evonik has issued a special code of conduct for suppliers, which sets out binding requirements (see “Value chain and products”  p.39).

**Voluntary commitments  102-16**

**C11**

Internal	External	
Code of Conduct for Evonik employees	econsense—Forum for Sustainable Development of German Business	Chemie <sup>3</sup>
Global Social Policy	ILO—International Labour Standards	Global Reporting Initiative
Our Values for the Environment, Safety, Health, and Quality	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

<sup>1</sup> 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).

Our global social policy sets out the principles of social responsibility for our employees. As a member of the UN Global Compact, we have given an undertaking that, within our sphere of influence, we will respect and promote labor rights and human rights, avoid discrimination, protect people and the environment, and fight against corruption. In addition, we want to 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.17).

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, and safety. Our ESHQ values define protecting people and the environment as core elements of our actions. Together with more detailed policies and procedures, they form Evonik's ESHQ 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<sup>3</sup>, the sustainability initiative of the German chemical industry. Evonik is also a member of the World Business Council for Sustainable Development (WBCSD) and is committed to its Vision 2050. We regularly report our climate and water performance to the CDP. Since 2020, we have also reported our contribution to deforestation-free supply chains.

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

### Human rights

Respecting human rights is a central element in corporate responsibility. We address the associated obligations throughout the company and along the value chain within our sphere of influence.

### Our management approach

Evonik has various tools, principles of conduct, and guidelines to ensure we observe our human rights obligations. The fundamental importance of human rights for Evonik is reflected in the executive board's policy statement on human rights, which is based on the Universal Bill of Human Rights, the International Labor Standards issued by the International Labour Organization (ILO), and the OECD's Guidelines for Multinational Enterprises. Human rights are part of our code of conduct and also form the basis for our global social policy. The human rights demands made on our suppliers are set out in a separate code of conduct. We regularly check compliance through our supplier validation and evaluation processes (see "Value chain and products"  p.40).

We have drawn up a risk map showing potential human rights and labor law risks at country level. This tool is continuously updated. It also provides an insight into the risks in our major supplier countries. For this we use, among other things, MVO Netherlands' CSR risk check. In accordance with the policy statement on human rights, we use this to define and implement measures to raise awareness, for example, training in human rights.

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### Human rights tools

#### Guidelines and principles of conduct

- Policy statement on human rights
- Code of conduct
- Global social policy
- Our values for the environment, safety, health, and quality
- Code of conduct for suppliers
- General terms and conditions of purchase
- Safety at Evonik initiative
- Group-wide ESHQ policy

#### Control and risk management systems

- Human rights risk map
- Supplier validation and evaluation
- Business partner reviews
- Whistleblower hotline

#### Transparency and reporting

- Sustainability report
- Separate combined non-financial report
- National action plan on business and human rights
- Reporting in compliance with the UK Modern Slavery Act
- Reporting in compliance with the California Transparency in Supply Chains Act
- Responsibility website  [www.evonik.com/responsibility](http://www.evonik.com/responsibility)

Clear structures and processes are in place for the validation and assessment of our suppliers. As well as employment and social standards, these cover aspects of human rights.

The business partner validation tool introduced in 2020 includes an adverse media check to identify possible violations of human rights. Appropriate countermeasures are taken in the event of a suspected violation of human rights. The system is also used to monitor such measures (see “Compliance”  p.33).

#### *Complaints mechanisms*

Violations of human rights can be reported to Evonik via a whistleblower system run by a third party. This enables employees and external parties (e.g., suppliers, customers, and other business partners) to report suspected breaches of human rights. The anonymity of the whistleblower is protected. All allegations are investigated internally. In 2020, no suspected violations of human rights were reported.

#### *Awareness-raising activities*

In view of the increasing importance of human rights in global supply chains, we believe it is necessary to raise the awareness of employees and business partners and sharpen their compliance with human rights. We have therefore developed human rights training activities, which have been extended in recent years. They include face-to-face sessions, training via internal communication platforms, and e-learning modules for our employees worldwide. The courses give participants a basic overview of human rights, present the relevant Evonik regulations, and show how they relate to the applicable human rights and labor rights. They include exercises for the participants to complete. Human rights are also an integral part of compliance training on our code of conduct, which is compulsory for all employees.

#### *Transparency and reporting*

Transparent presentation of our human rights activities is an important part of our duty of care.

We provide information via various channels, such as our separate combined non-financial report<sup>1</sup>, our sustainability report, and our responsibility website.

We have published our annual statement on the UK Modern Slavery Act on our website. This contains information on the action we take to prevent modern slavery. In compliance with the California Transparency in Supply Chains Act, our US website contains information for consumers about our measures to prevent new forms of slavery.

#### **National action plan and human rights**

The German government’s national action plan on business and human rights (NAP) is an initiative to improve the human rights situation throughout the value chain. The German government monitors the implementation of core elements of the duty to respect human rights. In 2019, we took part in this review through our Nutrition & Care business. In 2020, Performance Materials, Resource Efficiency, and Technology & Infrastructure participated. The government will use the findings to decide on possible legislation.

#### **Activities in 2020**

Evonik continuously reviews and develops its human rights processes and activities. In the reporting period, we further improved our measures to raise awareness and our risk management.

#### **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. Respecting and applying the principles of corporate governance are important management tasks.

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These principles relate mainly to collaboration within the executive board and supervisory board and between these two boards. They also include the relationship between Evonik and 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.

#### **Executive board** 405-1

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. For details of the executive board’s overall responsibility for sustainability, see “Strategy and growth”  p.14. The executive board discusses sustainability at its meetings several times a year, especially aspects relating to the environment, safety, and society.

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<sup>1</sup> as part of the diversity concept. These include, for example, a suitable mixture of ages 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, 2017 through June 30, 2022, the supervisory board has raised the target for the proportion of women on the executive board from 20 percent to 25 percent.

<sup>1</sup>  [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)

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, 2020 through December 31, 2020, the executive board set a target of 27.3 percent female managers at the first management level below the executive board and 25.0 percent female managers at the second management level<sup>1</sup>. At year-end 2020, the proportion of female managers was 26.9 percent at the first management level and 26.3 percent at the second management level. The target for the first management level was not quite achieved due to a corporate restructuring project, but the target for the second management level was exceeded. For the period from January 1, 2021 through December 31, 2024, the executive board has set a target of 30 percent female managers for the first and second management levels.

### 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, a finance and investment committee, an innovation and research committee, a nomination committee, and the mediation committee required by the German Codetermination Act.

The executive board provides regular, timely, and extensive information for the supervisory board on all matters of relevance for the company. Major sustainability aspects are included in

## FIRST VIRTUAL SHAREHOLDERS' MEETING

*Because of COVID-19, Evonik held its first-ever virtual annual shareholders' meeting in August 2020. It was very successful: Communication with shareholders via the online tool went very smoothly. The tool enabled them to submit questions to the executive board before the meeting, follow the meeting on the internet, and exercise their voting rights. I think a virtual format could well become established for shareholders' meetings after the pandemic. First, we need a debate about the form and content and a permanent legal basis.*

### Dr. Dirk Büscher

Legal Compliance & Audit, IP Management | Corporate Law  
Location: Essen (Germany)



context. On this basis, Evonik's sustainability activities were discussed at several meetings of the supervisory board in 2020. In accordance with the provisions of the German Codetermination Act, the supervisory board comprises twenty 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 seven women and 13 men. Women therefore make up 35 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<sup>2</sup> 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.

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.

[102-21](#), [102-22](#), [102-23](#), [102-24](#), [102-25](#), [405-1](#)

<sup>1</sup> These targets relate to Evonik Industries AG.

<sup>2</sup> [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)

*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 significant sustainability topics, occupational safety (accident frequency and severity) influences the remuneration of the executive board. The remuneration report in the financial report 2020 contains further information on the remuneration of the executive board and supervisory board. [📄 102-36, 102-37](#)

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 results are confidential and are not published. [📄 102-38, 102-39](#)

**Opportunity and risk management**

Evonik is exposed to a range of influences that may constitute either opportunities or risks. Timely identification and mitigation of risks is therefore the basis of our extensive risk and opportunity and risk management. [📄 102-15, 201-2](#)

Non-financial risks are included in our conventional risk reporting. Our established risk management system also systematically captures and monitors non-quantifiable sustainability risks over a longer time horizon. All organizational units are required to update their risk reports, including sustainability risks, every quarter and to immediately report any ad-hoc risks, even outside

the regular reporting intervals. Further information can be found in the opportunity and risk report in the financial report 2020.

We are following the objectives of the **Task Force on Climate-related Financial Disclosures (TCFD)** very closely and address them in one of our cross-functional working groups. In 2019, for the first time, we aggregated climate-related opportunities and risks in the categories defined by the TCFD: governance, strategy, risk management, and metrics and targets, and published these in our financial report and sustainability report (see “Basis of reporting” [📄 p.104 ff.](#)).<sup>1</sup>

We continuously develop our risk management system and align it to new requirements. In fall 2020, we embarked on a project to determine the extent to which our risk management system

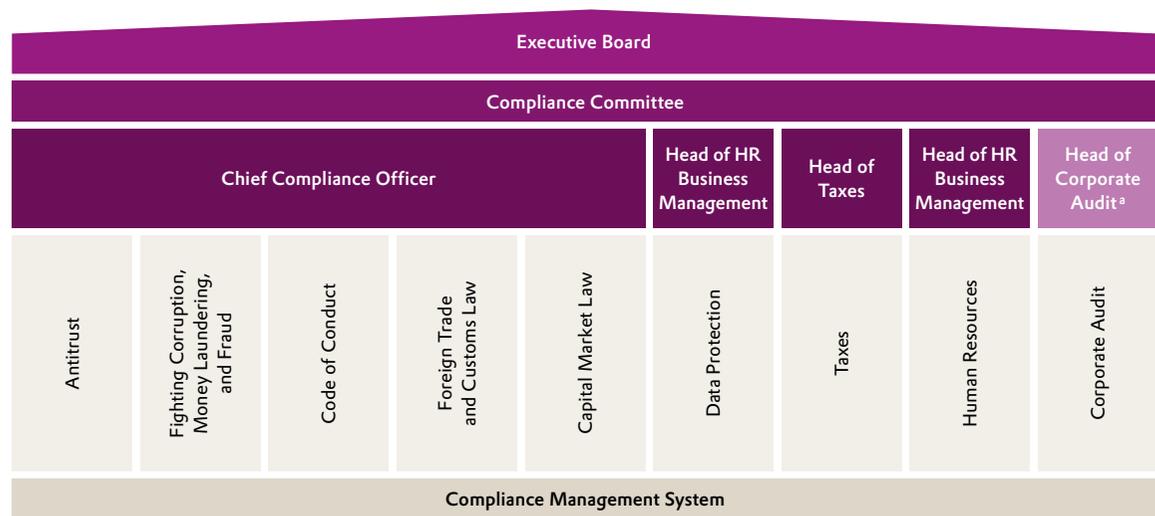
already meets the TCFD requirements and the scope for optimization. This process comprised a comparison with good practice examples from the chemical industry. Various measures to drive forward the development of our risk management system will be discussed on the basis of the insights gained. To strengthen the focus of the present system on climate-related opportunities and risks, the annual meeting of risk coordinators in 2020 was once again used to heighten awareness of the rising importance of sustainability opportunities and risks.

**Compliance**

The compliance areas of specific relevance to Evonik are bundled in a House of Compliance. Each area defines and monitors relevant rules for its compliance-related issues and the voluntary commitments entered into by Evonik.

**House of Compliance** [📄 102-16, 102-17, 205-1, 403-2](#)

C12



<sup>a</sup> Advisory role.

<sup>1</sup> Outside the scope of the limited assurance review by PwC.

**Compliance Management System (CMS)** ⓘ 102-17, 205-1, 403-2, 407-1, 408-1, 409-1

C13



Responsibility for the environment, safety, health, and quality is bundled in a corporate function with the same name (see “The environment” ⓘ p.63).

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. Final responsibility for this rests with the executive board, which defines the key elements and ensures they are observed. The supervisory board’s audit committee monitors 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 Corporate Audit. Corporate 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.

**Compliance management system**

The compliance management system is based on the values and targets adopted by the executive board. Its main aim is to avoid, or at least minimize, violations and the associated risks. The objective is to identify violations and impose sanctions based on their severity. The heads of the compliance departments ensure that the compliance management system is appropriate and effective for the respective compliance issues.

*Principle of prevention*

Tools used to avoid potential compliance risks include risk analysis, training, raising awareness, and providing advice. We examine all sites, not just individual business locations, with a view to the topics covered by the House of Compliance such as corruption risks.

To identify potential risks as early as possible, every unit is required to perform regular **risk analyses**. Based on the results of these risk analyses, each organizational unit issues binding standards 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. As soon as a topic is examined, the main risks are reported to the management and governance bodies at the company concerned, irrespective of their type and extent. A regular risk analysis is undertaken in the compliance areas fighting corruption, antitrust law, and preventing money laundering. An extensive risk analysis in the area of fighting corruption was carried out between 2015 and 2017, followed by a special risk assessment for Procurement between 2018 and 2020. Taking the mitigating measures into account, this did not identify any significant compliance risks in the fight against corruption. So far, this wide-ranging process has been scheduled every three to five years, with significant changes in the risk situation giving rise to a specific review during the period.

In the reporting period, the House of Compliance initiated a project to establish common standards for a compliance risk analysis of the relevant organizational units in 2021. In addition, the risk analysis process is to be digitalized, which will allow analyses to be performed more frequently if necessary.

Group-wide training concepts have been developed for all aspects bundled in the House of Compliance. They define the type, frequency, and content of **training** and the target groups. Each organizational unit is responsible for realizing these concepts. We pay special attention to training in the areas of antitrust law, fighting corruption, and the code of conduct. Participants are allocated to three groups on the basis of risk. See table **T04**:

**Uniform global training concept**

**T04**

Criterion	Description
Topics covered	Antitrust law
	Fighting corruption
	Code of conduct
	Anti-money laundering
Selection of target group	Job function and qualifications
	Uniform risk criteria
	Risk level: none—low—high
	Differentiation between compliance issues
Frequency <sup>a</sup> and type	Low risk: every three years → mandatory e-learning sessions
	High risk: approx. every 2 or 3 years → mandatory face-to-face and e-learning sessions (alternating)

<sup>a</sup> Training can be held more frequently if necessary, e.g., if there are changes in the legal framework or statutory requirements.

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 allows timely identification and evaluation of risks. In training sessions, employees are given information on where they can seek advice.

*Principle of detection*

Tools used to identify potential compliance risks include our whistleblower system and investigations.

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. There is also an anonymous **whistleblower system** managed by an independent party for the reporting of possible compliance violations. Both employees and external parties such as business partners can report suspected compliance violations to Evonik without any technical risks that their identity will be disclosed. Anonymous reports are possible on all key compliance issues and are automatically forwarded to the department responsible for the relevant compliance topic.

Evonik investigates all alleged violations and treats all information with the greatest possible confidentiality. We do not tolerate any disadvantage to employees who report possible or actual violations or cooperate in the investigation of such violations.

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**Whistleblower System at Evonik** 102-17

**C14**



<sup>a</sup> External Whistleblower System. Guarantees anonymity, if desired by whistleblower.

Internal **investigations** into alleged compliance violations, along with possible improvements and sanctions, are based on uniform principles and standards. These are applicable for all units that perform internal investigations, not just those in the House of Compliance.

Every organizational unit must regularly check the appropriateness and effectiveness of its compliance management system. In addition, regular **reviews** are performed by Corporate Audit.

*Principle of response*

Suitable measures are taken to end the violation and minimize the risk. Depending on the severity of the case, disciplinary action ranges from warnings or reprimands to redeployment or dismissal. Where appropriate, further action is taken to raise awareness, for example, through training.

We present the principal risks, incidents, and measures taken in an annual compliance report, which is submitted to the supervisory board's audit committee, the executive board, the heads of the divisions, and the management board of Evonik Operations GmbH. Furthermore, where necessary, the executive board, heads of divisions, the management board of Evonik Operations GmbH, and other line managers receive immediate information on material risks, violations of rules, and compliance-related developments.

**Compliance rules for business partners**

Evonik has issued a special code of conduct for suppliers, which sets out binding requirements (see "Value chain and products" p.39). 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. 102-17

**Business Partner Assessment at Evonik**

C15

**5. Measures & monitoring**

- By departments, e.g.,
  - Measures to raise awareness
  - Monitoring
  - Notification of authorities
  - Termination of business relationship
- Legally secure documentation

**4. Evaluation**

- Evaluation of findings by departments based on pre-defined criteria
- Uniform traffic light system
- Involvement of other departments via a workflow-based IT solution



**1. Business partners**

- Defined by the relevant departments
- Basically, all types of business partners

**2. Initiators**

- Abstract criteria defined by the relevant departments
- External drivers, e.g., laws and standards
- Internal drivers, e.g., Evonik internal regulations

**3. Screening and pre-evaluation**

- By an external provider
- Various levels, e.g.,
  - Database searches, sanctions and watch lists
  - Media & internet
  - Corporate structure and ultimate beneficial owner
  - On-site verification

**Our activities in 2020**

102-17, 407-1, 408-1, 409-1, 418-1

The measures implemented in 2020 include:

- Successful auditing of the compliance management system on fighting corruption by the external auditor in accordance with IDW PS 980
- Prevention of money laundering: drawing up an anti-money laundering policy and programming and introducing a supporting application

- Group-wide project to harmonize the requirements for analyzing business partners. Implementation of an IT-based business partner audit process that is used jointly by various organizational units within the Evonik Group; the process includes documentation of the countermeasures taken.

## Training

For the compliance areas antitrust law, fighting corruption, anti-money laundering, and code of conduct, we report a training rate for 2020. 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. The chief compliance officer normally reports to the executive board once a quarter on the present status of compliance, including fighting corruption. In the reporting period, face-to-face training sessions were suspended at times due to the coronavirus pandemic or replaced by webinars. For this purpose, we developed and introduced a concept to automatically confirm participation. To provide further support for employees in preventing money laundering, a mandatory e-learning module was developed and rolled out in twelve languages. This is aimed at all employees whose work could expose them to money-laundering issues, for example, in customer relationship management, setting payment terms, and managing payments. New e-learning modules on antitrust law were procured and rolled out in five languages. [205-1](#), [205-2](#)

## Internal investigations

Group-wide, 130 internal investigations into suspected violations of compliance rules were conducted in 2020. Based on the investigations concluded by year-end, 110 measures were taken: 22 employees were dismissed and another six received a warning or reprimand. In addition, criminal proceedings were initiated in seven cases. Other, specific measures were taken in 75 other cases. [307-1](#)

## Compliance training and training rate 2020<sup>a</sup>

T05

	Anti-money laundering		Antitrust law		Fighting corruption <sup>b</sup>		Code of conduct	
	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %	Training candidates, total	Training rate in %
<b>Worldwide</b>	<b>4,670</b>	<b>82</b>	<b>4,331</b>	<b>88</b>	<b>12,772</b>	<b>88</b>	<b>29,204</b>	<b>89</b>
<b>Management functions</b>	<b>2,041</b>	<b>82</b>	<b>2,761</b>	<b>87</b>	<b>7,004</b>	<b>87</b>	<b>7,887</b>	<b>87</b>
Executives <sup>c</sup>	34	85	118	91	165	91	165	91
Senior management <sup>d</sup>	96	85	279	90	450	88	454	88
Other management levels <sup>e</sup>	1,911	82	2,364	86	6,389	86	7,268	87
<b>Non-management functions</b>	<b>2,629</b>	<b>82</b>	<b>1,570</b>	<b>91</b>	<b>5,768</b>	<b>91</b>	<b>21,317</b>	<b>89</b>
<b>Job functions</b>								
Production & Technology	0	0	115	90	3,181	89	12,304	87
Innovation Management	0	0	676	84	2,627	94	4,578	94
Marketing & Sales	1,580	83	1,444	88	1,526	77	1,608	78
Administrative functions	3,090	82	2,096	90	5,438	88	9,518	89
Other <sup>f</sup>	0	0	0	0	0	0	1,196	90
<b>Regions</b>								
Asia-Pacific	1,097	81	1,012	89	2,039	86	3,461	86
Central & South America	264	58	162	78	337	62	668	67
Europe, Middle East & Africa	421	82	382	90	685	73	1,595	77
North America	729	70	726	82	2,008	84	4,708	80
Germany	2,159	89	2,049	91	7,703	93	18,772	93

<sup>a</sup> The training rate is defined as the number of training candidates with a valid certificate relative to the total number of training candidates on December 31, 2020. All training reported in the system is included.

<sup>b</sup> We do not explicitly provide the disclosures on training of business partners required by GRI 205-2.

<sup>c</sup> Executives = executive functions, i.e., top management functions in the Evonik Group.

<sup>d</sup> Senior management = senior management functions, i.e., key functions in the segments, regions, service units, and corporate divisions.

<sup>e</sup> Other management levels = further management functions.

<sup>f</sup> Other functions = apprentices, apprentices outside Germany, non-permanent staff.

**Fines and other sanctions**

In 2020, the annual compliance reporting for the areas in the House of Compliance, Group Security, ESHQ<sup>1</sup>, and IT Security included a structured survey to identify significant fines (> €100,000) and non-monetary sanctions resulting from failure to comply with laws or regulations. No fines or sanctions were imposed in 2020. 📍 419-1

**Legal proceedings resulting from anti-competitive conduct or the formation of cartels and monopolies**

In 2012, the Brazilian antitrust authorities filed proceedings against Evonik in connection with the delivery of methionine in the period prior to 2000. The case was dropped in August 2020. Evonik is of the opinion that this confirms its interpretation of the legal position. 📍 206-1

**Internal investigations in 2020**

**T06**

	2018	2019	2020
<b>Reported potential compliance violations</b>	<b>90</b>	<b>113</b>	<b>130</b>
<b>Disciplinary measures taken<sup>a</sup></b>	<b>106</b>	<b>60</b>	<b>110</b>
Termination of employment contract	7	7	22
Warning or reprimand	19	3	6
Criminal proceedings	7 <sup>c</sup>	3	7
Civil proceedings	--	2	0
Other <sup>b</sup>	64	45	75

<sup>a</sup> In some cases, more than one measure was taken in connection with an investigation.  
<sup>b</sup> Various individual measures, e.g., awareness-raising/training, termination of collaboration with a service partner, termination of a contract, or other specification.  
<sup>c</sup> In 2018, criminal or civil proceedings were initiated in a total of 7 cases; separate data are not available.

<sup>1</sup> Including failure to comply with environmental laws and regulations.

**SUCCESSFUL COMPLIANCE TRAINING DURING THE PANDEMIC**

*During the pandemic, all our anti-corruption training went online. The biggest challenge with virtual training was that the instructor could not see the participants and respond directly to their reactions—in other words, whether they accepted, or rejected or were unsure about a specific point. We therefore integrated an interactive tool so participants could submit ideas and questions anonymously and rate contributions. We also revised the content of our training sessions and added more real case studies so people could take part more actively.*

**Dr. Xiunan Jin**  
 Regional Security, Compliance, Protection | Asia-Pacific  
 Location: Singapore



CORONA SNAPSHOT

CORONA-VIRUS SPECIAL  
 p. 55

**Confirmed incidents of corruption and action taken**

Eight cases of suspected corruption were investigated in the reporting period. In two cases, both in China, the suspicions proved correct. A third case relating to a transaction in the USA was still under investigation when this report was prepared. In the two confirmed cases, four employees were dismissed and the business relationship with a spot trader was terminated. Further, a broadly based audit was undertaken at one of the companies involved. In Evonik’s view, in both cases, appropriate action was taken to prevent a recurrence.

**Cybersecurity**

Cybersecurity affects IT throughout the Evonik Group, including both office systems and IT for operational technology (OT). The chief financial officer 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. 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's cybersecurity framework comprises a binding group-wide functional policy, group-wide standards, and standard operating procedures for IT and OT. To protect its information and IT systems, Evonik uses the international security management system ISO 27001 and, for OT, IEC 62443. In 2020, the IT function was certified under 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 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. This is part of the cybersecurity enforcement program. Among other things, this program classifies our employees in cyberattack protection groups. 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. This ensures we keep a constant eye on the present threats and align our security measures to them. Evonik's cybersecurity performance is measured and evaluated by the external rating agency BitSight using standardized 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. For this, it develops special cybersecurity measures.

Training, videos, and posters are used to heighten awareness and give employees understandable information. For example, we use compulsory online training sessions and interactive training for all system administrators to strengthen the risk awareness of this mission-critical group of employees. In addition, our employees are given regular training to make sure that they are alert to cyber threats. Timely information on current security threats is communicated via the intranet.

### Management of data protection

Global data sharing at Evonik requires appropriate technical and organizational security measures. These are monitored continuously and adapted as necessary. Target group-specific data protection training of employees is mandatory. Information on the relevant requirements and responsibilities is available to all employees on the Evonik intranet. The organization of data protection and rules on reliable processing of personal data,

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Responsible corporate governance  
and human rights

including customer data, are set out, among other things, in the compliance policy and the group-wide data protection policy. The aim of data protection management is to ensure compliance with the regulations, support the functions in implementing them, and monitor the orderly use of data processing. Data protection incidents are dealt with in accordance with the statutory and in-house documentation, information, and reporting obligations.

 418-1

### Tax<sup>1</sup>

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 levying taxes correctly, this includes timely and complete payment of taxes and credibility and transparency in all tax matters. We reject aggressive tax strategies geared exclusively to tax avoidance.

Tax is one of the topics assigned to our House of Compliance, which is responsible for setting minimum group-wide standards for compliance management systems, including tax compliance. In our code of conduct, the executive board has defined principles for tax strategy. These are published on our website.

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 with the authorities. In addition,

<sup>1</sup> Voluntary reporting in accordance with GRI Standard 207: Tax 2019. This section refers to the disclosures of  207-1 bis 207-3.

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.

#### Tax compliance and management of tax risks

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.

A group-wide tax policy sets out this fundamental responsibility, together with the associated tasks, accountability, authorizations, and guidelines for the fulfillment of our tax obligations. This policy defines how those involved work together in order to meet Evonik's obligations, and allocates tasks and responsibilities.

Evonik has a decentralized group-wide risk management system, 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. Information on violation of tax compliance obligations can be reported anonymously via a whistleblower system run by a third party (see "Governance and compliance"  p. 32).

 207-1, 207-2, 207-3

#### Donations to political parties

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. As part of its responsibility to society, Evonik supported the political parties in Germany's coalition government and the centrist opposition parties with donations totaling €105,000. Of this amount, €45,000 was donated to the CDU, €40,000 to the SPD, and €10,000 each to the FDP and Bündnis 90/Die Grünen. Evonik does not make any donations to political parties outside Germany.

In 2020, Evonik renewed and refined its entry in the Transparency Register, the list of lobbyists maintained jointly by the European Commission and European Parliament.  102-25, 415-1

## Our targets

**Below is an overview of the targets set for our governance and compliance area of action.**

### Target attainment in 2020



27.3 percent women at the first management level below the executive board and 25 percent at the second management level by year-end 2020

### Target for 2021 and beyond

30 percent women at both the first and the second management level below the executive board by year-end 2024



Target not achieved

Target partially achieved or target horizon extends beyond 2020

Target achieved



**Jacqueline Skrzeba**  
Employee at  
our site in Marl



VALUE CHAIN AND PRODUCTS

- 39 Responsibility within the supply chain** 📍 102-9, 102-10, 102-16, 103-2, 204-1, 308-1, 308-2, 414-1, 414-2, 407-1, 408-1
- 39 Strategy and management
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- 43 Research & development/ innovation** 📍 201-4
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- 45 Efficient use of scarce resources/circular economy** 📍 301-1, 102-44
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- 46 Palm oil
- 47 Circular economy
- 49 Sustainable products and solutions for our customers** 📍 102-2, 102-6, 102-44
- 49 Strategy and management
- 49 Close collaboration with our customers 📍 102-44
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## Responsibility within the supply chain

**Evonik has a significant influence on society and the environment through its procurement volume. We are aware of this responsibility. Together with our suppliers, we drive forward transparency and sustainability along the value chain.**

### Strategy and management

By selecting suppliers carefully, we do not simply secure and increase their sustainability standards, we also enhance the quality of the entire value chain. On the one hand, we focus on validating and evaluating suppliers, while on the other, we specifically monitor suppliers of certain critical raw materials. We define critical raw materials as all raw materials that could potentially involve a supply risk or reputational risk, for example, conflict minerals and renewable raw materials, including palm oil. We have established special procurement strategies for these critical raw materials. The processes are integrated into a management system, where they are mapped. We have extended our previous target of performing a sustainability evaluation of 90 percent of suppliers of critical raw materials by the end of 2020. We now aim to review the sustainability of all major suppliers of raw materials<sup>1</sup> by the end of 2025.

Continuous dialogue with our suppliers is very important to help us live up to our responsibility. In addition to direct contact to Evonik’s procurement organization, employees at supplier companies always have the option of reporting any issues or problems to our externally operated whistleblower hotline. All cases are examined promptly so that appropriate action can be taken. We did not receive any such reports from our suppliers in 2020.

<sup>1</sup> Annual procurement volume > €100 thousand

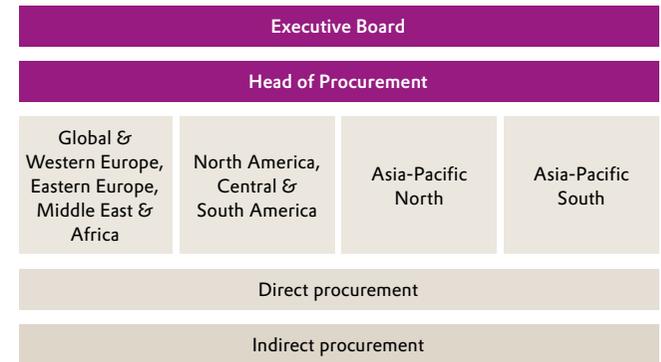
VALUE CHAIN AND PRODUCTS

Responsibility within the supply chain

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.

Evonik’s procurement organization

C16



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 in North and South America.

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. 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 Together for Sustainability.

**Together for Sustainability**

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 Together for Sustainability (TfS) initiative for this purpose in 2011. Evonik is one of the six founding members of this initiative. The aim of TfS is the joint development and implementation of a global assessment and audit program for responsible procurement of goods and services. As well as helping to make environmental and social standards measurable, TfS contributes to improving them.

**Validation and evaluation of suppliers**

We expect our suppliers to share our principles and to act correctly in all respects, which means accepting responsibility towards their employees, business partners, society, and the environment. 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,

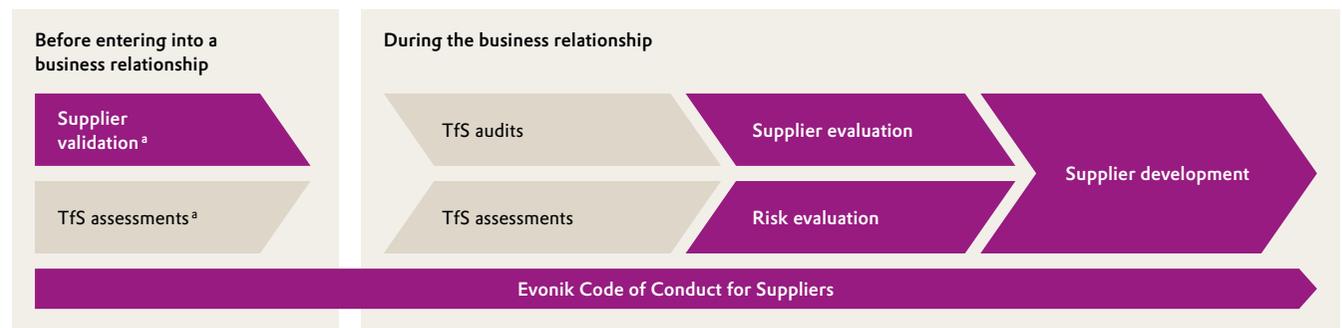
environmental protection, safety, health, and energy management, the assessment of potential risk factors includes corruption prevention, cybersecurity, labor and social standards (the right to freedom of association and collective bargaining), human rights (compulsory, forced, or child labor), conflict minerals, and responsibility within the supply chain. All details are entered online and evaluated using a validation matrix. At present, this takes account of the country-specific situation, not individual operations. All suppliers are informed about corruption prevention and the related measures in our code of conduct for suppliers and our general terms and conditions of purchase. In 2020, we evaluated approximately 2,000 new suppliers. That was over 90 percent of new suppliers. There are plans to revise the code of conduct for suppliers in 2021, because we expect greater transparency from our suppliers at all stages in the value chain in the future.

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. The aim is to safeguard the supply of raw materials and technical goods to Evonik and gain access to new procurement markets and suppliers. In the reporting period, TfS assessments were performed on 163 new suppliers of raw materials, technical goods, and services.

We apply the same care to the evaluation of existing relationships with suppliers. Strategic suppliers are examined regularly as a basis for initiating improvements where necessary. To minimize the risk to Evonik, as part of our management of contractors, evidence, and self-assessments on compliance with the relevant German legislation (MiLoG<sup>1</sup>, AEntG<sup>1</sup>, SGB<sup>1</sup>, and HwO<sup>1</sup>) were obtained and evaluated. [📍 102-16, 407-1, 408-1, 409-1, 414-1, 414-2](#)

**Supplier validation and evaluation**

C17



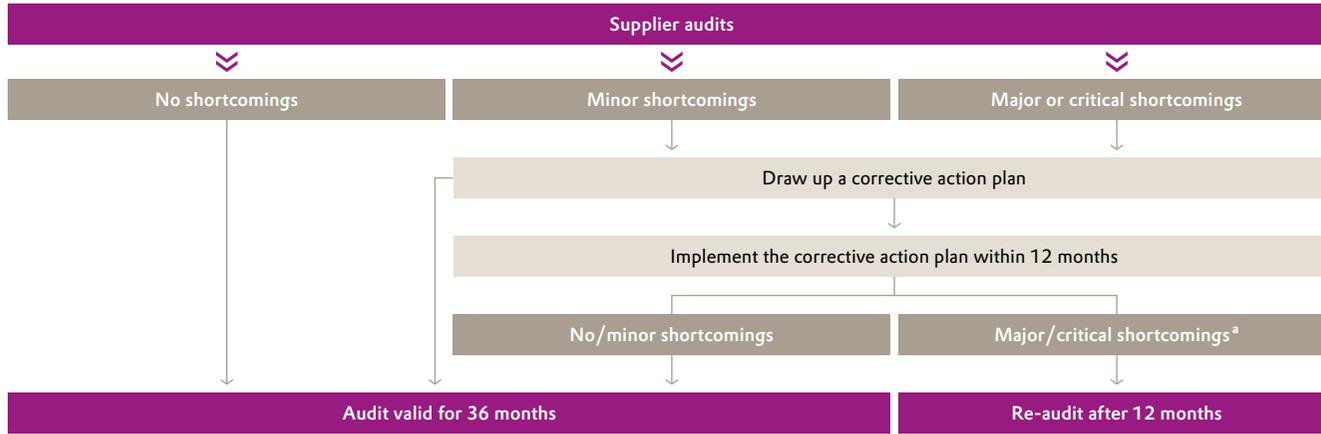
■ TfS process. ■ Evonik process.

<sup>a</sup> Alternatives

<sup>1</sup> MiLoG = German Minimum Wage Act; AEntG = German Employee Secondment Act; SGB = German Social Code; HwO = German Ordinance on Craftsmen.

**Audit escalation process**

**C18**



<sup>a</sup> If the shortcomings are particularly serious and no improvement can be identified, we reserve the right to end our collaboration with the supplier.

There is 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.

**Our activities in 2020**

In 2020, we sourced raw materials and supplies, technical goods, services, energy, and other operating supplies with a total value of around €8.0 billion (2019: €9.4 billion) from around 29,000 suppliers. Local sourcing<sup>1</sup> accounted for around 71 percent of this amount (2019: 77 percent). Raw materials and supplies accounted for 52 percent of procurement volume (2019:

55 percent). Spending on petrochemical feedstocks was around €2.5 billion and accounted for 60 percent of our raw material base. [TFS 204-1](#)

Worldwide, the Tfs member companies initiated 258 audits and around 1,148 assessments in 2020.<sup>2</sup> Evonik initiated 31 of these audits and 186 of the assessments. About 83 percent of our direct and over 55 percent of our indirect procurement volume was covered by Tfs assessments.

By the end of 2019, we had achieved our target of performing a sustainability evaluation of 90 percent of suppliers of critical raw materials by the end of 2020. We have therefore extended our target and now aim to evaluate the sustainability of all major raw material suppliers by 2025. Around 73 percent of major raw

**VALUE CHAIN AND PRODUCTS**

Responsibility within the supply chain

material suppliers had been reviewed using sustainability criteria by year-end 2020.

Chart C19 shows the sustainability performance of our suppliers in the various evaluation categories used by the EcoVadis ratings. Taking all criteria together, around 49% of our suppliers are in the second-highest bandwidth of 65 to 84 points.

A particular focus in the reporting period was the process of following up on audits and assessments. Corrective action was initiated with 13 suppliers, where major or critical issues were identified during audits. In 21 cases, supplier assessments showed that insufficient attention had been paid to sustainability aspects. In these cases, as well, corrective action was initiated. 55 suppliers showed an improvement in the follow-up to the previous audit/

**Sustainability performance of Evonik suppliers**

**C19**



No. of suppliers assessed: 2,648 as of December 31, 2020

<sup>1</sup> For us, local sourcing means deliberate procurement from sources that are geographically close to our production sites.

<sup>2</sup> For further information see [www.tfs-initiative.com](http://www.tfs-initiative.com)

assessment. Shortcomings in the implementation of environmental measures and potential for improvement in occupational safety were also identified in 2020 at suppliers audited by TFS. None of the suppliers evaluated had significant negative impacts on the environment, nor was the scope to improve social aspects of their business activities classified as significant. No cases of child labor or forced labor were identified in on-site inspections, and there were no cases of discrimination or restriction on the freedom of association. [407-1](#), [408-1](#), [409-1](#), [204-1](#)

The total of 2,272 suppliers evaluated comprises audits, assessments, and supplier validations performed by TFS and directly by Evonik.

Active involvement in TFS is important to us. Evonik employees are represented on TFS workstreams in Germany, North and South America, and Asia. Due to COVID-19, in 2020, we held a

webinar for our suppliers in Latin America in collaboration with TFS and EcoVadis. As a member of the TFS initiative, Evonik is also subject to TFS assessments. At the start of 2021, EcoVadis awarded us platinum status for the first time, based on the assessment initiated in 2020. Evonik is therefore one of the highest-rated companies.

### Resilience of our supply chains during the coronavirus pandemic

As an overarching goal, our procurement strategy includes ensuring 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 continuously monitor the business situation of selected suppliers of key raw materials in order to anticipate bottlenecks and mitigate risks. This practice stood us in good

## VALUE CHAIN AND PRODUCTS

Responsibility within the supply chain

stead in respect of the pandemic-related delivery risks. Consequently, we were able to maintain supply during the coronavirus crisis, despite the production stoppages and logistics restrictions, and therefore mostly avoided the negative effects. Constant evaluation of the risks within our supply chains is necessary due to the increasing volatility. Therefore, we steadily develop our risk management.

### Reducing carbon emissions along the upstream value chain

We want to reduce our absolute scope 3 emissions from the upstream value chain—principally from our “raw material backpack” by 15 percent by 2025 (reference base: 2020). To address this, we therefore set up a team of experts in 2019. This team held further intensive talks with suppliers of key raw materials in 2020 and drew up a project charter comprising a wide range of projects to reduce scope 3 emissions. In addition, many ideas on how to avoid scope 3 emissions were collected and the first measures were implemented. These include, for example, sourcing raw materials produced using biomass or waste streams and reducing production emissions by our suppliers through process improvements and the use of renewable energy. The results of our talks with suppliers are documented and the CO<sub>2</sub> avoided by specific projects with suppliers is calculated.

In 2021, we will be extending these talks to further suppliers of key strategic raw materials to improve the accuracy of the data and identify further options for sourcing raw materials with a lower carbon footprint.

### Supplier validation, assessments, and audits, including corrective action [414-1](#), [414-2](#)

T07

		2018	2019	2020
No. of new suppliers evaluated <sup>a</sup>		1,357	2,049	2,055
No. of new and established suppliers evaluated <sup>b</sup>		1,508	2,192	2,272
No. of suppliers audited where a need for corrective action was identified		26	26	34
thereof suppliers where significant actual or potentially negative impacts were identified <sup>c</sup>	(in %)	0	0	0
thereof suppliers with whom corrective action plans (CAP) were agreed	(in %)	85	100	100
thereof suppliers where the supply relationship was terminated as a result of the evaluation	(in %)	0	0	0

<sup>a, b</sup> Based on environmental and social criteria.

<sup>c</sup> Zero percent environmental impacts, zero percent social impacts.

## Research & development/ innovation

**A combination of innovative capability and proximity to customers is a key success factor for Evonik and drives profitable growth. In our growth divisions—Specialty Additives, Animal Nutrition, Health & Care, and Smart Materials—we identify future-oriented innovation growth fields, which we use to achieve our ambitious targets.**

### Strategy and management

Evonik's vision is to be a best-in-class specialty chemicals company. Our research and development activities have been reorganized so that our leading innovations make a stronger contribution to the profitable growth of the Evonik Group. We have pooled our cross-business expertise and technologies in a new, group-wide Research, Development & Innovation function. This brings together all innovative capabilities that Evonik has to offer: the R&D teams of the former segments and the present divisions, the previous Innovation division, Creavis, and Evonik Venture Capital. As part of Evonik Operations GmbH, this new function is also closely integrated into the operating business. This makes it easier for us to share our knowledge and leverage synergies, while at the same time gaining even more selective access to attractive new markets that are close to our customers. Our R&D activities are aligned to six innovation growth fields:

- **Sustainable Nutrition:** establishing additional 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

We aim to generate additional sales<sup>1</sup> of over €1 billion with these innovation growth fields by 2025. We are making good progress.

The new Research, Development & Innovation function has 37 locations and around 2,560 R&D employees. R&D expenses totaled €433 million in 2020. The ratio of R&D expenses to sales was 3.5 percent (2019: 3.3 percent). Our R&D projects are managed using the multi-step Idea-to-Profit process developed by Evonik to support the systematic development of projects right up to profitable commercialization. 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 €4.0 million.

## VALUE CHAIN AND PRODUCTS

### Research & development/innovation

Evonik has an extensive patent strategy to protect new products and processes and focuses its innovative capability on new, resource-efficient products with a distinctive sustainability profile (Next Generation Solutions). The value and quality of our patent portfolio have increased steadily in recent years. 215 new patent applications were submitted in 2020, and we had around 24,000 patents and pending patents.

### Innovation and sustainability

Our innovation pipeline comprises both completely new business options and securing and enhancing the prospects of existing business operations. Equal attention is paid to product and process innovations, business model and systems innovations, and environmental and climate protection.

Our project portfolio is aligned to the differing strategies of the various business lines, and we focus on growth businesses with high sustainability benefits. The PSA method<sup>2</sup>, which is used to evaluate the sustainability of our business<sup>3</sup>, will be extended to our innovation products in the future. In the reporting period, we therefore started to allocate the divisions' most important innovation projects to the PARCs<sup>4</sup>, which are the basis of this method. For example, rhamnolipids for the home care sector were allocated to a PARC and analyzed in detail using a cradle-to-gate life cycle analysis. Meeting stakeholders' ambitions with regard to the biodegradability of products and the use of green electricity in the production process was evaluated as strongly positive. As a result, these products were allocated to the leader category. In the future, a uniform method will therefore be used to evaluate the sustainability performance of our chemicals business and innovation projects.

<sup>1</sup> With products introduced in or after 2015.

<sup>2</sup> PSA = WBCSD portfolio sustainability assessments.

<sup>3</sup> See "Strategy and growth," Sustainability analysis of our business 2.0  p. 14.

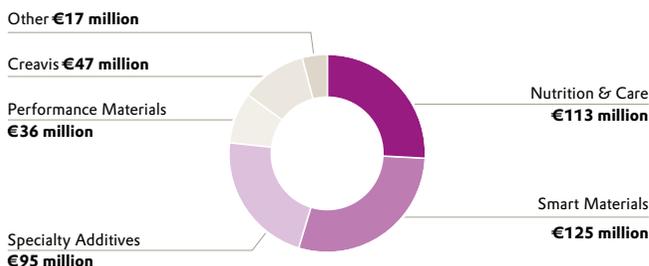
<sup>4</sup> PARC = Product-application-region combination.

## Organization and management

Our chemical manufacturing divisions account for around 85 percent of our R&D expenses. That includes, first and foremost, research geared specifically to their core technologies and markets and to the development of new business. An above-average proportion of our R&D funding is allocated to our growth divisions, Specialty Additives, Nutrition & Care, and Smart Materials. The Performance Materials division focuses on optimizing products and processes.

### Breakdown of R&D expenses

C20



In the past, our R&D portfolio was very broadly based, with responsibility for the allocation of resources divided among many different parts of the company. In the future, there will be a greater focus on channeling personnel and financial resources to areas where they have the greatest benefits for our business and ensure profitable growth. For this purpose, we have established the RD&I Council, which sets the strategic framework for research and development. The council is chaired by the member

of Evonik's 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.

The Business Incubation unit and Creavis open up new perspectives as part of the mid- to long-term growth and sustainability strategy. Creavis works on transformative innovations, taking economic, ecological, and social aspects into account in the management of the portfolio (I2P3® process). Creavis also identifies promising future topics and serves as an internal incubator. Innovation projects that are cross-divisional or build up competencies for Evonik are explored in project houses. Experts from the organizational units involved in a project house normally work together on their development project for three years.

Evonik Venture Capital provides new business potential through investment and alliances with start-ups. We invest specifically in specialized technology funds and start-ups of strategic relevance to Evonik. In this way, we gain insights into innovative developments at a very early stage. Projects with our partners enable us to work on new products and technologies, which increases the pace of innovation. More than 30 investments have been made since 2012.<sup>1</sup>

### Our activities in 2020

Evonik and Siemens took their Rheticus test facility in Marl (Germany) into service. This facility, which receives funding from the Federal Ministry of Education and Research (BMBF), uses carbon dioxide and water to produce chemicals. The researchers took nature as a model for the idea of artificial photosynthesis on which the test facility is based. Just as plants use solar energy to produce sugar from carbon dioxide (CO<sub>2</sub>) and

## VALUE CHAIN AND PRODUCTS

Research & development/innovation

water in several steps, artificial photosynthesis uses renewable energy to produce valuable chemicals from CO<sub>2</sub> and water through electrolysis with the aid of bacteria.

Since 2019, Evonik and the German international cooperation organization GIZ have been involved in a joint project to improve the sustainability and efficiency of aquaculture production in Vietnam. This project receives funding from the Federal Ministry for Economic Cooperation and Development (BMZ) through its develoPPP.de program. Evonik's Active Oxygens and Animal Nutrition business lines are working with GIZ to improve the cost-effectiveness and ecological performance of the aquaculture industry in Vietnam and make it more sustainable. Innovative hydrogen peroxide dosing units supplied by Active Oxygens support the automated, continuous supply of oxygen to the tanks and improve pest control. At the same time, amino acids from Animal Nutrition are used as nutritional supplements to reduce the excessive amounts of protein commonly used in the industry. This project therefore supports the economic and social development of Vietnam and the national action plan to extend shrimp farming.

To support work in the Sustainable Nutrition innovation growth field, our Venture Capital unit has invested in the Chinese technology start-up SmartAHC, which enables healthier and more intelligent pig farming. SmartAHC, which is based in Chengdu and Shanghai (China), has developed monitoring devices and software that use artificial intelligence and the internet to improve farm efficiency. For example, early detection of diseases enables farmers to isolate sick animals to prevent the disease from spreading.

<sup>1</sup> <https://venturing.evonik.com/en/our-portfolio>

Evonik and the Canadian company Ynvisible Interactive Inc. have agreed to work together in the field of printed electronics. Using a technology demonstrator, the two companies have given an insight into what they can achieve together. Evonik's ready-to-use ink formulations for printable batteries and Ynvisible's electrochromic displays can be integrated to produce a lightweight system that is highly flexible, transparent, and robust and has minimal power consumption.

Evonik has successfully launched a portfolio of biocompatible additives for agriculture. New additives and formulations improve the performance and shelf-life of crop protection agents based on microbial active ingredients.

## Efficient use of scarce resources/ circular economy

**The biggest direct influence on sustainability requirements in the value chain comes from our production and business processes and the products we market. In many cases, we develop and use our own production processes to combine efficient processes, careful use of resources, and innovative capability.**

### Strategy and management

At many of our sites, we have backwardly integrated production complexes where key precursors are produced in adjacent production facilities. That ensures high reliability of supply for

our customers. Our world-scale facilities are also a high entry barrier for potential competitors.

We generate 83 percent of our sales outside Germany. That shows the global focus of our business. We have production facilities in 26 countries on six continents and are therefore close to our markets and our customers. Our largest production sites—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 units. This results in valuable economies of scale and very good use of material flows as a contribution to the circular economy. Continuous process optimization and the efficient use of resources have always been very important for our production activities.

### Production inputs and output

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 9.24 million metric tons in 2019 to 7.7 million metric tons in 2020. Production output was 8.93 million metric tons. Evonik already has a strong focus on re-usable packaging materials for its products (see the section on circular economy [p. 47](#)).

 301-1, 301-3

### Conflict minerals

The Dodd-Frank Act requires companies listed on the US stock market to disclose whether their products contain potential conflict minerals. These are mineral raw materials from the Democratic Republic of Congo and its neighboring countries 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. In addition, we require new suppliers to provide evidence of origin in the validation process. In 2020, we screened around 2,000 new suppliers and did not identify any use of conflict minerals.

### Renewable raw materials

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

We endeavor to raise the proportion of renewable raw materials wherever this makes sense from a technical, economic, ecological, and social perspective. In view of the rising significance of renewable raw materials for our customers and in public debate, this topic is discussed by our specialists in our internal expert circle on renewable raw materials.

In 2020, the proportion of renewable raw materials increased to 8.5 percent of production inputs (2019: 7.9 percent). This is mainly attributable to the sale of the methacrylates business and the related reduction in the volume of raw materials procured.

## 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 90,000 metric tons (2019). Palm oil plantations can have a negative impact on the environment and local inhabitants.

### Strategy and management

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 responsible use of palm oil, we actively network with NGOs, customers, and other stakeholders in the value chain.

Key issues are addressed by the group-wide expert circle on renewable raw materials. In 2020, this expert circle drew up recommendations for sustainable procurement and use of palm oil to sharpen our employees' awareness of the need to take a responsible approach to palm-based derivatives. Therefore, we achieved the target we set in the previous year. In the future, we intend to extend the recommendations to other renewable resources such as rapeseed oil, maize (source of carbon), coconut

oil, and their derivatives. Specific strategies, targets, and measures are defined by the operational management teams in the Care Solutions and Oil Additives business lines.

More than 50 percent (2019) of the palm-based raw materials used by the Care Solutions business line are already RSPO-certified. There are plans to extend this to all available raw materials by the end of 2021. This business line's strategic priorities are certification of its sites and extending its portfolio of certified products. All Care Solutions sites that use palm oil are certified as conforming to the RSPO's mass balance and segregated (SG) standards. This shows that the 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 is stepping up pressure on direct pre-suppliers so that it can switch products globally to the MB standard. This business line already markets over 100 products that conform to the RSPO MG 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 certification of its sites and 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. Oil Additives is currently working on a phased plan for RSPO-certification of the raw materials it uses.

## VALUE CHAIN AND PRODUCTS

Efficient use of scarce resources/circular economy

By 2023, Evonik aims to ensure only RSPO-certified palm oil and palm kernel oil are used in its products. One challenge in this changeover is that there are substantial regional fluctuations in the supply of certified derivatives—often accompanied by price rises, higher offtake guarantees, or restricted availability. That 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.

### Working with the WWF and Beiersdorf to promote sustainable palm oil production

Traceability to the palm oil plantation or mill is a major challenge. In recent years, Care Solutions has therefore developed additional supply chain criteria with its customers. We expect further progress here to come from a project with the WWF and Beiersdorf. This partnership aims 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 sustainable production of palm oil and other agricultural produce and stop deforestation. By 2025, a total of 20,000 hectares farmed by small- and mid-sized growers should be certified as conforming to the RSPO and a political framework is to be created for sustainable agriculture and forestry. In addition, the three partners have pledged to protect the wildlife habitat in Tabin and to set up at least one ecological corridor allowing wild animals to migrate to other habitats. Together with our project partners, in the next five years, we aim to stabilize the population of threatened and endangered species, such as rare Borneo elephants and orangutans.

### Deforestation-free supply chains

Evonik advocates the responsible use of woodland and forests and the protection of the soil. Our Care Solutions and Oil Additives business lines are members of Action for Sustainable Derivatives (ASD). This cross-sector initiative aims to facilitate sharing information, harmonize requirements within the value chain, standardize processes, and drive forward the transformation of the entire palm oil sector. Both business lines have given a public commitment to deforestation-free supply chains.<sup>1</sup> Cooperation with ASD should allow traceability to mills and plantations. In addition, a risk assessment and an action plan are being established with ASD.

Evonik and its Care Solutions and Oil Additives business lines have set a target that 100 percent of the palm-derivatives used should be deforestation-free by 2023.

### Circular economy

A circular economy is an alternative to the conventional linear business model. The focus is on optimizing the use of material flows. Ideally, in a circular economy, materials are maintained at the highest possible level of the value chain and undergo various cycles of production, use, recycling, and re-use.

The chemical industry uses its innovative capability to shape new, circular material flows. As well as modifying our own production and value chains, we are helping other sectors develop a circular economy.

## MORE CIRCULARITY IN STAFF RESTAURANTS

*For some time, our catering team had been considering how to ban single-use packaging from staff restaurants. Then the coronavirus hit. Due to the strict measures to counter the pandemic, a take-away service was the only way we could provide meals. The use of disposable packaging soared! We reacted quickly and teamed up with a start-up to offer our guests a free solution for re-usable packaging managed via a digital platform. Acceptance is really high. In the first four months after its introduction, this system cut the use of non-returnable packaging by about 43,000 units.*

#### Oliver Schoiber

Head of Cluster Nord | Catering  
Location: Marl (Germany)



### Strategy and management

As a specialty chemicals company, Evonik is positioned at the center of the value chain. Our technological expertise helps our customers achieve their circular economy objectives. We are involved in various recycling technologies. For example, Evonik

has developed chemical recycling processes to break down PET packaging into the original monomers. In mechanical recycling of plastics and tires, our additives help make processes more efficient and avoid downcycling of the recyclates.

<sup>1</sup> <https://personal-care.evonik.com/product/personal-care/en/sustainability/responsible-sourcing>, <https://oil-additives.evonik.com/en/about/sustainability>

A circular economy has been part of our materiality analysis since 2017, and we have steadily developed our activities in this field. In 2019, we set up an internal expert circle. In 2020, for the first time, our sustainability analysis looked at our entire chemicals business from the perspective of a circular economy (see “Strategy and growth”  p.14).

In fall 2020, we launched a circular plastics program. This bundles all Evonik activities related to circular plastics. The aim is to step up collaboration with customers and stakeholders in the plastics processing industry and extend our networks along the value chain. That should improve the quality and competitiveness of plastics at the end of their life cycle and speed up the transition to a circular economy. We aim to implement the first sub-projects of the circular plastics program in 2021.

In November 2020, Evonik acquired the US-based Porocel Group to strengthen the transformation of its portfolio for the circular economy. Porocel offers a technology for highly efficient rejuvenation of desulfurization catalysts, which are in increasing demand in the attractive market for low-sulfur fuel.

We already have a strong focus on re-usable packaging materials for products. For instance, we collect steel and plastic drums at our sites. They are then reconditioned for re-use as packaging.

We constantly strive to increase the proportion of recyclable packaging. We are working to improve the available data and plan to provide quantitative information in the future. In addition, Evonik is stepping up its use of circular packaging solutions to avoid carbon emissions and improve the sustainability of its operations. Increasing use of re-usable systems to secure loads reduces the use of shrink-wrap film and therefore the amount of plastic waste for our customers.  301-1

Evonik uses portfolio sustainability assessments to assess circularity in conformance with the WBCSD guidelines. To determine the environmental impact of circular products, we mainly use life cycle assessments in accordance with ISO 14040:2006 and ISO 14044:2006. The results are used, for example, in the sustainability analysis of our business (see “Strategy and growth”  p.14), the evaluation of our products, and the selection of raw materials for our production processes.

In this context, we also examine which indicators could be used for quantification in the future. Evonik uses recognized methods such as the material circularity indicator developed by the Ellen MacArthur Foundation and the WBCSD’s circular transition indicators.

## VALUE CHAIN AND PRODUCTS

Efficient use of scarce resources/circular economy

### Activities in 2020

Evonik is involved in the Carbon2Chem<sup>1,2</sup> research project, 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 also participate in a circular economy center of excellence in the Rhineland region. This is a joint initiative of the NRW regional association within the German chemical industry association (VCI) and kunststoffland NRW e.V. With the support of the Rheinisches Revier regional development agency, the aim is to establish a networking platform to build a pilot facility for the practical development of recycling technologies until they are ready for commercialization. The objective for 2021 is to bring this initiative to a point where it can apply for funding. In addition, Evonik has decided to join the European Union’s Circular Plastics Alliance in 2021. Together with other companies and industry associations, we are therefore committing Evonik to work towards a circular economy using 10 million metric tons of recycled plastics to produce new products by 2025. The aim is to boost the voluntary use of recycled plastics along the entire value chain in Europe.

In 2020, the European Chamber of Commerce (EuroCham) in Singapore presented Evonik with the EuroCham Sustainability Award in the category circular economy.

<sup>1</sup> Subproject L IV: C2+ alcohols, C2+ olefins, synthetic fuel components, FKZ 03EW0008.

<sup>2</sup> Funded by the Federal Ministry of Education and Research.

## Sustainable products and solutions for our customers

**We meet the rising demand from customers for products for circular, healthy, and natural solutions that are climate-neutral and biodiversity-friendly. In addition, we are contributing to transformational changes that are increasing sustainability in our supply chains and end-markets.**

### Strategy and management

Leading market positions account for around 80 percent of Evonik's sales<sup>1</sup>. Our product portfolio ranges from high-quality intermediates to complex formulations and system solutions. We have a balanced market spectrum: None of the end-markets that we supply accounts for more than 20 percent of our sales. They include pharmaceuticals, consumer goods, care products, food and animal feed, paints and coatings, the automotive industry, mechanical engineering, and construction. Regional specifics are taken into account through our numerous technology and competence centers. [102-44](#)

Our special strength is working in close partnership with our customers, mainly industrial companies that use our intermediates in their own products and solutions. Our operating divisions and business lines make a key contribution to enhancing the product benefits that secure our customers' competitive success. They are also responsible for customer-relationship management for their business.

### Close collaboration with our customers [102-44](#)

Our new corporate structure has stepped up our customer and market focus. Our three growth divisions—Specialty Additives, Nutrition & Care, and Smart Materials—make an important contribution to improving sustainability in their specific end-markets. A high proportion of their sales come from products whose

## VALUE CHAIN AND PRODUCTS

Sustainable products and solutions for our customers

sustainability benefits are above or even well above the market reference level (Next Generation Solutions, see "Strategy and growth" [p.15](#)). Our research and development activities, which were restructured in 2020, also have a strong market and customer focus.

### STAYING IN CONTACT WITH CUSTOMERS DESPITE THE PANDEMIC

*We stepped up digital communication with customers because of the pandemic and the lack of trade shows and personal contact. Most direct sales meetings have been replaced by virtual meetings. That is a good temporary solution for our customers as well as for us. When the pandemic is over, we intend to increase personal meetings and discussions with customers again, but they will be supplemented by digital tools.*

**Roland Pietz**  
Head of Oxo Alcohols & Plasticizers  
Location: Marl (Germany)



CORONA  SNAPSHOT

CORONA-  
VIRUS  
SPECIAL  
[p. 55](#)

<sup>1</sup> We define these as ranking 1st, 2nd, or 3rd in the relevant markets.

Evonik strives to be integrated into customers' value chains where possible. That enables us to align our research & development, production, marketing, and distribution workflows closely to our customers' requirements. Contact to our stakeholders helps to improve our understanding of market developments and customer requirements. At group level, a marketing & sales excellence team offers the divisions training and management tools to strengthen employees' customer focus.

Research and development in collaboration with customers are very important for new products and solutions. This close collaboration enables us to address market and customer requirements early on, take higher technical and commercial risks, and ensure better market penetration of sustainable solutions. For instance, Evonik is partnering with Unilever to market a new dishwashing liquid based on a biosurfactant developed by Evonik. In this way, Evonik is taking an important step in the commercialization of biosurfactants and investing in industrial-scale biosurfactant production.

We want to offer our customers even greater support to help them meet the sustainability requirements of their markets in the future. To this end, we are driving forward the digitalization of our customer interfaces by building up digital platforms. Examples are CAREtain® for customers in the cosmetics industry, EXPLORE PU for polyurethanes customers, and COATINO™,

the first digital lab assistant, which Evonik has developed specifically for the coatings industry. In addition to networking with customers, Evonik engages in dialogue along the entire value chain in order to understand the sustainability requirements of its stakeholders and develop solutions that have high acceptance and make a high contribution to sustainability. That applies, for example, to our work on the WBCSD's Food & Nature Program.

Evonik is cooperating directly with other solution providers to drive forward the transformation to greater sustainability in end-markets and supply chains. In collaboration with Linde, we are developing a technology to separate hydrogen at the point of use. In addition, we are involved in endeavors to establish the first publicly accessible hydrogen network in Germany with scalable industrial production of green hydrogen. Hydrogen is already an important starting production in the chemical industry and will play an even more significant role in the future.

#### CO<sub>2</sub>eq avoided by using Evonik products

Evonik markets a variety of products whose use makes a positive contribution to reducing greenhouse gas emissions compared with conventional alternatives. The avoidance of greenhouse gases shown here results from applications for the following four products/system solutions compared with established alternatives: "green" tire technology, amino acids for animal nutrition, foam stabilizers for insulating materials, and additives for hydraulic

fluids. The amounts stated are avoided over the application life cycle of the products, based on volume sales of the products manufactured by Evonik. The method used to compile the data is the WBCSD Avoided Emissions Guidance published jointly by the WBCSD and ICCA, which was updated in 2017.

Evonik did not publish any data on avoided emissions in 2019. To take market developments into account, we used this break in reporting to adapt our database and the methodology used to calculate avoided emissions for the products and system solutions outlined above, based on the results of our sustainability analysis. This included reviewing and modifying the respective reference system and the scope of the Evonik products examined. In addition, we fine-tuned the methodology used to calculate avoided greenhouse gas emissions. For example, for amino acids for animal nutrition the functional unit has been altered to 1 metric ton live weight, along with a more regional perspective. For additives for hydraulic fluids, the changes included altering the functional unit from 2,000 h operation to 1 million metric tons mass moved and greater differentiation by applications.<sup>1</sup>

In 2020, the use of these four Evonik products resulted in the avoidance of 32 million metric tons CO<sub>2</sub>eq. The sharp drop from 108 million metric tons CO<sub>2</sub>eq avoided in 2018 was mainly due to updated assumptions about the reference solutions.

<sup>1</sup> For further information on the products evaluated and the evaluation method, see <https://corporate.evonik.de/en/responsibility/environment/climate-change-climate-protection/co2eq-avoided-by-using-evonik-products>

## Product stewardship

**Product stewardship is a vital precondition for our business. It is our “license to operate.” It includes timely identification, evaluation, and minimization of the potential health and environmental risks in our portfolio.**

### Strategy and management

We examine the entire value chain of each of our products—from procurement of the raw materials to delivery to our industrial customers, who receive all relevant information on the handling and disposal of our products. That includes, for example, safety data sheets and technical information sheets.

As well as complying with all statutory requirements such as the European chemicals regulation REACH<sup>1</sup> 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)<sup>2</sup>, which includes the global product strategy (GPS). The key elements of our product stewardship have been defined in a product policy. To supplement this, an operating procedure defines how these commitments are to be implemented within Evonik, together with control mechanisms to monitor their observance.  416-2, 417-1

### Responsible handling of chemicals

In the light of global trade in chemicals and chemical products, it is important to encourage broad communication on their safe handling and use. We ensure this through an extensive worldwide information system. This includes information portals, safety data sheets—not just for dangerous products—in more than 30 languages, technical data sheets, and extensive information on our website. There are also 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. Three violations of our internal compliance requirements on product labeling were identified and rectified in the reporting period.  417-2

### 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, which was developed in-house, supports us in global product evaluation, analogously to a life cycle assessment. The content of the CMS has been harmonized with the ICCA's global product strategy (GPS) and the REACH requirements. By the end of 2020, we had performed more than 99 percent of the required evaluations (data as of 2018). Substances relating to acquisitions made since 2017 will be evaluated later.

The GPS was introduced by the ICCA in 2006 to establish uniform global risk assessments for all substances produced or placed on the market in quantities exceeding 1 metric ton per year. Originally, these were to be supplemented by GPS Safety Summaries as a readily accessible and easy-to-read source of information on chemicals. The amount of data and information available on substances has now improved considerably, as shown by the final report on a joint study by the UN Environment Programme (UNEP) and the ICCA. In 2019, the ICCA Board therefore decided to discontinue the GPS Safety Summaries and the ICCA portal. Evonik has implemented this decision. However, the safety summaries for about 170 substances exceeding 100 metric tons p.a. remain available on our website.

As an extension of the CMS, our Chemicals Management System<sup>PLUS</sup> is used for products containing substances of very high concern. These are subject to a more detailed examination to bring about a reduction in the negative impact on people and the environment. Around 1 percent of our products currently meet the criteria for evaluation on the basis of CMS<sup>PLUS</sup>. Products acquired through acquisitions made since 2017 will be evaluated later.

<sup>1</sup> REACH = Registration, Evaluation, Authorisation and Restriction of Chemicals.

<sup>2</sup> ICCA = International Council of Chemical Associations.

Evonik is also involved in various national and international associations and initiatives engaged in the ongoing development of risk evaluation criteria.

### Our activities in 2020

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.

Even following the successful completion of REACH registration of all current Evonik substances in the EU in mid-2018, Evonik will continue to register new substances. However, the focus is increasingly shifting to the evaluation of dossiers and substances, and to restriction and authorization. We constantly compare the substance lists published by the authorities with our own portfolio to ensure timely identification of any of our substances that are affected. If such substances are identified, we examine suitable measures. We also collaborate closely with our customers to work out the next steps. In addition, we examine the raw materials we procure. If any substances are categorized as being of very high concern or are on the list of potential candidates, we discuss the steps to be taken with our suppliers or look for alternatives. We have set up email addresses for all REACH-related inquiries from customers and suppliers to ensure they receive timely and full replies.

In 2020, our REACH activities concentrated on the evaluation of dossiers and substances and on reviewing and updating dossiers that have already been registered. This is based closely on the Cefic action plan, which Evonik has signed. The review of all of Evonik's approximately 1,300 dossiers with a view to enhancing quality will take place stepwise up to year-end 2026. Progress will be outlined annually in this report and in a report to Cefic. More than 80 dossiers were reviewed in 2020. Evonik is not presently affected by authorizations.

Some countries and regions have either introduced or are currently introducing chemicals regulations with requirements similar to those of REACH in the EU. 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 and ensures that it implements them in the relevant regions. In South Korea, the first consultations started within the Chemical Substance Information Communicative Organization (COCO) and consortia in 2020, and preparations for registration are underway. The necessary pre-registrations in Turkey were completed in 2020. Planning for volume-based registration is taking place in parallel. Notifications to the Eurasian Economic Union's new register of substances were submitted by the deadline.

### The Globally Harmonized System (GHS)

The Globally Harmonized System of Classification and Labelling of Chemicals (GHS) established by the United Nations classifies dangerous goods and substances for labeling on packaging and in

safety data sheets. The GHS is still not applied uniformly around the world. We have therefore set up an in-house database to gather information on progress, changes, and national requirements for internal communication. Evonik implements the GHS/CLP<sup>1</sup> requirements in all countries where they apply.

### Sustainability in product stewardship

Our product stewardship covers a broad spectrum of topics, which we are continuously addressing. The most urgent, based on our stakeholders' views and our own estimates, are outlined below.

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 published by the EU in October 2020. This comprises more than 50 separate actions, which will have far-reaching consequences for the chemical industry and its value chain. They include amending and tightening the REACH regulation, the CLP regulation, and many other regulations, for example, on food contact materials, detergents and cleaning agents, and cosmetics. In addition, the plans include extensive restrictions on use, additional data requirements, and new hazard classes in the CLP regulation. REACH is expected to have a far stronger focus on dangers. While Evonik supports the objectives of the Green Deal in principle, we consider that it is necessary to monitor the developments very carefully in order to identify disproportionate burdens, draw attention to them and, where necessary, counter them.

<sup>1</sup> CLP = Classification, labelling and packaging of substances and mixtures (Regulation EC no. 1272/2008).

## Microplastics

There is a growing public debate about pollution of the environment and especially aquatic systems by plastics. Every year, 4.8 million metric tons to 12.7 million metric tons<sup>1</sup> of plastic waste, including microplastics, get into the world's oceans. Microplastics may be added to products intentionally but can also be generated by the abrasion of plastics, for example, abrasion of tires and fragmentation of larger plastic items.

On behalf of the European Commission, in January 2019, the European Chemicals Agency (ECHA) published a draft restriction on intentionally added microplastics. The draft has now been modified. It will probably be adopted by the European Commission in the course of 2021 and come into force at the beginning of 2022. Evonik took part in the public consultations, both directly and indirectly, through associations such as Cefic and VCI in order to achieve a practicable solution for the restrictions, with clear definitions and areas of applicability that reflect the fundamental principles of REACH. Based on the present draft, the only impact on Evonik would relate to powders and nylon particles in leave-on cosmetics and to surface-treated silica.

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 also offers alternatives that can replace microplastic particles in both rinse-off and leave-on cosmetic products.

## 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 all alternatives to animal

testing in detail (quantitative structure-activity relationship analyses, analogies, literature, non-animal testing). We have therefore set up a task force in the Evonik Group, for example, to pool expertise on in-silico methods, to evaluate in-vitro methods for the skin sensitization endpoint, and to examine the viability of test strategies. A first in-vitro feasibility study on the toxicological endpoint for respiratory tract sensitization was performed with an external partner. This project is being continued with financial support from Evonik. The initial findings indicate that the respiratory tract irritation endpoint should be pursued so that, in the future, substances can be tested in-vitro to evaluate irritation thresholds. Evonik also supports basic research at universities, for example, by funding and supervising doctoral theses on the development of alternative methods. 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.

From a legal and scientific perspective, in many cases, tests on animals are often the only way to meet the necessary data requirements. If there is no alternative to animal testing, 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 ensures that these tests meet animal protection standards. As a responsible company, we have also drawn up our own animal protection guidelines.

## Endocrine disruptors

Endocrine disruptors are natural or chemical substances that disrupt or alter the regulation of the hormone system and can cause lasting damage. The EU's chemical strategy for sustainability provides for more extensive data requirements on endocrine

disruptors, along with restrictions and, where applicable, bans on consumer applications. Evonik is working in national and European organizations towards appropriate implementation of this strategy.

## PBT/PMT

PBTs are substances with persistent, bioaccumulative or toxic properties. PMTs are substances with persistent, mobile, and toxic properties. From a scientific viewpoint, a clearer definition of the criteria is necessary. Evonik is working actively in national and European associations to define and obtain scientifically based data. The background is the potential classification of substances that meet these criteria as substances of very high concern (SVHC). This approach has been included in the chemical strategy for sustainability (CSS).

## 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. We handle the associated technologies responsibly and utilize the possibilities they offer. For example, we see considerable opportunities in new materials for high-end batteries and energy-saving applications in the construction sector.

Based on our long-standing experience, we implement measures to protect employees, customers, and consumers in the handling

<sup>1</sup> Jenna R. Jambeck et al. 2015. Plastic waste inputs from land into the ocean. *Science*, vol. 347, no. 6223, pp. 768–771; DOI: <https://doi.org/10.1126/science.1260352>

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 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 share the results of our research openly and transparently with our stakeholders. Representatives of Evonik take part in the German government's NanoDialog, where experts from industry, science, authorities, and industry associations discuss the opportunities and risks of nanotechnology.

### Biotechnology

Evonik utilizes the opportunities offered by biotechnology for efficient and environmentally compatible production processes and innovative products. We use micro-organisms for biocatalysis processes and fermentative production processes. Biotechnology is used to produce essential amino acids, probiotics, nutritional supplements, and pharmaceutical and cosmetic ingredients that are difficult or impossible to access through conventional chemical synthesis. Biosurfactants include rhamnolipids, which have high cleaning power, are kind to the skin, and biodegrade quickly and completely. Moreover, they have a slight negative effect on aquatic organisms like daphnia.

Evonik has issued guidelines on safe and responsible use of biotechnology<sup>1</sup>. These meet our customers' desire for transparency, openness, and strict risk limitation. The products have to be registered before they can be produced and placed on the market. That requires detailed explanations of the production processes and the micro-organisms used, as well as of safety aspects.

## Our targets

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

### Target attainment in 2020

#### 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

#### Research and development

 More than €1 billion additional sales<sup>1</sup> in the six innovation growth fields by 2025  
Increase sales of products and applications developed in the past five years to 16 percent in the mid term<sup>2</sup>

#### Product stewardship

 Establish a risk estimate for > 99 percent of substances placed on the market in quantities of > 1 metric ton p.a. by the end of 2020 (reference base 2018)

### Targets for 2021 and beyond

100 percent of all raw materials suppliers where annual procurement volume is >€100 thousand to be covered by Tfs assessments by year-end 2025

Generate more than €1 billion in additional sales<sup>1</sup> in our six innovation growth fields by 2025

Add substances/products from acquisitions to CMS/CMS<sup>PLUS</sup> and process them by 2023

-  Target not achieved
-  Target partially achieved or target horizon extends beyond 2020
-  Target achieved

<sup>1</sup> With products introduced in or after 2015.

<sup>2</sup> This target has not been carried forward to 2021 because we will be using absolute indicators in the future. In our view, relative indicators such as the percentage of sales generated with products and applications introduced in the past five years do not adequately reflect Evonik's innovative capability.

<sup>1</sup> <https://corporate.evonik.com/downloads/using%20biotechnology%20responsibly.pdf>

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# LOOKING FORWARD

## EVONIK DURING THE PANDEMIC<sup>1</sup>

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

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



# HELPING OTHERS DURING THE PANDEMIC

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



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



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



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



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



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

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

# COMBATING THE PANDEMIC REQUIRES DISCIPLINE AND ACCEPTANCE

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



## OPINION

**Prof. René Gottschalk**

Head of the public health department of Frankfurt am Main

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

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

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

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

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

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

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

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

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

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

## EXPERIENCE FROM EVONIK'S REGIONS

### North America: Working together

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



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

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

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

## EVONIK—LESSONS LEARNED

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

## WORKING FROM HOME— AN OPPORTUNITY AND A CHALLENGE

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



### OPINION PROF. YASMIN M. WEISS

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

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

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

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

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

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

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

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

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

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



Virtual meetings have become central to working life.

### EXPERIENCE FROM EVONIK'S REGIONS

#### Brazil: Working from home



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

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

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

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

### ! EVONIK—LESSONS LEARNED

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

## DO WE NEED A NEW DEBATE ABOUT GLOBALIZATION?

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



### OPINION

**Angela Titzrath**

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

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

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

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

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

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

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

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

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

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

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

### CORONA ✨ SPECIAL

Production and supply chains

#### EXPERIENCE FROM EVONIK'S REGIONS

### China: Going the extra mile

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



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

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

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

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

#### EVONIK—LESSONS LEARNED

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

## IS THE PANDEMIC GOOD FOR THE ENVIRONMENT?

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



### OPINION

**Dr. Stephan Ramesohl**

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

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

**What was its goal?**

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

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

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

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

Radical energy efficiency and using renewable energy to run

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

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

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

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

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

### EXPERIENCE FROM EVONIK'S REGIONS

## South Africa: Fighting the pandemic

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



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

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

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

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

### EVONIK—LESSONS LEARNED

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

## “WE ACTED QUICKLY AND DECISIVELY”

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

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

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

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

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

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

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

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

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

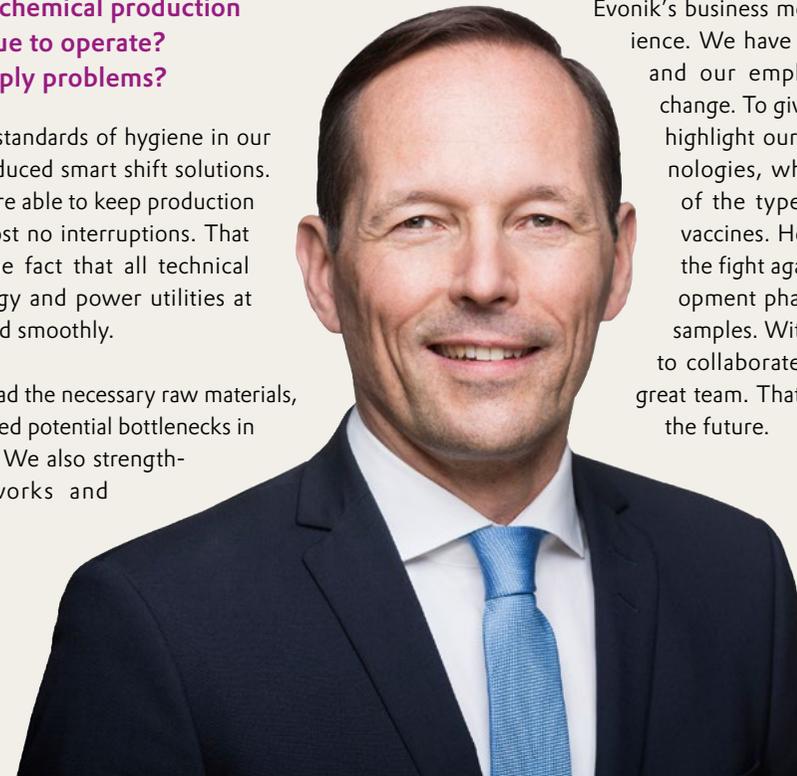
To make sure we had the necessary raw materials, we closely monitored potential bottlenecks in our supply chains. We also strengthened local networks and

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

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

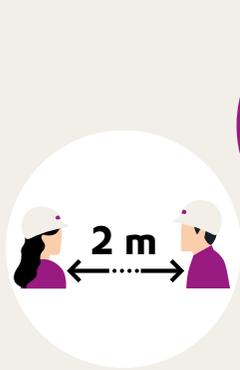
The pandemic has brought major changes in the way we work together. We have seen that working from home is effective and that we can collaborate remotely on projects.

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



**THOMAS WESSEL**  
Chief Human Resources Officer

# EVONIK IN THE PANDEMIC—DATA, FACTS, FIGURES



## 1,000

employees trained as  
→ pandemic coaches



## 80,000

→ community masks  
distributed to employees worldwide



## WORKING FROM HOME



## >16,000

→ VPN tunnels  
up from around 3,000

## >600%

→ more virtual meetings  
in Q4 2020 vs. Q4 2019



## EVONIK HELPS OTHERS



## 59 metric tons

→ of hand sanitizer  
were produced and donated to hospitals,  
pharmacies, and firefighters

## REDUCTION IN SCOPE 3 EMISSIONS

## -70%

→ business trips<sup>1</sup>



## -20%

→ commuting<sup>1</sup>



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

Cintia Yui Ide  
Employee at  
our site in Hanau

>16.000

→ VPN-Tunnel  
statt zuvor rund 3.000





## THE ENVIRONMENT

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## The environment

**As a specialty chemicals company, we are aware that our production impacts the environment. We take many steps to minimize this. According to our materiality analysis, climate change is one of the three most important sustainability issues for Evonik. Other significant environmental issues are water management, waste management, and biodiversity.**

### Strategy and management

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 the continuous improvement of our environmental performance. In addition, we require our manufacturing sites to be validated as conforming to ISO 14001, the internationally recognized environmental management standard. In the energy sector, we use ISO 50001 and are working to implement it digitally.

The ESHQ (Environment, Safety, Health & Quality) function uses 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.

## THE ENVIRONMENT

### The environment

In 2020, we continued to roll out our new digital platform, ESTER (Evonik Standard Tool ESHQ and Reporting), to all production sites and aim to include the administrative locations in 2021. In addition, we are already moving ahead with phase 2, which involves implementing the non-conformance, customer complaints, inspections, goal setting, document control, audit management, and permit to work modules. ESTER is a big step towards further harmonizing our ESHQ sites. In the future, we will have direct, group-wide access to key performance indicators and facts group-wide.

The ESHQ function brings together all group-wide strategic management and coordination tasks in the environment area of action. The global ESHQ strategy 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, and the 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. The role of the Global ESHQ Committee is to regularly discuss ESHQ issues and prepare decisions to be taken by the ESHQ Panel. It comprises the heads of ESHQ in the divisions and regions and is chaired by the ESHQ function. Subject experts are consulted on specific issues.

### Climate reporting at a high level

In keeping with its participation in CDP Climate Change and CDP Water Security, in 2020, Evonik again published detailed strategies, data, and development paths on climate change. As in the previous year, we were given a B rating for our water reporting. The rating for our climate reporting improved from B to A-. In fall 2020, an independent jury of experts from science, industry, and rating agencies presented us with the Building Public Trust

Award 2020 for the best climate reporting by an MDAX company. This award was established five years ago by PricewaterhouseCoopers.

### Task Force on Climate-related Financial Disclosures

We are following the objectives of the Task Force on Climate-related Financial Disclosures (TCFD) very closely. The focus is on climate reporting by companies and their climate-related opportunities and risks. In the chapter “Basis of reporting,” we summarize climate-related information in the categories governance, strategy, risk management, and metrics and targets, in line with the TCFD structure (see [p.104](#))<sup>1</sup>. The executive board receives regular updates on climate-related opportunities and risks as part of our group-wide opportunity and risk management. In 2020, we specifically reminded our risk coordinators about the need to identify long-term risks and climate risks. In addition, a project investigated the extent to which our risk management system already meets the TCFD requirements and the potential for optimization. Furthermore, at two cross-functional workshops, we examined the requirements for scenario analyses in accordance with TCFD. [201-2](#)

### Environmental targets

The executive board introduced new environmental targets in February 2019. Our target now is a 50 percent reduction in absolute scope 1 and 2 emissions by 2025, compared with the level in 2008—the first full year after the establishment of Evonik. This affirms our commitment to the Paris Agreement on Climate Change. At present, we assume an average reduction in climate-relevant emissions of 3 percent a year. The relatively short period up to 2025 reflects our view that it is not currently possible to predict technological and regulatory developments beyond this date with sufficient certainty. We aim to reduce the

### A SUCCESSFUL ONLINE AUDIT DURING THE LOCKDOWN

*We had to do an internal audit of our ESHQE management system online at very short notice. Our colleagues in the plants being audited did their digital preparation excellently, and there were no delays with the remote interviews. All the documentation was available in digital format, and the plant managers guided us through it. The mandatory on-site inspection took place with the minimum number of people—and everyone wore masks, of course. All our questions were answered, so we were able to complete the audit successfully. No doubt we can put this new experience to good use in future audits.*

**Andreas Reis**  
Vice President ESHQ  
Evonik Operations GmbH | Performance Materials division  
Location: Marl (Germany)



scope 3 emissions related to our “raw material backpack” from the upstream value chain by 15 percent between 2020 and 2025.

Contrary to past practice, Evonik has deliberately not set a quantitative global target for reducing specific water intake. Since the availability of water is heavily dependent on local and regional conditions, we now use a site-specific approach. To take account of projections for climate change and socioeconomic developments, we have identified the sites which will be most affected by water stress in the next 20 years. At these sites, we want to take specific precautions by drawing up site-specific action plans.

For example, we are examining alternative cooling systems and transportation options, as well as the possibility of reducing the volume of process water. For details, see “Water management” [p.71](#).

To supplement the targets for emissions and water, in the reporting period, the executive board adopted a measurable target for reducing global energy consumption. This specifies that both absolute energy consumption and energy consumption relative to production (specific energy consumption) should be reduced by 5 percent by 2025, taking 2020 as the reference base.

<sup>1</sup> Outside the scope of the limited assurance review by PwC.

### Validation and environmental protection costs

Our divisions and regions are subject to annual audits to monitor compliance with DIN EN ISO 14001 validation at our production locations. In 2020, 61 internal and external ESHQ audits were conducted worldwide. The proportion of output covered by this validation varies because of the addition of newly acquired units. However, it is always between 95 and 100 percent.

### Environmental protection investment and operating costs T08

in € million	2018	2019	2020
Operating costs for environmental protection	309	289	294
Investment in environmental protection	46	36	60

Investment in environmental protection increased to nearly €60 million in 2020 (2019: €36 million). The clear rise is mainly attributable to two major projects at Marl Chemical Park (Germany):

- The construction of a production complex for the specialty polymer polyamide 12, including a new oxidative pre-treatment plant for wastewater based on the Fenton process.
- The replacement of the energy infrastructure by building two highly efficient gas and steam turbine power plants.

Operating costs for environmental protection facilities increased slightly to around €294 million (2019: €289 million) as a result of the acquisition of PeroxyChem. We acquired this US producer of hydrogen peroxide and peracetic acid in February 2020 (see “About this report” [p. 101](#)).

## Climate change

**Climate change is one of the top three topics in our materiality analysis. It is therefore a special area of focus. As well as producing products that are sustainable and enhance efficiency for our customers, we are reducing our CO<sub>2</sub> emissions by modernizing and renewing our energy infrastructure. Carbon pricing is used as an additional criterion for major investments.**

### Strategy and management

Our target is to cut scope 1 and 2 greenhouse gas emissions by 50 percent in absolute terms by 2025 (compared with 2008). Furthermore, by 2025 we want to cut scope 3 emissions from our upstream value chain—basically our “raw material backpack”—by 15 percent compared with 2020. We also aim to cut specific energy consumption by 5 percent. Contributions will come, among other things, from innovative technologies, optimization of production, efficient utilization of non-renewable energy sources, and the use of renewable energy. Another keystone is extending integrated structures between chemical production and energy facilities, including increased integration of third-party production facilities and local authority customers.

Evonik constantly examines the use of renewable energy. Our site in Rheinfelden (Germany) sources almost half of its power supply from environmentally friendly hydroelectric facilities. In addition, we use hydroelectric power generation in Weißenstein (Austria) and solar power in Hanau (Germany), Mexico City, and Querétaro (both Mexico).

Excess electricity generated at our plants in Germany is supplied to other Evonik sites in the country to improve our carbon footprint. Group-wide, captive electricity generation from renewable resources was 4 percent in 2020. The remainder came from co-generation plants (see “Evonik’s energy data” [p. 67](#)).

## THE ENVIRONMENT

### Climate change

Compared with the separate generation of electricity and steam, co-generation considerably reduces fuel consumption and thus CO<sub>2</sub> emissions.

Since the start of 2020, Evonik has sourced a quarter of its total gas supply at its site in Schörfling am Attersee (Austria) from renewables. The mixture of fossil-based natural gas and carbon-neutral biomethane is mainly used to heat buildings and in production processes. This has reduced direct CO<sub>2</sub> emissions from gas consumption by 25 percent.

Group-wide, we are increasing the use of renewables indirectly by purchasing more green certificates, for example, for our Functional Solutions business line in Lülsdorf (Germany) and the production sites operated by the Oil Additives business line in Asia and North America. To bundle these activities, we have set up a new SustainEnergy service, which is extending the electricity and natural gas supply to our operational units to include green electricity and gas.

[302-1, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7](#)

### Exhaust heat projects

With strong support from Evonik, the environment ministry in the federal state of Baden-Württemberg (Germany) designated the industrial zone in Rheinfelden as the world’s first ultra-efficient industrial zone in 2018. Two planned projects to use exhaust heat at our site in Rheinfelden played a key role in this. From 2021, a total of 50 Gigawatt hours will be supplied to two local utilities to heat commercial, public, and private buildings. In the summer, when demand for heating is far lower, the utilities will convert the exhaust heat supplied by Evonik into electricity. This will benefit the environment because, until now, the exhaust heat has been released into the air or the river Rhine, which is adjacent to the site.

Since 2016, Evonik has supplied heat from its Marl site to the local community. District heating is supplied to around 2,000 homes via the steam network at Marl Chemical Park.

A range of different types of buildings are integrated into this scheme: single and multi-family homes, apartment blocks, schools, the town hall, and two hospitals.

Here are some more examples of technical and organizational measures to raise energy efficiency and reduce carbon emissions:

*New co-generation plant in Marl*

A new gas and steam turbine co-generation plant at Evonik’s site in Marl (Germany) will end more than 80 years of electricity and steam generation from hard coal at this location and reduce carbon emissions by up to 1 million metric tons a year. This will reduce direct annual scope 1 greenhouse gas emissions by almost a fifth group-wide. The highly efficient co-generation plant for electricity and steam is scheduled to come into service in 2022. The power plant will be highly flexible, so it can play a part in compensating for fluctuations in the amount of energy from renewable resources fed into the power network, which is a key building block in Germany’s energy transition.

In summer 2020, construction work started on a further gas and steam turbine power plant in Marl to replace the present gas-fired reserve plant. This second power plant is the last step in the renewal of the energy infrastructure at this site, which is Evonik’s largest site worldwide. Both plants are scheduled to come into operation in 2022. The new plants will have total efficiency of over 90 percent and rated power of 270 Megawatts of electricity. That is equivalent to the electricity required by about 750,000 homes. The plants will be able to generate up to 660 metric tons of steam an hour. All power plants at Marl Chemical Park will be operated from a new control center.

*Digital energy management systems*

Many of Evonik’s energy management systems meet the high standards of ISO 50001. In the future, we want to optimize energy consumption in the Evonik Group by using a digital energy management system. The prototype was designed at the

sites in Mobile and Tippecanoe (both USA). The higher transparency and improved control increase efficiency and therefore reduce greenhouse gas emissions. We plan to include further sites worldwide by 2026 to cover over 90 percent of our energy consumption and energy costs. The annual roadmap for this has been defined. The main aim is to use this new system to cut energy costs while meeting our energy target.

We paved the way for greater awareness of energy efficiency among our employees through group-wide training. Our employees are also actively involved in the continuous improvements process through our company suggestion plan. For instance, a team of nine employees who work on the energy

THE ENVIRONMENT

Climate change

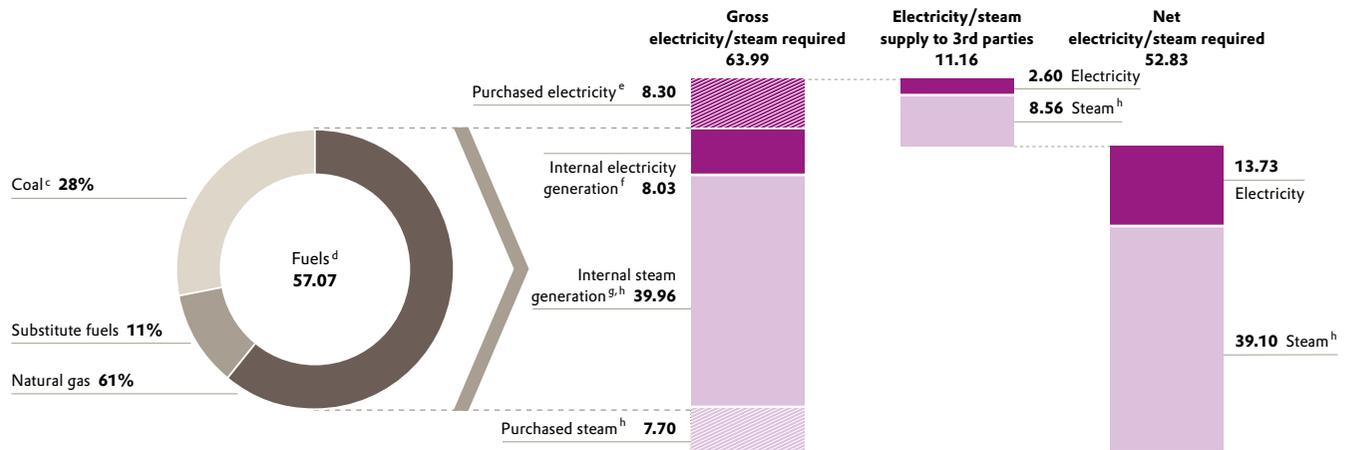
supply side at our site in Wesseling (Germany) proposed that steam should be sourced from a substitute flue at the site during maintenance work instead of hiring a steam generator. This resulted in significant cost savings.

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 from production, waste, and sewage sludge.

Evonik’s energy data 2020 <sup>a,b</sup> 302-1, 302-4

C21



<sup>a</sup> In petajoules.  
<sup>b</sup> Contains the energy required to generate refrigerants. Does not include cooling energy sold to third parties.  
<sup>c</sup> Evonik will end coal-fired electricity generation worldwide in 2022 when two highly efficient new gas and steam-turbine power plants come in service in Marl (Germany).  
<sup>d</sup> Fossil fuels and substitute fuels used by Evonik for internal energy generation.  
<sup>e</sup> Excluding trading and excluding supply of purchased electricity to third parties in Germany.  
<sup>f</sup> 96% electricity from co-generation plants, 4% hydroelectric and solar power.  
<sup>g</sup> Including process heat, e.g., from acrolein production.  
<sup>h</sup> Conversion factor: 2.8 X 10<sup>-6</sup> PJ per metric ton steam.

At present, natural gas and coal are Evonik's main fuels. When the new gas and steam turbine power plants are taken into service in Marl (Germany) in 2022, Evonik will no longer have any coal-fired electricity generation anywhere in the world. In addition to natural gas-fired generation of electricity and steam for captive use, we use large amounts of process heat from exothermic reactions, for example, in the production of acrolein.

### Energy inputs 302-1, 302-4

T09

in petajoules	2019	2020
<b>Total fuels</b>	<b>59.08</b>	<b>57.07</b>
<i>Natural gas</i>	37.03	34.76
<i>Coal</i>	16.18	16.06
<i>Substitute fuels</i>	5.63	6.19
<i>Oil<sup>a</sup></i>	0.20	0.06
Power, external input <sup>b</sup>	7.93	8.30
Power, external output <sup>b</sup>	2.62	2.60
Steam, external input	7.21	7.70
Steam, external output	8.73	8.56
<b>Net energy input<sup>c,d</sup></b>	<b>62.87</b>	<b>61.91</b>
Production in million metric tons	9.16	8.93
<b>Specific net energy input<sup>d</sup></b> in petajoules per million metric tons production	<b>6.86</b>	<b>6.93</b>

<sup>a</sup> Data corrected due to the "fast close" process, see "About this report"  p.101.

<sup>b</sup> Excluding trading and supply of sourced electricity to third parties in Germany.

<sup>c</sup> Fuel inputs plus power and steam sourced externally less power and steam supplied to third parties.

<sup>d</sup> See new energy target (reference base 2020)  p.65.

At present, Evonik's use of coal is determined principally by the power plant in Marl. Usage increased in 2020 due to shorter overhaul periods at plant I; at the same time, capacity utilization at the gas-fired power plants was lower. In addition, consumption

of natural gas decreased in 2020 due to demand-driven production reductions caused by the global COVID-19 pandemic. In Nanning (China), we switched from coal to natural gas at the end of 2019. Liquid fossil fuels play a subordinate role in Evonik's energy mix. They are now only used for auxiliary firing systems and emergency generators. The increase in substitute fuels in the reporting period was largely attributable to the use of larger quantities of carbon black oil, process gas and heating gas at the power plants in Marl. This also increased their share of net total energy inputs from 9 percent to 10 percent. The increase in electricity and steam sourced from third parties was due to the acquisition of PeroxyChem.

### Greenhouse gas emissions 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

T10

in thousand metric tons CO <sub>2</sub> equivalents <sup>a</sup>	2008	2018	2019	2020
<b>Scope 1</b>				
Carbon dioxide (CO <sub>2</sub> )	8,938	5,636	4,859	4,754
Methane (CH <sub>4</sub> )	17	17	13	12
Dinitrogen oxide (N <sub>2</sub> O)	74	34	38	30
Hydrofluorocarbons (HFCs)	--	1.1	13.2	6.5
Total	9,029	5,689	4,923	4,802
<b>Scope 2</b>				
Power, external input, location-based	--	2,398	2,261	2,048
Power, external input, market-based	2,800	3,369	2,855	2,847
Power, external output	1,616	2,280	2,146	2,177
Steam, external input	515	584	528	546
Steam, external output	1,210	790	674	661
Total net scope 2 (market-based) <sup>b</sup>	489	882	563	555
<b>Greenhouse gas emissions, net (market-based)</b>	<b>9,519</b>	<b>6,571</b>	<b>5,486</b>	<b>5,357</b>
<b>Total reduction in scope 1/scope 2 emissions compared with the reference year (2008) in %</b>	<b>0</b>	<b>-31</b>	<b>-42</b>	<b>-44</b>

<sup>a</sup> Global warming potential factors for a 100-year period for 2008 – 2017 based on the Intergovernmental Panel on Climate Change (IPCC) 1995 and 2018 ff. based on IPCC 2007.

<sup>b</sup> Net scope 2 emissions = power and steam sourced externally less power and steam supplied to third parties. The net figure shows the position after subtracting electricity and steam supplied to third parties from total inputs. That enables us to eliminate the proportion of CO<sub>2</sub> emissions attributable to third parties at our large multi-user sites and to generate company-specific indicators.

### Greenhouse gas emissions

The standard used to report our greenhouse gas 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. External power inputs are reported using the location-based and market-based methods. In accordance with the Greenhouse Gas Protocol, in the location-based method, carbon dioxide emissions from purchased power are calculated using country-specific average emission factors, while in the market-based method, the individual emission factors of the power supplier are used.

In 2020, emissions of scope 1 greenhouse gases were almost entirely carbon dioxide. The other greenhouse gases were dominated by dinitrogen oxide, which occurs in some production processes. Emissions should decrease significantly when the new thermal incinerator comes into service in Marl (Germany) in 2021. 91 percent of carbon dioxide emissions came from combustion of fossil fuels (including substitute fuels, see table T09 [p. 68](#) “Energy inputs”) to generate energy, and 9 percent came from production, for example, fermentation processes (biogenic carbon emissions). The 2 percent drop in scope 1 GHG emissions in the reporting period was mainly due to lower capacity utilization in production facilities due to the COVID-19 pandemic. GHG emissions from external power inputs (market-based) were almost unchanged despite the acquisition of PeroxyChem. The main reason for this, apart from lower volume sales, was the purchase of large amounts of green energy by the Functional Solutions business line in Lülldorf (Germany). The considerable reduction in external power inputs determined using the location-based method is attributable to the improvement in country-specific emission factors used to calculate carbon dioxide emissions, especially in Germany. The increase in external steam inputs is mainly attributable to the acquisition of PeroxyChem.

In 2020, as in 2019, Evonik had 24 facilities that fall within the scope of the EU Emissions Trading System (EU ETS). One facility in La Zaida (Spain) was added as a result of the acquisition of PeroxyChem. One plant in Marl (Germany) is no longer included in the EU ETS reporting scope following a decision by the European Court of Justice.<sup>1</sup> In total, Evonik emitted 3.3 million metric tons CO<sub>2</sub> in the reporting period (2019: 3.8 million metric tons CO<sub>2</sub>).

<sup>1</sup> ECJ decision C-577/18.

### Carbon pricing

Evonik uses internal carbon pricing for major investments as a basis for effective management of its CO<sub>2</sub> reduction target. This adds another relevant indicator to the existing planning parameters for investments. 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. Including carbon pricing in investment calculations is based on the assumption that the present market prices, where available, are inadequate price indicators for the mid to long term. We assume that, in ten years at the latest, relevant market prices or regulatory pricing systems of at least €50 per metric ton CO<sub>2</sub> will be established in all regions of relevance to Evonik. 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 price. These take account of both direct CO<sub>2</sub> emissions (scope 1 emissions) from production and energy generation and indirect CO<sub>2</sub> emissions from the purchase of secondary fuels (scope 2 emissions). To calculate the CO<sub>2</sub> sensitivity of an investment, at least one scenario with a statistical CO<sub>2</sub> price of €50 per metric ton CO<sub>2</sub> is considered.

### 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 disposal of the products. The key parameter is the carbon footprint (CO<sub>2</sub>eq footprint). The data cover Evonik’s direct energy and process emissions (scope 1), emissions from purchased electricity and heat (scope 2) and selected indirect emissions (scope 3). These include emissions from the production of purchased raw materials, packaging materials, capital goods, energy-related emissions outside scope

## THE ENVIRONMENT

### Climate change

1 and scope 2, emissions from inbound shipments of raw materials, from the disposal of production waste, business trips, commuting by employees, Evonik’s fleet of vehicles, energy requirements for offices, and emissions from the disposal and recycling of products sold. The data exclude the usage phase of Evonik’s 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.

Starting in 2020, reporting of the Evonik Carbon Footprint was switched to a “fast close” process (see “About this report” [p. 101](#)) to ensure uniform environmental reporting. To ensure full documentation, the results for 2019 and 2020 are presented in this report. The development of greenhouse gas emissions along our value chain and the contribution made by the individual categories in the GHG Protocol Standard are presented in tables T11 and T12.

### Change in greenhouse gas emissions along Evonik’s value chain<sup>a</sup>

T11

in million metric tons	2018	2019	2020
CO <sub>2</sub> eq emissions	27.5 <sup>b</sup>	23.3 <sup>c</sup>	23.1

<sup>a</sup> Excluding the usage phase.

<sup>b</sup> Data corrected due to availability of better data on waste volumes and the corresponding emission factors (see Evonik Carbon Footprint 2019 [p. 18](#)).

<sup>c</sup> Data corrected due to the availability of better data on purchased volumes, which only became available after publication of the 2019 report.

Greenhouse gas emissions decreased to 23.3 million metric tons CO<sub>2</sub>eq in 2019 (2018: 27.6 million metric tons CO<sub>2</sub>eq). A considerable reduction was registered in almost all categories, mainly

due to the divestment of the methacrylates business.<sup>1</sup> In 2020, greenhouse gas emissions fell to 23.1 million metric tons CO<sub>2</sub>eq. Changes in emission volumes in the individual categories are due, among other things, to the impact of the COVID-19 pandemic and the acquisition of PeroxyChem. While most categories remained at around the same level, lower sales volumes led to a reduction in emissions in category 12 "disposal and recycling of products." Development of the method was also driven forward. In particular, category 1 "purchase of chemical raw materials, packaging materials, and indirect goods" was affected by the integration of supplies purchased for resale and the inclusion of supplier-specific information.

#### Evonik Carbon Footprint<sup>a</sup> 305-3, 305-5 T12

Greenhouse gas emissions in million metric tons CO <sub>2</sub> eq (excluding the usage phase)		2019	2020
Scope 1	Evonik's energy and process-related emissions	4.9	4.8
Scope 2	Purchased energy (net, total purchased power and steam—sale of power and steam to third parties; market-based approach)	0.6	0.6
Scope 3 <sup>b</sup>	Category 1: Purchase of chemical raw materials, packaging materials, and indirect goods	9.6 <sup>c</sup>	10.0
	Category 2: Capital goods	0.4	0.4
	Category 3: Energy-related activities (outside scope 1 and 2)	0.6	0.6
	Category 4: Inbound shipments of chemical raw materials	0.3	0.3
	Category 5: Disposal and recycling of production waste	0.5 <sup>d</sup>	0.5
	Category 6: Business trips by employees	0.03	0.01
	Category 7: Commuting by employees	0.10	0.08
	Category 8: Leasing of goods, upstream (company cars, power and heating requirements for offices)	0.02	0.02
	Category 9: Outbound shipments of products	0.3	0.3
	Category 12: Disposal and recycling of products	5.9	5.5
<b>Total</b>		<b>23.3<sup>d</sup></b>	<b>23.1</b>

 <http://evonik.com/carbon-footprint>

<sup>a</sup> Differences between the data and totals are due to rounding differences. Biogenic CO<sub>2</sub> emissions in metric tons CO<sub>2</sub>eq are not presented separately.

<sup>b</sup> Some calculations are based on assumptions and estimates.

<sup>c</sup> Data corrected due to improved availability of data on purchased amounts, which were not available until after publication of the 2019 findings.

<sup>d</sup> Data corrected due to improved availability of reference data, see T17 Waste management.

<sup>1</sup>  <http://evonik.com/carbon-footprint>

#### 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 emissions 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

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### Climate change

and dry scrubbing, condensation, adsorption, and thermal and catalytic incineration. Some of these emissions treatment facilities are used simultaneously by several units. Our environmental management systems set the framework for us to achieve the statutory thresholds.

#### Other emissions into the air 305-6, 305-7 T13

in metric tons	2018	2019	2020
Carbon monoxide (CO)	1,093	1,135	1,084
Sulfur oxides (SO <sub>x</sub> /SO <sub>2</sub> )	2,408	1,200	1,272
Nitrogen oxides (NO <sub>x</sub> /NO <sub>2</sub> )	4,412	3,807	3,762
Non-methane volatile organic compounds (NMVOC)	714	873 <sup>a</sup>	876
Particulates	580	498	461
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	0.35	0.39	0.37
Ozone-depleting substances <sup>b</sup> in metric tons CFC-11 equivalents	0.16	0.06	0.06

<sup>a</sup> Corrected data.

<sup>b</sup> Emissions of ozone-depleting substances calculated in accordance with the Montreal Protocol.

The increase in SO<sub>x</sub> emissions in 2020 was mainly due to the increased use of coal at a power plant in Marl (Germany). NO<sub>x</sub>, CO, and particulate emissions decreased, mainly due to the pandemic-induced reduction in production. Another reason for the reduction in NO<sub>x</sub> and particulate emissions was the withdrawal from silicate production in Taavetti (Finland) and the change from coal to gas in Nanning (China). Emissions of non-methane volatile organic compounds (NMVOC) and heavy metal emissions remained at the prior-year level.  305-6, 305-7

### Considerable reduction in emissions from 2022

There will be a fundamental shift in Evonik's emissions profiles in 2022 when the new gas and steam turbine power plants (power plants VI and VII) in Marl (Germany) come into service and the coal-fired power plant (power plant I) is decommissioned.

This effect will be enhanced by the new thermal incinerator in Marl, which will come into service in 2021 as part of the new polyamide 12 complex. Overall, we expect these measures to reduce emissions into the air as follows by 2024:

- Carbon dioxide (CO<sub>2</sub>): –1,000,000 metric tons
- Nitrogen oxides (NO<sub>x</sub>/NO<sub>2</sub>): –1,000 metric tons
- Sulfur dioxide (SO<sub>x</sub>/SO<sub>2</sub>): –500 metric tons
- Dinitrogen oxide (N<sub>2</sub>O): –60 metric tons
- Particulates: –30 metric tons
- Heavy metals  
(As, Cd, Cr, Cu, Hg, Ni, Pb, Zn): –0.1 metric ton

### 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. Consequently, emissions of ozone-depleting substances were again very low in 2020. 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 T10 "Greenhouse gas emissions"  p. 68.

## Water management

**We save water wherever possible and endeavor to achieve a further reduction in our emissions into water. A good water supply is crucial for smooth production.**

### Strategy and management

The Evonik Group strives to use water as efficiently as possible. In the past, we regarded reducing specific water intake as one basis for our environmental targets. However, experience in recent years has shown that taking a global view of water consumption does not adequately reflect the present challenges. The availability of water as a resource depends enormously on regional and local conditions. Therefore, a global target for reducing water intake is no longer helpful. By using water stress analyses at production sites, we aim to pay greater attention, in particular, to the considerable local differences in the availability of water. For us, water stress refers first and foremost to the availability of water for chemical production processes.

Taking into account projections for the climate and socio-economic developments, we have identified sites that are particularly likely to be affected by water stress in the next 20 years. We are therefore initially focusing our effort to achieve our present water target on our major integrated production sites and sites in regions exposed to water stress. Our definition of water stress is based on the AWARE<sup>1</sup> method recommended by the EU Commission. Our sustainable water management also takes into account

## THE ENVIRONMENT

### Water management

quantitative, qualitative, and social aspects of water use. We want to identify potential for improvement at our sites and to minimize the use of water, especially in water stress areas, in order to respect the needs of our neighbors.

We revised our water stress analysis in the reporting period because of the extensive portfolio adjustments between 2019 and 2020. Our analysis of production sites on four continents identified 20 sites<sup>2</sup> where water may potentially be in short supply in the next 20 years. At five of the worst affected sites in China, India, the USA, and South Korea, we conducted detailed local interviews on water use and possible options to reduce it. We plan to conduct a systematic analysis of all 20 sites by 2023.

On this basis, action plans will be drawn up as a basis for effective preventive measures. To this end, we will be producing a structured template for our sites in 2021. To supplement this, we plan to discuss water stress with relevant stakeholders at some of our sites in 2021.

We have introduced suitable management processes to monitor the achievement of our global water target.

In addition to water stress, other aspects of water management examined include, for example, infrastructure and transportation options (see "Transportation safety and logistics"  p. 97). This is supplemented by a risk analysis covering the potential impact of natural catastrophes such as storms, hail, floods, hurricanes, tornadoes, and heavy rainfall. We arrange for our sites to be audited regularly by insurance companies.

 303-1, 303-2, 303-3, 303-4, 303-5

<sup>1</sup> AWARE stands for Available WAter REmaining.

<sup>2</sup> The year-on-year reduction in the number of sites from 26 to 20 results from the withdrawal from sites, partly due to the divestment of the methacrylates business.

**Our activities in 2020**

Evonik strives to steadily reduce specific water withdrawal at all sites. Our site in Map Ta Phut in Thailand is a case in point. Here, our Silica business line has reduced specific water withdrawal by about 10 percent. Due to the special regional conditions, water is stored during the rainy period to cover the dry period. Therefore, many small improvements add up to an important contribution to keeping production running. The business line uses comparable production facilities at other sites around the world. It is currently examining whether the process improvements in Thailand can be used at other sites.

In the past three years, Berlin Technical University, Evonik, the German Copper Institute, Neoperl, thinkstep, and Volkswagen have been working on “Water Footprint for Organizations—Local Measures in Global Supply Chains (WELLE)”<sup>1</sup>. The aim of this research project, which is funded by the Federal Ministry of Education and Research, is to help organizations determine their entire water footprint, identify local hotspots in global supply chains, and introduce measures to reduce water requirements and water stress. As part of this project, a method for analyzing an organizational water footprint, a database, and an online tool were developed and tested with industrial partners through four case studies. Evonik examined two production lines used for chemical and biotechnological production of amino acids, identified hotspots, and took action to reduce the water footprint. We will now work to extend the application of this water analysis to other categories.

**Water data**

Total water intake was 544 million m<sup>3</sup> in 2020, while discharges amounted to 535 million m<sup>3</sup>. The difference of 9 million m<sup>3</sup> between water intake and discharge mainly comprises water used to replace evaporation losses. Around 97 percent (1,602 million m<sup>3</sup>) of our total water intake (including water consumption) was for cooling purposes in energy generation and production. Only 3 percent (47 million m<sup>3</sup>) was used for production purposes. Water used in closed cooling circuits is included

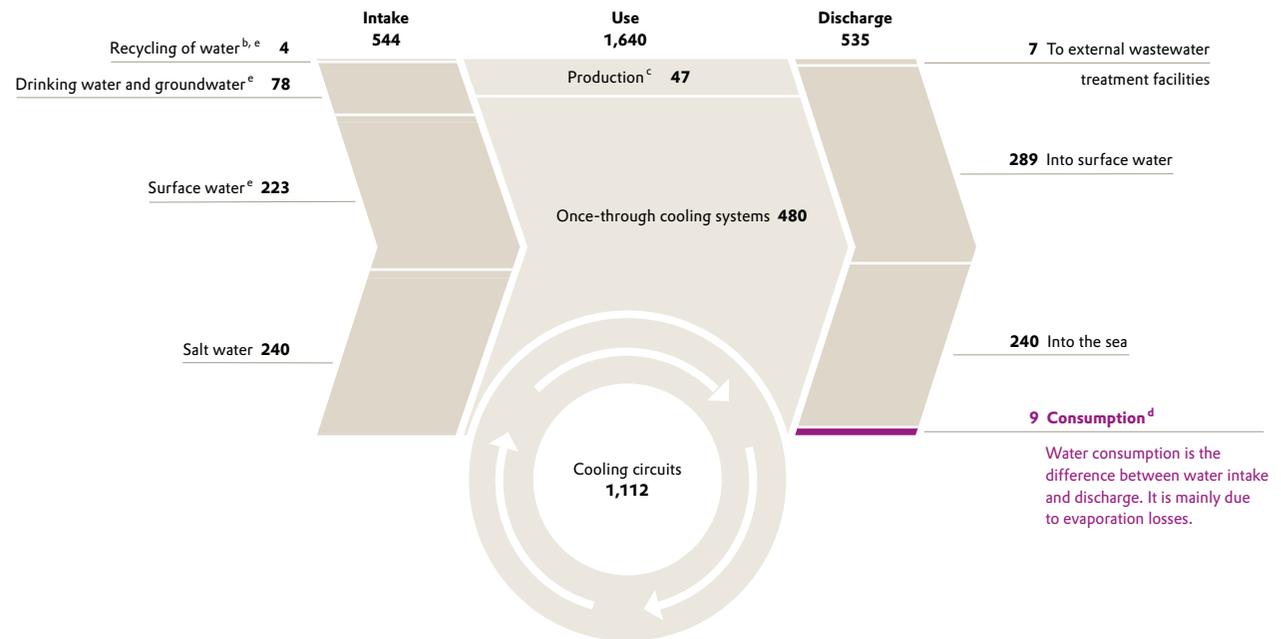
when calculating the proportion of total water used for cooling and the evaporation losses.

Evonik’s consumption of freshwater—the total of recycled water, drinking water, groundwater, and surface water—increased from 297.0 million m<sup>3</sup> to 304.7 million m<sup>3</sup> in the reporting period. Consumption of drinking water and groundwater was unchanged from the previous year. The amount of surface water required increased (+4 percent), principally due to higher water require-

**Evonik’s water data 2020** 303-1, 303-2, 303-3, 303-4, 303-5

C22

(in million m<sup>3</sup> p.a.)<sup>a</sup>



Water consumption is the difference between water intake and discharge. It is mainly due to evaporation losses.

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

<sup>1</sup> Funding reference 02WGR1429C.

ments for once-through cooling systems following the acquisition of PeroxyChem. There was an increase in the amount of salt water used for cooling purposes in 2020 (+6 percent) as a result of production rises at the methionine facilities in Singapore.

#### Water intake by source<sup>a</sup> 303-1

T14

in million m <sup>3</sup>	2018	2019	2020
Drinking water <sup>b</sup>	20.0	19.1 <sup>c</sup>	18.7
Groundwater	78.3	60.4 <sup>c</sup>	59.7
Surface water	267.0	213.9	222.7
Recycling of water from third parties and use of rainwater	3.4	3.7 <sup>c</sup>	3.6
<b>Total freshwater</b>	<b>368.7</b>	<b>297.0</b>	<b>304.7</b>
Salt water (sea water)	121.5	226.6 <sup>c</sup>	239.7
<b>Total</b>	<b>490.2</b>	<b>523.6</b>	<b>544.4</b>
<b>Production</b>			
in million metric tons	<b>11.0</b>	<b>9.2</b>	<b>8.9</b>
<b>Specific water intake</b>			
in m <sup>3</sup> freshwater per metric ton production	<b>31.8</b>	<b>32.4</b>	<b>34.1</b>

<sup>a</sup> Differences between the data and totals are due to rounding differences.

<sup>b</sup> Water from municipal or other utilities.

<sup>c</sup> Data corrected.

#### 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.

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 by regular sampling and continuous measuring equipment. 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.

In 2020, a total of 535 million m<sup>3</sup> wastewater was discharged, including 7 million m<sup>3</sup> which was channeled to third-party facilities (e.g., municipal facilities) for treatment (indirect discharge). 48 million m<sup>3</sup> were discharged after treatment in Evonik's facilities (direct discharge). That also includes amounts accepted from third parties for treatment at the wastewater treatment facilities operated by us at chemical parks.

In our analyses, we draw a distinction between sites that discharge wastewater directly and indirectly (see "About this report"  p.101). From 2020, this approach is also used in our external reporting to enhance transparency. In 2020, the data covered 27 sites that release wastewater directly and 24 that discharge wastewater indirectly.

Organic substances—expressed as chemical oxygen demand (COD)—account for the highest proportion of our water loads. COD is the concentration of all substances in the wastewater that can be oxidized under certain conditions.

Lower production output at various plants as a result of a drop in volume sales due to the COVID-19 pandemic led to a considerable reduction in wastewater loads in some cases. Other reasons for the reduction were prolonged shutdowns for maintenance work at some facilities, additional wastewater treatment facilities, and process improvements.

#### THE ENVIRONMENT

##### Water management

#### Wastewater loads<sup>a</sup> 303-2

T15

in metric tons	2018	2019	2020
<b>Chemical oxygen demand (COD)</b>	<b>4,844</b>	<b>4,643</b>	3,872
thereof direct discharges			1.438
thereof indirect discharges			2.435
<b>Total nitrogen (N)</b>	<b>330</b>	<b>293</b>	<b>217</b>
thereof direct discharges			167
thereof indirect discharges			51
<b>Total phosphorus (P)</b>	<b>104</b>	<b>74</b>	<b>67</b>
thereof direct discharges			51
thereof indirect discharges			15
<b>Absorbable organic halogen compounds (AOX)</b>	<b>1.7</b>	<b>1.4</b>	<b>1.1</b>
thereof direct discharges			1.0
thereof indirect discharges			0.0
<b>Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)</b>	<b>5.7</b>	<b>1.8</b>	<b>1.5</b>
thereof direct discharges			1.5
thereof indirect discharges			0.0

<sup>a</sup> Differences between the data and totals are due to rounding differences.

At Marl Chemical Park in Germany, a new oxidative wastewater treatment plant is being installed (completion scheduled for the first quarter of 2021) because various new facilities and changes, including a new production complex for polyamide 12 and a new cumene plant (INEOS) will bring a significant change in the quality and volume of production effluent. The new wastewater treatment plant is based on the Fenton process, with oxidative treatment taking place at 50°C–60°C and pH 2.5 to 3 in the presence of hydrogen peroxide and iron II sulfate.

## Waste management

**Clear priorities have been set for our efforts to further reduce production waste. The first priority is to avoid waste through continuous process improvements and by extending integrated production systems, 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.**

### Strategy and management

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. For this, we have set up collecting stations at our sites. Various types of recyclable waste such glass, paper, and wood are collected separately and sent to external recycling firms.

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 C<sub>4</sub> production facilities at 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



Responsible Care prizewinner Patrik Stenner (left) developed a process to recover microparticles from wastewater. Pictured here with Yikalo Teclé with the separator.

in other plants. 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.

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### Waste management

#### Restructuring of waste disposal in Marl

In our analysis of waste management/the circular economy, we distinguish between waste processed on-site and waste transferred off-site (see “About this report” □ p.101). From 2020, this approach is also used in our external reporting to enhance transparency.

Initially, the analyses focused on the efficiency of the facilities, their environmental impact, and internal waste management. This showed, in particular, that modernizing the power plants at Marl Chemical Park has significant implications for the waste treatment infrastructure. When the coal-fired power plant is decommissioned (scheduled for 2022), it will no longer be possible to dispose of liquid waste from the chemical park in this power plant. We therefore examined new options for the disposal of the liquid waste/substitute fuels used to generate power at this plant. SARP Industries has been engaged as the new waste disposal provider at Marl Chemical Park. It is building a new storage tank for liquid waste in Marl (scheduled for completion in 2021). Initially, liquid waste will be transferred to off-site disposal facilities. Eventually, it will be treated in a new incineration plant. SARP Industries is investing in this new plant (scheduled for completion in 2023) and will be operating the present plant from mid-2021. This enables us to ensure efficient waste disposal at our Marl site in the long term. These changes will not have a significant impact on the volume of waste. The new polyamide 12 production complex is expected to lead to an increase in production waste when it comes on stream. We intend to use specific process management measures to decouple waste volumes and production rises.

Waste<sup>a</sup>  306-2

T16

in thousand metric tons	2018	2019 <sup>b</sup>	2020
Hazardous production waste, reprocessed	142	113	95
<i>thereof internal/external</i>			52/43
Hazardous production waste, disposal	100	105	93
<i>thereof internal/external</i>			57/36
Non-hazardous production waste, reprocessed	84	50	48
<i>thereof internal/external</i>			2/46
Non-hazardous production waste, disposal	67	58	54
<i>thereof internal/external</i>			15/39
<b>Subtotal production waste</b>	<b>393</b>	<b>325</b>	<b>290</b>
<i>thereof internal/external</i>			126/164
Hazardous building and demolition rubble, reprocessed	4	2	2
<i>thereof internal/external</i>			1/1
Hazardous building and demolition rubble, disposal	20	40	20
<i>thereof internal/external</i>			3/18
Non-hazardous building and demolition rubble, reprocessed	78	95	108
<i>thereof internal/external</i>			0/108
Non-hazardous building and demolition rubble, disposal	31	37	33
<i>thereof internal/external</i>			0/33
<b>Total</b>	<b>524</b>	<b>500</b>	<b>454</b>

<sup>a</sup> Differences between the data and totals are due to rounding differences.

<sup>b</sup> Data corrected due to the "fast close" process, see "About this report"  p.101.

## Our activities in 2020

Production waste declined considerably, by 11 percent, in 2020 compared with 2019. This was mainly attributable to lower capacity utilization in production plants due to the global COVID-19 pandemic. In addition, the reduction in hazardous waste reprocessed was due to a drop in waste sulfuric acid as a consequence of prolonged shutdowns for overhauls. Similarly, the reduction in sewage sludge contributed to the reduction in hazardous waste disposed of.

The volume of building and demolition rubble remained high in 2020 as a consequence of the construction of the polyamide 12 production complex and the restructuring of the power plant infrastructure in Marl (Germany).



Continuous monitoring of the waste storage facility.

## THE ENVIRONMENT

## Waste management

Waste management<sup>a</sup>

T17

in thousand metric tons	2018	2019 <sup>b</sup>	2020
Incineration with recycling of heat energy	58	54	50
Disposal by incineration	98	97	88
Recycling (including composting)	195	160	151
Landfill	70	101	69
Chemical/physical/biological treatment	21	26	26
Other reprocessing methods	55	46	49
Other disposal methods	27	16	20
<b>Total</b>	<b>524</b>	<b>500</b>	<b>454</b>

<sup>a</sup> Differences between the data and totals are due to rounding differences.

<sup>b</sup> Data corrected due to the "fast close" process, see "About this report"  p.101.

The percentage of waste reprocessed comprises recycled substances, incineration with recycling of heat energy, and other disposal methods. The reprocessing rate rose to 56 percent in 2020 (2019: 52 percent). This was due to an increase in the reprocessing of building and demolition rubble.

As a specialty chemicals company, we are involved in research and development work on mechanical and chemical recycling (see the section on circular economy in "Value chain and products"  p.47).

## Biodiversity

**We are aware that our business operations involve both opportunities and risks with regard to maintaining biological diversity. This applies, above all, to our global production and includes the raw materials we purchase and the use of our products.**

### Strategy and management

We have identified the UN Sustainable Development Goals (SDGs) of particular relevance for Evonik (see “Strategy and growth” [p.17](#)). Biodiversity plays a role, in particular, in SDG 12 (Responsible consumption and production).

Declining biodiversity has a negative effect on Evonik’s business activities. At the same time, Evonik’s business activities can have a negative effect on biodiversity. However, our products also make a contribution to maintaining biodiversity. Examples are amino acids for the nutrition of poultry, pigs, and cattle. These products greatly reduce the agricultural land required to produce feed and thus protect habitats. The use of our amino acids in aquaculture as a replacement for fishmeal and fish oil helps protect marine biodiversity. Evonik and DSM have jointly developed an innovative process for biotechnological production of omega-3 fatty acids from natural algae. This can avoid the use of

fish oil, which is a limited resource. The joint venture Veramaris® has a world-scale production facility in Blair (Nebraska, USA). This enables Veramaris to cover about 15 percent of the annual demand from the salmon farming industry worldwide for the omega-3 fatty acids EPA (eicosapentaenoic acid) and DHA (docosahexaenoic acid).

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. We have set targets for these and report regularly on their attainment. Biodiversity has been included in our materiality analysis since 2017 in response to feedback from internal and external stakeholders.

### Our activities in 2020

The sustainability analysis, which covered our entire chemicals portfolio for the first time in 2020, makes an important contribution to the management and ongoing development of our business activities (see [p.14](#)). In this way, we can integrate measurable sustainability effects into Evonik’s strategic management process. Taking the requirements of their specific markets into account, the divisions apply various measures to avoid greenhouse gas emissions, protect biodiversity, or drive forward the circular economy. The corresponding roadmaps are currently being drawn up.

## THE ENVIRONMENT

### Biodiversity

In the reporting period, our in-house biodiversity working group focused on the development at national and European level. For example, it took part in the debate in the industry associations about the implications of the EU biodiversity strategy.

In 2020, we again used a geoinformation system and data from the IBAT Alliance<sup>1</sup> to examine the potential impact of our global sites on areas of special significance for biodiversity. The next table shows our ten largest production sites adjacent to conservation areas. [304-1](#)

### Evonik production sites adjacent to conservation areas 2020

**T18**

Production site	Country	Area in km <sup>2</sup>	IUCN <sup>a</sup> categories	Ramsar <sup>b</sup> area
Marl	Germany	7.463	IV, V	
Lafayette	USA	7.004	V	
Morrisburg	Canada	1.132	Ia	
Antwerp	Belgium	1.083	IV	x
Lülsdorf	Germany	1.003	IV, V	
Hanau-Wolfgang	Germany	0.774	IV, V	
Rheinfelden	Germany	0.554	V	
Wesseling	Germany	0.332	IV, V	
Herne	Germany	0.261	IV, V	
Krefeld	Germany	0,244	V	

<sup>a</sup> IUCN = International Union for Conservation of Nature.

<sup>b</sup> Ramsar Convention = convention on wetlands, especially as habitats for waterfowl.

<sup>1</sup> The IBAT Alliance comprises the following four non-governmental organizations: (1) BirdLife International, (2) Conservation International, (3) International Union for Conservation of Nature (IUCN), (4) United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC).

The data underlying our biodiversity analysis are constantly being developed. As a result of changes in the reporting period, the Mapleton and Hopewell locations (both USA) have been replaced by Herne and Krefeld (both Germany).

In principle, the industrial premises used by Evonik do not include any protected or restored natural habitats. However, some of our sites are adjacent to conservation areas. For example, as part of a project for which authorization was required, a flora, fauna, and habitat study was conducted at Marl Chemical Park in Germany to evaluate the potential adverse impact of our activities on the conservation area. Regular review and updating of environmental data are important to ensure that timely action can be taken in the event of any negative impact.

Our site in Mobile (Alabama, USA) is close to the Fowl River. The US Environmental Protection Agency (EPA) is currently altering the status of this watershed area around this river (approx. 21,360 hectares) to a water conservation area. Evonik supports this plan and is a member of the Fowl River Forever steering committee that is working on a management plan to protect and improve the water quality. This should ensure that nature and animals are protected, the local community can use the area around the river for recreation, and the watershed is protected in the long term. In 2020, Evonik also sponsored the Mobile Bay Annual Coastal Cleanup, which our employees participated in. They helped remove trash from the Fowl River and Big Creek Lake. 📍 304-1

## Our targets

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

### Target attainment in 2020

-  Reduce absolute scope 1 and scope 2 emissions by 50 percent by 2025 (reference base: 2008)
-  Reduce absolute scope 3 emissions from the upstream value chain—principally from the “raw material backpack”—by 15 percent by 2025 (reference base: 2020)
-  Develop site-specific action plans for sites that are potentially exposed to water stress as part of a global water management system

### Targets for 2021 and beyond

- Reduce absolute scope 1 and scope 2 emissions by 50 percent by 2025 (reference base: 2008)
- Reduce absolute scope 3 emissions from the upstream value chain—principally from the “raw material backpack”—by 15 percent by 2025 (reference base: 2020)
- Develop site-specific action plans for sites that are potentially exposed to water stress as part of a global water management system
- Reduce both absolute and specific energy consumption by 5 percent by 2025 (reference base: 2020)

-  Target not achieved
-  Target partially achieved or target horizon extends beyond 2020
-  Target achieved



**Alva, daughter of Nina Peck**  
Employee at our site in Essen



## EMPLOYEES

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## Employees

**Becoming a best-in-class specialty chemicals company means paying special attention to all aspects of human resources management. To achieve that, we need to steadily develop as an employer, because we can only achieve our goal with first-class, skilled and highly motivated employees.**

### Strategy and management

With the aid of the HR strategy process, we ensure the continuous development of our human resources activities in line with our materiality analysis and corporate strategy. The focus is on employer attractiveness, performance, and leadership—supported by operational excellence. We use a global system of HR performance indicators to measure our progress and attainment of our targets.

Our global HR organization comprises the HR Talent Management and HR Business Management functions. Both of these functions have global management tasks and work together closely. HR Talent Management bundles local activities relating to attracting, developing, retaining, and leading employees. HR Business Management coordinates the regional employer function, all performance-related aspects, and the global HR Administration, Labor Relations, HR IT, and Workforce Analytics units.

The heads of both HR functions report directly to the chief human resources officer (CHRO). The HR Executive Committee is the highest decision-making body for HR. It adopts the global strategy for the functional structure of the units and makes decisions on the group-wide human resources strategy. The committee comprises the CHRO, selected representatives of the divisions, and the heads of HR Talent Management and HR Business Management. The permanent members of the Global

## EMPLOYEES

### Appeal as an employer

HR Roundtable, which is an operational decision-maker, are the HR representatives of the divisions and regions and the process owners from the HR organizational units. In addition, the HR Business Council, which is chaired by the CHRO and includes all HR representatives of the divisions and the heads of the two HR functions, ensures continuous exchange about the portfolio and performance of the global HR units.

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

### Talent management

Attractive career paths, systematic job rotation, and high-quality development programs are essential to develop tomorrow's top executives. We regularly assess and evaluate potential, succession scenarios, and development requirements at HR meetings attended by the executive board.

## Appeal as an employer

**We want to offer attractive working conditions in order to gain and develop the most talented staff for Evonik. As well as cultural and network initiatives and opportunities for learning and professional development, we offer our employees performance-oriented remuneration and additional benefits. We also place special emphasis on flexible working conditions, work-life balance, and health-related measures.**

### Strategy and management

As our most important advocates, our employees are the heart of the global employer branding campaign #HumanChemistry.

They give Evonik a distinctive identity through articles and personal insights into their working lives on our careers website.

We assess the success of our employer brand by our position in external employer rankings and by internal employee surveys. Early employee turnover is another key indicator.

**Employee survey**

In our fifth group-wide employee survey in November 2018, around 35,000 employees worldwide were asked to give an anonymous assessment of their working environment. The next routine employee survey is scheduled for November 2021. In the interim period, ad-hoc surveys are conducted on a variety of topics.

In the reporting period, we conducted 50 surveys of this type: from checking the sentiment on working from home during the COVID-19 pandemic to prospective employees' experience of our recruiting process ("candidate experience"). Every single survey contributes to a lively feedback culture in our company.

**ONE Culture initiative**

The ONE Culture initiative strengthens the position of our purpose, values, and working principles as binding elements within the Evonik organization. Agile, future-oriented collaboration across functions is a key success factor. In addition, ONE Culture encourages the development of distinctive performance culture and includes a wide range of elements to strengthen employee engagement and group-wide sharing of ideas.

**ONE Culture**

C23



As part of the reorganization to ONE Evonik, we conducted workshops on cooperation, communication, and cultural development. In 2020, we also realized projects derived from a virtual brainstorming process with employees in 2019. Examples are eBuddies, where employees help one another on digital issues, and a cost ownership initiative that examines resource and cost efficiency in day-to-day working practices.

**Performance management system**

In 2019, we introduced a new global performance management system. This focuses on regular feedback dialogues between managers and employees in order to ensure transparency and

foster performance. In 2020, this system was extended to include the field force. 🌐 404-3

**Employees by contractual status**

Around 96 percent of our 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 for our own staff. Since the chemical industry requires a large number of highly qualified employees, fewer agency staff are used than in other sectors of manufacturing industry. Evonik had around 560 agency staff in Germany as of December 31, 2020. That was about 3 percent of our workforce in Germany.

### Employees by contractual status, region, and gender

T19

No.	Employees	of which employees on permanent contracts	of which employees on limited-term contracts	of which apprentices/trainees
Evonik	33,106	30,528	1,375	1,203
EMEA	22,506	20,802	510	1,194
Asia-Pacific	5,069	4,204	865	0
Central & South America	669	662	0	7
North America	4,862	4,860	0	2
Women in %	26	26	35	25

### Our activities in 2020

102-8

Leading Employers once again evaluated around 100,000 companies in Germany in 2020. For the third time in succession, Evonik received the Leading Employer award in Germany and was ranked as the best employer in the chemical sector. In the cross-sector ranking, Evonik improved from eleventh place in 2019 to sixth place, positioning it among the top 10 of the most attractive companies in Germany. In the Focus ranking, Evonik came first in the best employer ranking and was included in the top 200 national employers. In China, Evonik was once again listed as one of the most popular employers by the Top Employer Institute.



As a consequence of the pandemic, digital formats were at the heart of our events in 2020. These ranged from virtual career fairs in the regions and an online sustainability quiz on our careers site to our employees taking over our Instagram channel. We were therefore able to continue our wide-ranging insights into working at Evonik and present the company as an innovative employer.

In these times of social distancing, we strengthened the employee-focused approach of our employer brand through our Stronger Together series. Experience in dealing with the coronavirus pandemic was shared among all regions via Connections, our internal networking platform. The #BetterWithYou campaign offered our colleagues a way to show mutual respect. This was honored with Digital Communication Award in bronze.



The #EndlichMalEinRichtigerJob (the right job at last) campaign won the German Award for Online Communication in the chemical and pharmaceuticals sector. This project was produced in collaboration with well-known You-Tubers. Clicks and comments show that Evonik was able to achieve high visibility and reach many people in the target group.

## EMPLOYEES

Appeal as an employer

### Employee satisfaction and retention

Compared with other companies, we had low turnover of new employees in the past three years, indicating a good level of identification and high employee satisfaction. Looking at employees giving notice within the first year, Evonik scores very well compared with our competitors with a rate of 3.5 percent in the USA and 0.4 percent in Germany.

### Length of service

401-1

T20

	2018	2019	2020
Early employee turnover in %	0.9	0.9	1.3
Total employee turnover in %	6.7	5.2	4.4
Average length of service in years	14.5	14.8	14.7

### Employee turnover

T21

	Turnover in %	No. of employees who left the company <sup>a</sup>
<b>By region</b>		
Asia-Pacific	6.5	323
Central & South America	8.2	54
EMEA	3.0	680
North America	8.5	363
<b>By gender</b>		
Female	4.8	398
Male	4.2	1,022
<b>By age</b>		
Under 30 years	5.3	341
30-50 years	3.5	554
Over 50 years	5.2	525
	<b>4.4</b>	<b>1,420</b>
thereof termination by the employee	1.8	576

<sup>a</sup> Employees who have left the company.

### Performance and remuneration

Fair, market- and performance-oriented remuneration is anchored in our human resources tools worldwide. The principles used 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. In addition, minimum standards defined by law and in collective agreements, e.g., local minimum wages, are applied. Personal attributes such as gender, age, etc., play no part in the process. In 2020, we paid out €2,460 million in wages and salaries.

 102-36, 102-37, 102-41, 202-1, 401-2, 404-3

### Personnel expense

T22

in € million	2019 <sup>a</sup>	2020
Wages and salaries	2,633	2,460
Social security contributions	416	388
Pension expenses	213	233
Other personnel expense	86	87
	<b>3,348</b>	<b>3,168</b>

<sup>a</sup> The methacrylates business was included in the prior-year figures until the transaction was closed.

Collective agreements on remuneration cover 100 percent of our employees in Germany and around 71 percent of our employees worldwide. Around 94 percent of our sites and companies have performance- or profit-oriented incentive systems. These systems cover around 99 percent of our employees.  102-41

Evonik offers voluntary social benefits in all regions where it has a presence. These are available to more than 97 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 2020 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 39 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. In Germany, employees can choose to make a personal contribution of 0, 3, 4, or 6 percent of their salary. The contribution made by the employer rises with the personal contribution. In the USA, the pension plan is based on standard employee contributions of 6 percent of their salary, but this can be increased or decreased individually. The employee's total contribution is topped up by graduated employer contributions.

## EMPLOYEES

Appeal as an employer

### Work-life balance

Evonik places value on an HR policy that is family-friendly and geared to different phases in people's lives. More than 94 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 employees structure their worktime more flexibly.

Evonik is perceived by the general public as a family-friendly employer. We have been audited annually since 2009 by the Hertie Foundation for the berufundfamilie certificate. In the reporting period, the women's magazine BRIGITTE once again singled out Evonik as one of the best employers for women.

### #SmartWork project

As part of #SmartWork, Evonik conducted a pilot study on extending the use of remote forms of working. 13 pilot projects were set up across a variety of jobs in all regions where Evonik operates. The aim of #SmartWork is to use the findings from the coronavirus pandemic and the present pilot projects to improve and institutionalize virtual, flexible collaboration at Evonik. Relevant aspects include leadership, communication, culture and values, performance, feedback, mental and physical health, and technological equipment. #SmartWork has the potential to strengthen our value proposition as an employer, employee engagement, and productivity. In addition, we expect it to bring cost savings by reducing the need for office space and business trips. These are two aspects that could play a part in further improving our ecological footprint in the future.

### #ReThink initiative

During the coronavirus crisis, it was important for our employees to share their experience of the massive changes in their day-to-day work. We facilitated this through #ReThink, a digital forum on Connections where employees could post practical examples of new processes and ways of working and learn from one another. This proved very popular. By the end of 2020, employees from all regions had posted nearly 50 contributions, and there were more than 250 comments and 2,700 “likes.”

### well@work

Alongside work-life balance, healthy eating and exercise are core topics for the well@work initiative. We foster the physical and mental fitness of our employees through a wide range of offers at our sites, supplemented by group-wide digital programs. In 2020, the staff restaurants at all our German sites extended the successful nutrition concept introduced in the previous year. The aim is to raise awareness of healthy eating through regular campaigns and access to advice on nutrition and diet.

In Germany, all 19,528 employees, including our 14,553 male employees, have a statutory right to parental leave. 773 employees took parental leave in 2020. Men accounted for around 45 percent of the total. In 2020 they took an average of 1.7 months parental leave, while female employees took an average of 6.9 months. In the reporting period, 544 employees returned to work after parental leave. The proportion of male employees returning was just under 63 percent. Apart from a few exceptions,

all employees who returned from parental leave in 2019 were still working for us a year later. As of December 31, 2019, there were 281 employees on parental leave. 180 of them (including 25 men) returned to work in 2020. That was around 64 percent. 90 of the employees who did not return to work in 2020 were still on parental leave at year-end 2020. The proportion remaining in the company is therefore over 96 percent. [102-8, 102-41, 401-2, 401-3](#)

### Worktime models

The regular, contractually defined working hours for more than 75 percent of our employees are based on collective agreements. We limit employees' working hours to 48 hours a week unless shorter working hours are applicable. Nearly 80 percent of our employees benefit from annual vacation rules that exceed the statutory provisions in their country. Since there is no statutory ruling in the USA, the situation there is based on regional custom.

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

About 93 percent of our 33,106 employees have full-time jobs and 7 percent work part-time. 8,443 employees are female. Around 81 percent of them work full-time, compared with 98 percent of male employees. Nearly 10 percent of employees in the Europe, Middle East & Africa region take up the option of

## EMPLOYEES

Appeal as an employer

working part-time to balance work and private life. By contrast, this option is hardly used in other regions because it has no social relevance there.

[102-8, 102-41, 407-1, 408-1, 409-1](#)

### Ability to take extended periods of leave<sup>a</sup>

T23

	Employees in %
Europe, Middle East & Africa	94
Asia-Pacific	82
Central & South America	100
North America	93

<sup>a</sup> Option to take paid or unpaid leave for more than three months.

### Generation pact and long-term accounts

In response to demographic change, we introduced a generation pact in Germany in 2014. This pact enables people to retire far earlier and provides a basis for offering employment to qualified apprentices at the end of their training. Around 1,300 employees born between 1959 and 1964 have taken advantage of this since its introduction. Since the collective agreement of 2019, there have been additional opportunities to make credits to the long-term account and occupational pension plan. The long-term account offers scope to retire at an earlier age. Around 50 percent of employees in Germany use this scheme.

### Trustful collaboration

Trustful collaboration between representatives of the management and the workforce is a key success factor for Evonik. We take account of operating conditions and the laws applicable in the various countries. To mark the 100th anniversary of the introduction of legislation on works councils in Germany, in 2020 Evonik asked the corporate archive to publish a book on codetermination. This publication outlines the exciting—and at times tense—history of codetermination at Evonik and its predecessor companies. In this way, Evonik highlights the value of codetermination for economic prosperity and social cohesion.



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 the legislation on executive staff councils. There are elected bodies representing our employees at all sites in Germany. Works councils represent exempt and non-exempt employees, while executive staff councils represent our executives. Timely discussion of all major changes with these bodies is ensured. This includes the processes relating to corporate reorganization and restructuring, as well as agreements on the introduction of short-time working or similar measures. These take place several weeks or months in advance,

### REPRESENTING EMPLOYEES DESPITE THE PANDEMIC

*The COVID-19 pandemic has changed the way the works council works. Like our colleagues elsewhere in the company, we now use digital technology for our internal processes. To make sure our work is legally compliant, we had to revise our rules of procedure. We also concluded a works agreement with the management on dealing dynamically with the impact of the coronavirus to protect our codetermination rights and maximize preventive health measures in the company.*

#### Martin Albers

Chairman of the Group Works Council of Evonik Industries AG  
Location: Essen (Germany)



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. [102-43, 402-1](#)

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 the supervisory board.

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 96 percent of our employees. [102-41](#)

## Diversity and equal opportunity

**As an international company, we see diversity as an opportunity. In our view, diversity is not simply a social or political obligation. We see it as a key to the success of our business.**

### Strategy and management

Evonik does business in many markets worldwide. Diversity is therefore normal in our business activities. Employees with different backgrounds and personalities enrich our teams and our company. They enhance our creativity, innovative capability, and proximity to customers. Therefore, we raise employees' awareness of the importance of diversity in our daily work through our corporate media and various campaigns.

Our diversity strategy is derived from our corporate strategy. Diversity is a firm element in our corporate values, our working principles, and, since 2020, in the Evonik competency model. The parameters we use to manage diversity often exceed the legal requirements. We inform all employees about the present situation in an annual diversity report, and the executive board receives quarterly information on the development of key diversity indicators.

The Evonik Diversity Council ensures that diversity is a success factor that is deeply embedded in our organization and drives 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 functions. Since May 2020, group-wide implementation of the measures adopted by the

diversity council has been supported by three diversity panels for processes, regions, and communication. Through its Diversity & Inclusion department, the HR Talent Management function supports the establishment of diversity and inclusion throughout the Evonik Group. In addition, we train our executives and talents to deal with both conscious and unconscious bias.

Through its North America region, Evonik has been a member of CEO Action for Diversity & Inclusion™ since 2020. More than 900 CEOs have already joined this network.

### VIRTUAL COLLABORATION MAKES THE WORLD SMALLER

*I took part in the second digital BarCamp on diversity and noticed how much progress had been made. After some teething problems with the use of digital tools at the start of the pandemic, I can now see how competently we are using them. Colleagues no longer seem so far away. Regardless of the actual distance and our cultural differences, virtual collaboration is bringing us closer. The world feels much smaller.*

**Kelly Miears**  
IT Academy | IT  
Location: Mobile (Alabama, USA)

### EMPLOYEES

Diversity and equal opportunity

Our open and respectful corporate culture is designed to create a working environment that fosters all aspects of diversity. To achieve this, we have set ambitious targets for diversity management.

#### 1. Age/generations

We foster cross-generational collaboration in our teams and place special importance on maintaining mental and physical health (see "well@work initiative" [p.83](#)). Examples are the Fit for Life program and support for employees who care for relatives.



CORONA  SNAPSHOT

CORONA-  
VIRUS  
SPECIAL  
 p.55

Other offerings include LILY (Learning and Individualized Library), an online learning platform for lifelong learning. Moreover, reverse mentoring offers different generations an opportunity to learn from one another and actively advance diversity at Evonik.

In 2020, the average age of Evonik employees was around 43 years. 45 percent of new hires (653 employees) were under 30. 47 percent were in the 30 to 50 age group (682 employees). 8 percent of new hires (112 employees) were over 50.

2. Competencies and experience

In line with our corporate purpose, Leading beyond chemistry, we support interdisciplinary collaboration and networking of competencies and perspectives. Diversity and opportunities to use various learning formats are presented to new employees in the onboarding phase. Other offerings include learning journeys, reverse mentoring, and diversity BarCamps.

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

T24

in %	Diversity targets 2023	Status 2020
Executives <sup>a</sup>	23	15.9
Senior management <sup>b</sup>	23	14.2
Other management levels <sup>c</sup>	30	27.1

<sup>a</sup> Executives = executive functions, i.e., top management functions in the Evonik Group.

<sup>b</sup> Senior management = senior management functions, i.e., key functions in the segments, regions, service units, and corporate divisions.

<sup>c</sup> 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 our gender diversity targets. They include offers to help employees combine working and family life, such as childcare, vacation programs for kids, and a regular get-together for parents. We also offer our employees networks such as GroW, an internal network for female employees, and our newly introduced job-sharing platform.

To speed up progress, the process for nominating female employees as corporate talents has been altered. Managers now have to give an explicit reason if they do not nominate any female employees from their department as talents.

In addition, Evonik supports social impetus for equality and takes part in the "Chefsache" gender equality initiative in Germany. In 2020, we became the first specialty chemicals company to join Femtec, the international university careers network for women. Femtec focuses on fostering young female employees and talents in STEM professions—science, technology, engineering, mathematics, and IT.

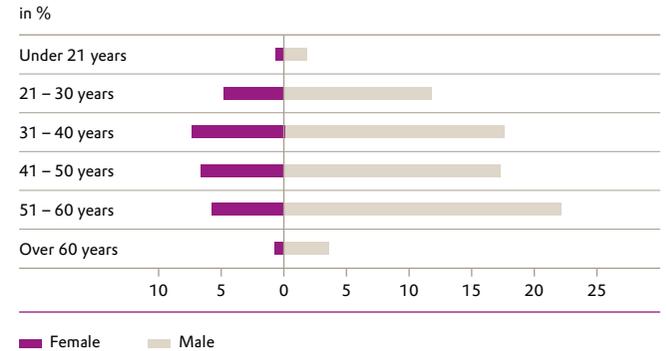
At present, women make up 26 percent of our workforce (8,443 employees) and men make up 74 percent (24,663 employees). In 2020, 30 percent of external hires were female (428 employees) and 70 percent (1,019 employees) were male. We are seeing positive effects, especially among younger age groups. In the under-40s age group, the proportion of female employees in management is now nearly 35 percent. That is an improvement of 7 percentage points compared with 2011.

EMPLOYEES

Diversity and equal opportunity

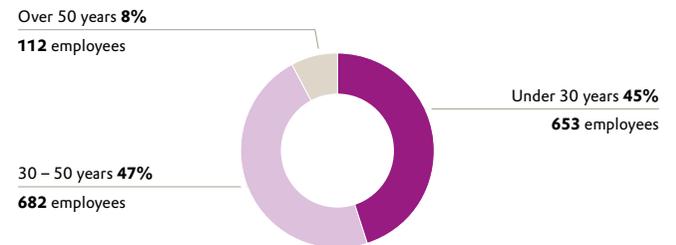
Age structure in the Evonik Group 2020

C24



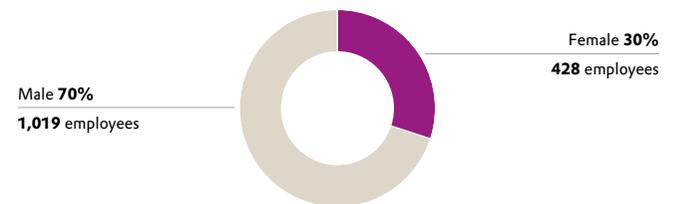
External hires by age 2020 401-1

C25



External hires by gender 2020

C26



Overall, the proportion of female employees in management functions increased from 17 percent in 2011 to 26 percent in 2020.

#### Percentage of women in management

T25

in %	2011 <sup>a</sup>	2019	2020
Executives	8.2	11.2	15.9
Senior management	8.1	13.0	14.2
Other management levels	17.8	26.4	27.1
<b>All management functions</b>	<b>16.6</b>	<b>25.2</b>	<b>26.1</b>

<sup>a</sup> Including the methacrylates business.

#### 4. Intercultural mix

In addition to our targets for executives and senior management, we keep an eye on equality of opportunity in the nomination of international talents. For example, an explicit reason now has to be given if no female employees are nominated for inclusion in the international talent management program. In addition, our employees and managers are offered team training in human rights and inclusive leadership.

#### Diversity targets: Intercultural mix<sup>a</sup>

T26

in %	Diversity targets 2023	Status 2020
Executives	20	12.9
Senior management	35	27.5

<sup>a</sup> Employees whose nationality is not German.

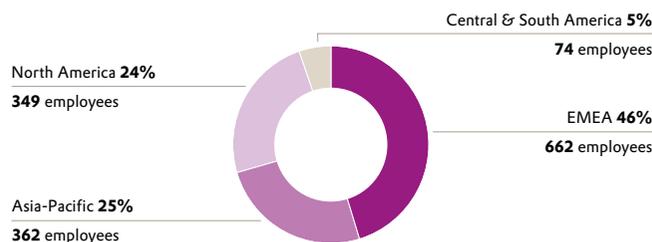
Evonik currently employs people of 106 different nationalities at 206 sites in more than 54 countries. Around 46 percent of employees in management functions are not German citizens. Group-wide, the proportion in senior management positions is around 28 percent.

#TogetherAsOneEvonik stands for Evonik's commitment to fairness and diversity and the rejection of hatred and discrimination. Our business council in North America has set up a task force to develop short- and long-term measures. These range from support groups for members of social minorities in the workforce, through diversification of procurement, to workshops and webinars to prevent unconscious bias. In 2020, for the first time, this included a day of reflection: Every Evonik employee in the USA was given an additional free day to come up with ideas and suggestions on how to put the corporate values of openness and trust into practice even more effectively in the workplace.

#### External hires by region 2020

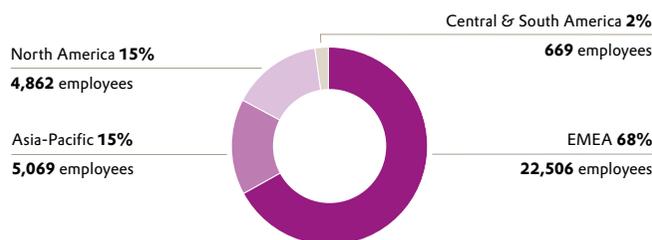
202-2

C27



#### Employees by region 2020

C28



## EMPLOYEES

Diversity and equal opportunity

#### Discrimination

Our code of conduct and global social policy forbid discrimination on the basis of origin, race, religion, age, gender, sexual orientation, and disability. Employees who feel they have been discriminated against have a right to lodge a complaint.

Contacts for reporting cases of discrimination are available at all sites. Information on complaints procedures is available to all employees via internal media and personal discussions in all regions. We have introduced additional measures and activities to prevent discrimination. These reach over 90 percent of our workforce.

Three cases of discrimination in the USA were reported to us in 2020. Evonik investigated all three and introduced counter-measures. 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. In the reporting period, employees with disabilities accounted for 8.6 percent of Evonik's workforce in Germany.

In December 2020, Evonik drafted a policy on occupational inclusion in the chemical industry. We therefore became one of the first companies in our sector to implement the agreement between representatives of the workforce and management.

## Vocational training and continuing professional development

**Well-trained employees are a key success factor in competition. Our learning strategy and personnel development programs focus on future business needs.**

### Strategy and management

Our training and continuing professional development activities comprise further training of our employees as well as vocational training of young people. Evonik has a global learning strategy developed together with our employees. In 2020, personnel development was restructured as part of the HR4.0 project.

The central elements of our learning strategy are:

- Uniform and consistent global solutions for training and personnel development, with digital self-directed learning content
- Simplifying the offering of digital learning platforms
- Increasing the acceptance of self-directed digital learning and lifelong learning.

The learning and individualized library tool (LILY) gives our employees access to a wide range of learning journeys and digital content for self-directed learning. The global development portal provides a transparent overview of our continuing professional development offerings and our learning and development strategy. Both platforms are available to all employees worldwide, providing they have the appropriate IT infrastructure and intranet access. A distinction by gender or employee category is not relevant for us. Our FutureZone learning platform administers the

### USING DIGITAL MEDIA TO RECRUIT APPRENTICES

*Despite the difficult situation caused by COVID-19, we wanted to give young people an opportunity to find out about apprenticeships at Evonik and an insight into how a specialty chemicals company works. Since direct contact was not possible, we organized a virtual event with a live chat session with training staff and current apprentices. The youngsters were able to ask questions and even submit their application directly. Our first-ever digital careers fair for apprentices was a big success with Generation Z. Over 200 young people took part, and we received more than 75 applications.*

#### Patrick Weismüller

Global Employer Branding Technology & Innovation Manager  
Location: Essen (Germany)



participation of employees in mandatory training and e-learning sessions and notifies them of the need to complete them. [404-2](#)

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 LILY

In 2016, Evonik aligned its vocational training strategy to its needs. As a result, the number of apprentices being trained for Evonik decreased from around 1,600 in 2016 to around 1,200 in 2020. We consider that we are well-prepared for the challenges of demographic change and the associated reduction in the

availability of qualified employees for production and related areas. To retain young people in the company, since 2019, all apprentices who are able and willing to take up employment have been offered jobs. The number of additional apprentices being trained in cooperation with other companies remained constant at around 400.

### Our activities in 2020

In 2020, Evonik trained more than 1,530 young people, including around 380 for other companies. Our offering covered more than 31 recognized vocational training courses and combined vocational training and study programs at 15 sites.

Apprentices accounted for around 6.7 percent of our workforce in Germany, which is still well above the national average of around 5 percent. Overall, we invested more than €60 million in vocational training. Our high commitment to vocational training is also reflected in their examination results. The percentage of apprentices who passed their examinations was comparable with the previous years at around 99 percent.



Since we altered our vocational training strategy to focus on our needs, we also adjusted the “Start in den Beruf” pre-apprenticeship program in 2020. In the 2019/2020 project year, 50 places for young people who were not ready for vocational training were offered a place on this program, compared with 90 on previous years.

Due to the outbreak of the coronavirus pandemic, we had to switch training of our apprentices to home-based learning at short notice in spring 2020. The provision of tablet computers and the progressive digitalization of learning scenarios on a special

multimedia learning platform for apprentices proved a sound basis for this. At the start of May, practical training was resumed to prepare our apprentices for the summer examinations. Before the start of the new training period, special training concepts were developed, for example, organizing training sessions for different courses at different times. The aim was to ensure compliance with the applicable hygiene rules and allow on-site instruction in the vocational training centers.

Evonik received several vocational training awards in 2020. In a study of Germany’s best vocational training companies, Evonik was awarded first place in the specialty chemicals category, positioning it among the top 1 percent of vocational training companies in Germany—across all sectors, sizes of company, and organizational forms. In addition, we were given a five-star rating by the business magazine Capital for our excellent vocational training performance in the pandemic.

In 2020, Evonik invested around €259 per employee in training and continuing professional development. That was a total of €8.57 million. However, it was 47 percent lower than in the previous year, mainly because face-to-face training sessions had to be canceled due to the coronavirus pandemic. Many of these sessions were replaced by virtual classrooms or digital learning formats. On average, the face-to-face training formats totaled 7.42 hours per employee. This figure includes online seminars such as the Evonik learning sessions and webinars run by various organizational units.

Use of LILY increased significantly in the reporting period—by 59 percent year-on-year. In 2019, a total of 5,647 employees used the digital content offered by LILY. In the reporting period, this rose to 9,605. The total learning time spent on this platform was 41,138 hours, compared with 12,839 hours in 2019. That gives an average of 4.3 hours of digital learning time per user.

[404-1](#), [404-2](#)

EMPLOYEES

Our targets

## Our targets

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

### Target attainment in 2020

Increase flexibilization of worktime<sup>1</sup>

### Targets for 2021 and beyond

Proportion of women in top and senior management should be 23% at each level by 2023 (status 2020: 15.9% and 14.2% respectively)

Intercultural mix at executive level should be 20% by 2023 (status 2020: 12.9%).

- Target not achieved
- Target partially achieved or target horizon extends beyond 2020
- Target achieved

<sup>1</sup> For example by:

- encouraging greater use of the PAIRfect job-sharing platform.
- concluding a collective agreement on lifetime working and demographic change with a €750 demographic change contribution.



**Gerald Breyer**  
Employee at  
our site in Essen



## SAFETY

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## Safety

**Protecting the health and employability of our employees and preventing accidents and incidents at work, in the operation of our production facilities, during transportation, and on the way to and from work are of central importance to Evonik. That is also reflected in the UN Sustainable Development Goals (SDGs) of relevance to Evonik.**

### Strategy and management

Evonik has defined environment, safety, health, and quality values, which address our responsibility and are used to continuously improve our processes and systems.

We have developed the Safety at Evonik initiative into a group-wide management approach to implement a safety culture in all areas of occupational and transportation safety. It defines binding principles of action that give our managers and employees and personnel from staffing agencies reliable guidance on safety-compliant conduct in their daily work.  102-43

At Evonik, the management of occupational and plant safety is ensured by globally binding policies and operating procedures that form an integral part of our management system. Observance of these rules is monitored by central audits, while business-specific implementation is assigned to the operational units.

## SAFETY

## Safety

Steering bodies at group level ensure that mission-critical processes are standardized for all divisions (see “The environment”  p. 63). Group-wide targets based on key performance indicators are used to check the implementation of the requirements and identify the need for further action. The frequency and severity of accidents are also reflected in the variable remuneration of members of the executive board.

Our goal is to continually improve our safety performance. To enable us to evaluate our safety management activities more efficiently and more effectively, we have reduced the threshold for analyzing workplace accidents to 200,000 working hours in line with common international practice. Previously, the threshold was 1 million working hours.

In the area of plant safety, a new parameter for calculating the number of incidents was introduced in 2019. This is based on a definition issued by Cefic<sup>1</sup>. Energy and product leakages below the previous volume threshold are now recorded<sup>2</sup>. From 2021, this new parameter will also be applied to our production facilities, and we will measure the number of incidents per 200,000 working hours (previously per 1 million working hours).

We expect more detailed data collection and evaluation to deepen our understanding of the potential for improvement. At the same time, this brings Evonik into line with the recommendations of the International Council of Chemical Associations (ICCA).

<sup>1</sup> European Chemical Industry Association (Cefic).

<sup>2</sup> The new volume thresholds are 1/10/100 kg depending on the hazard class, compared with the conventional reporting thresholds of 5/100/2,000 kg.

**Framework of the safety culture**

**C29**

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

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

Our crisis and incident management focus on preventing and limiting damage if accidents nevertheless happen. To build and share the necessary experience, we are actively involved in various national and international networks.

We analyze incidents carefully so we can learn from them and further improve our safety performance. Our global newsletter “Learning from one another” provides information on incidents and topical safety issues.

The aim of our health protection and promotion activities is to maintain or increase the employability and well-being of our employees. In light of the coronavirus pandemic (see [p.55](#)), special attention was paid to these aspects in 2020. We focus on an integrated, holistic approach.

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 performance. In keeping with our understanding of sustainability, that includes evaluating the Responsible Care® performance of all transportation providers. Our aim is to minimize risk at all stages, from loading through transportation to unloading.

**Our activities in 2020**

In the reporting period, we continued to roll out our new global server-based platform ESTER (Evonik Standard Tool ESHQ and Reporting) to all production sites. We intend to include the administrative sites in 2021. ESTER will harmonize processes worldwide, make workflows leaner, and broaden our database to improve our safety performance.

**SAFETY**

Occupational safety

**Occupational safety**

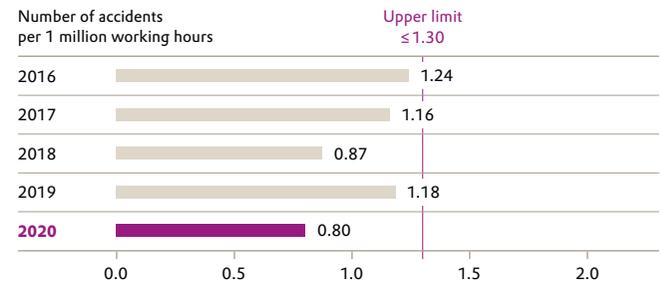
**We pay special attention to occupational safety. The safety of our employees covers safety on the way to and from work as well as safety at work. Contractors’ employees working at our sites are also included.**

**Strategy and management**

Accident frequency is our key performance indicator for occupational safety. In 2020, we achieved our target of remaining below the defined maximum accident frequency rate<sup>1</sup> of 1.30 for Evonik employees<sup>2</sup>. The accident frequency rate was 0.80<sup>3</sup>, which was well below the rate recorded in the previous year (1.18). One reason for this was an increase in the number of employees working from home as a result of the coronavirus pandemic. There were far few accidents in administrative areas. For example, there were no accidents at the campus in Essen (Germany).

**Accident frequency indicator**

**C30**



<sup>1</sup> This indicator contains all reported work-related accidents (excluding traffic accidents) resulting in absences of at least one full shift per 1 million working hours.

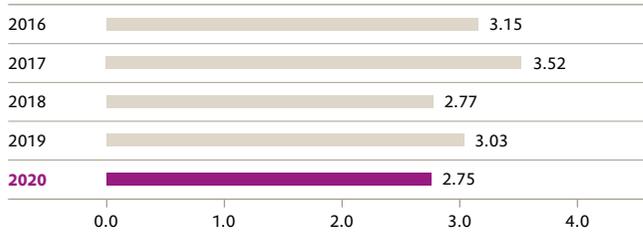
<sup>2</sup> Evonik employees including employees from staffing agencies.

<sup>3</sup> In total, Evonik employees worked approximately 65 million hours in the reporting period.

We are altering all our safety indicators from 2021. In line with common international practice, the reference parameter will then be 200,000 working hours instead of 1 million working hours. The new upper limit for accident frequency among Evonik employees will be 0.26 per 200,000 working hours.

**Accident frequency indicator, contractors' employees<sup>a</sup>** **C31**

Number of work-related accidents involving non-Evonik employees resulting in absence from work per 1 million working hours



<sup>a</sup> Calculation based on assumptions and estimates.

There were no fatal accidents at work involving our employees or contractors' employees at our sites in the reporting period; nor were there any fatal traffic accidents. In 2020, there was one serious accident involving an Evonik employee. At the end of the year, there were two further accidents that are likely to result in a prolonged period of absence. There were no serious accidents involving contractors' employees in the reporting period.

The accident frequency rate<sup>1,2</sup> for contractors' employees was 2.75, which was below the previous year's rate (3.03).

From 2021, the accident frequency rate for contractors' employees will also be measured per 200,000 working hours, in line with international practice. **403-9**

## Plant safety

**Safety is part of our DNA: It is the basic precondition for the operation of our facilities and their performance.**

### Strategy and management

Plant safety is 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.

Incident frequency is used to measure the safety performance of our plants. We monitor the number of incidents involving the release of substances, fire, or explosion (process safety incidents, PSI) in line with the Cefic definition. **306-3**

We recorded 1.45 incidents per 1 million working hours. Consequently, we failed to meet our target, which sets an upper limit

### ESTER targets **C32**

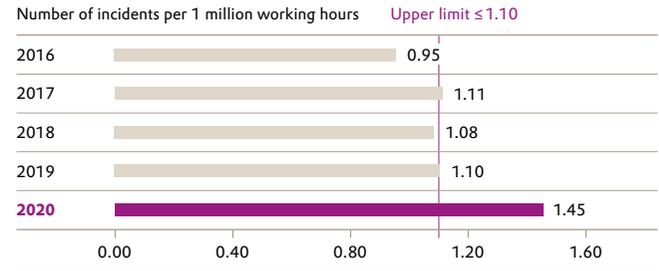
<p><b>Target 1</b> Group-wide ESH software</p>	<p><b>Target 2</b> Replace many IT solutions</p>
<p><b>Target 3</b> Improve ESH performance</p>	<p><b>Target 4</b> Reduce the time and expense for ESH</p>

**SAFETY**

Plant safety

of 1.10. The introduction of ESTER and the related employee training led to greater awareness of plant safety incidents. The inclusion of the newly acquired sites in our reporting system also had an impact.

**Incident frequency indicator** **C33**



From 2021, the basis for reporting plant safety performance will also be altered from 1 million working hours to the Cefic reporting base of 200,000 working hours. Our target for 2021 is to remain below 0.40. In the reporting period, we achieved a reference level of 0.41<sup>3</sup>. Since 2019, this reference level has been calculated in parallel to the 1 million working hours indicator in use, which will be replaced from 2021.

We are continuously improving our safety management system. In the reporting period, we realigned our expert circle on plant safety. This focused on the global structure of the expert circle and ensuring a holistic view of all aspects of plant safety. We are currently developing leading indicators, which we will use as a basis for defining more specific measures to improve our safety performance in the future.

<sup>1</sup> The method of calculating working hours was changed in 2019.

<sup>2</sup> This indicator contains all reported work-related accidents (excluding traffic accidents) resulting in absences of at least one full shift per 1 million working hours.

<sup>3</sup> In 2020, reporting was extended to include the Technology & Infrastructure division, which was not included in the previous year.

## Health protection and promotion

**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.**

Occupational health protection was confronted with special challenges in 2020 as a result of the COVID-19 pandemic. In principle, Evonik was well-prepared for a pandemic. At the end of February 2020, when it became clear that SARS-CoV-2 was becoming a pandemic, our pandemic plan came into effect at all sites worldwide, and the relevant steering committees were activated at Group, regional, and site level. The Evonik steering committee issued binding global instructions for the Group. In addition, a works agreement on COVID-19 was concluded with representatives of the workforce in Germany.

The agreed measures largely prevented infection chains and clusters at our sites. Communication between the various steering committees was ensured by a differentiated reporting system and regular conference calls, which also provided an overview of the global pandemic situation at Evonik. A hotline was set up for employees, and extensive information was posted on the intranet. A #togetheragainstcorona campaign was launched to encourage employees to act responsibly during the pandemic and offer them valuable support.

### HOW CAN WE MINIMIZE THE RISK OF INFECTION AT WORK?

*The main aim of our measures to fight the pandemic is to minimize the risk of catching the virus at work in order to protect the health of our employees. After all, it is their ability to work that drives Evonik's profitability. The biggest challenge is ensuring that the physical distancing and hygiene rules are applied at all times, even when the restrictions on public life are eased. As a company, we always have to be stricter than the outside world in order to avoid clusters of infections.*

**Dr. med. Uta Müller**  
Corporate medical director | ESHQ  
Location: Essen (Germany)



### Strategy and management

Our approach includes high-quality medical care as required, applying ergonomic and health-related measures to structure working conditions, and an emergency management system at plant level. We therefore comply with all applicable occupational medicine and health protection requirements. In addition, we offer a selective range of health promotion measures, which are bundled in the group-wide well@work initiative. In this way, we

help our employees adopt a healthy lifestyle. Our health protection and promotion measures are also available to employees from staffing agencies. 📞 403-1, 403-3, 403-4, 403-5, 403-7

The most important goals and aspects of our occupational health strategy are outlined in the Evonik Global Health Program. On this basis, we systematically refine our strategy and adapt 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 resulting from digitalization and Work 4.0. Based on these challenges, we have derived priorities for our occupational health activities. The corporate policy "Occupational Health and Health Promotion" sets binding worldwide standards for health protection and promotion. [401-2](#)

In Germany, issues relating to occupational safety and health protection have to be agreed with the employee representatives. Taking this as our basis, we have worked out policies for our global workforce.

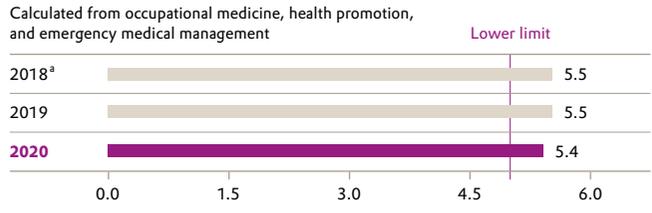
In line with statutory requirements, at our German sites we have occupational safety committees that meet at least four times a year to discuss issues relating to occupational safety and the protection of health. These committees are composed of employee and employer representatives, safety specialists,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

Fulfillment of the relevant requirements is checked regularly by corporate audits and regional environment, safety, and health audits, and through an extensive occupational health and safety reporting system. Action is taken if there are indications of scope for improvement or deviations from the applicable guidelines. Where necessary, improvements are suggested or required. 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 continuous improvement.

**Occupational health performance index** C34



<sup>a</sup> Including the methacrylates business.

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 2020, it covered 95 sites and 89 percent of Evonik employees.

We have defined a target of  $\geq 5.0$  for the occupational health performance index. In 2020, the index was 5.4 (maximum: 6.0).

For Germany, we also calculate a health ratio, which was 95.2 percent in 2020 (2019: 94.8 percent). This is the ratio of target working hours less sickness-related hours lost to target working hours.

**SAFETY**

Health protection and promotion

**Emergency medical management**

The Medical Incident and Emergency Management standard defines binding basic requirements for emergency medical management at Evonik's 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 require special medical treatment. 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 proactively implement 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 providing advice for employees on their individual health risks and 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 (i.e., those where the causes lie well in the past). There were 32 cases in 2019. The main causes of occupational illness at Evonik are 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 consistently low figures for

occupational illness are evidence of the effectiveness of our occupational safety measures. For Evonik employees and contractors' employees working under Evonik's direct supervision, the risk of sustaining an occupational illness is therefore very low. In the reporting period, there were no reported deaths of members of our active workforce as a result of work-related illness.

The ODR for 2020 will probably be available in spring 2021 and will be published on our website. In 2019, the ODR for the Evonik Group was 0.5. All new occupational illnesses reported in

SAFETY

Health protection and promotion

Germany and North America are included. The ODR was 0.69 for Germany and 0.66 for North America. The calculation of the ODR does not include contractors' employees as we do not have access to such data due to data protection regulations. [403-10](#)

Corporate health promotion

Our well@work program centers on three aspects: exercise, a healthy diet, and work-life balance. Corporate health promotion has a firm place in this. Evonik uses basic programs with a long-term focus to encourage employees to adopt a healthy lifestyle. These are supplemented by changing annual health campaigns. At all of our German sites, there are interdisciplinary health task forces to implement well@work. [403-6](#)

In 2020, we focused on topics of particular importance during the pandemic. Alongside our global influenza prevention campaign, we provided advice on ergonomics and healthy eating for employees working from home. In Germany and the USA, we also offered online seminars on stress management during the pandemic.

Maintaining the long-term employability and well-being of our employees is also at the heart of our fit-for-life seminars, which normally run over several days. We were unable to hold these seminars in 2020 because of the COVID-19 pandemic.

Worldwide, more than 94 percent of our workforce can seek advice on workplace-related, personal, or family problems from social and employee counseling centers.

**BEHAVING RESPONSIBLY—  
HOW TO PROTECT OURSELVES FROM THE VIRUS**

*Evonik informed us very quickly and well about the correct behavior in dealing with each other. The company also provided us with protective masks. To avoid risk situations outside work, we must not be negligent when it comes to hand sanitizing and social distancing. Only in this way can we maintain a healthy environment for our employees, families, and friends and look forward to the time of new normality after COVID-19.*

**LaQuetta Harper**  
Labor coordinator | Nutrition & Care | Acrolein  
Location: Mobile (Alabama, USA)



CORONA  SNAPSHOT

CORONA-  
VIRUS  
SPECIAL  
 p. 55

## Transportation safety and logistics

**Our aim is to minimize risk at all stages, from loading through transportation to unloading. Special care is required in the transportation of dangerous goods. In addition, our safety standards for especially dangerous products and raw materials go beyond the regulations for such substances.**

### Strategy and management

To support safe transportation by logistics partners, the use of requirements profiles for logistics service providers, collection by customers, and warehouse service providers is common practice at Evonik in Europe. In addition to quality management, the specific aims of these profiles are to ensure safety, make sure loads are properly secured, and take environmental and sustainability aspects into account in the transportation of chemicals.

### Outgoing shipments of hazardous goods<sup>a</sup>

T27

in thousand metric tons	2019	2020
Air	0.9	0.5
Ocean	552	577
Inland waterway	830	854
Rail	648	682
Pipeline <sup>b</sup>	656	787
Road	1,759	1,873
<b>Total</b>	<b>4,446</b>	<b>4,773</b>

<sup>a</sup> Excluding goods collected by customers.

<sup>b</sup> External shipments only.

### Outgoing shipments of other goods<sup>a</sup>

T28

in thousand metric tons	2019	2020
Air	4	3
Ocean	1,177	1,210
Inland waterway	50	30
Rail	170	178
Pipeline <sup>b</sup>	9	8
Road	2,219 <sup>c</sup>	2,008
<b>Total</b>	<b>3,629</b>	<b>3,439</b>

<sup>a</sup> Excluding goods collected by customers.

<sup>b</sup> External shipments only.

<sup>c</sup> Corrected data.

### Our activities in 2020

We are driving forward digitalization in transportation safety and logistics. In this way, we contribute to sustainability and "green logistics." In 2019, we introduced the digital software solution Testify. In the reporting period, this system was extended for various applications. Testify simplifies processes involving paper-based checklists, for example, for loading and unloading, assessment questionnaires for warehouse audits, transportation risk analyses, and documentation of pipeline maintenance. Moreover, changes to plant maintenance schedules can be entered centrally in the system.

A pilot project at our site in Antwerp (Belgium) is testing the introduction of an electronic tank cleaning document (eECD). At the instigation of the chemical industry, several industry associations have been working on the digitalization of tank cleaning documentation since 2020. eECD is a uniform, cross-border system. For many years, the chemical and food industries have

## SAFETY

### Transportation safety and logistics

used a standard certificate to ensure that tankers used for transportation are free from previous products prior to loading. Until now, this certificate has been passed between tank cleaners, transportation companies and shipping agents in paper format. Sharing the eECD in advance will make scheduling more reliable for transportation providers and shipping agents. It will also avoid empty mileage.

Evonik continued its strategic focus on intermodal shipment of packaged goods across Europe in the reporting period. Intermodal transportation allows an optimal combination of long-distance shipment by rail, ocean or inland waterway and road transportation at the start and end of the journey. Our logistics procurement departments are systematically expanding business relationships with market-leading suppliers.

As part of our forklifter concept, in 2020 we replaced diesel forklifters by electric forklifters at our site in Essen (Germany) to further reduce the use of diesel fuel and cut CO<sub>2</sub> emissions.

The introduction of DRUMGUARD® for securing loads, which started in 2019, continued in the reporting period. DRUMGUARD® comprises two components and is therefore far easier to use than conventional straps and shrink-wrap film. This reusable system replaces non-reusable plastic or metal materials. 86 percent of the agreed contingent of this system was taken up in 2020. To enhance the economic and sustainability benefits, we are working to increase the return quota. Active support is provided to strengthen customers' return performance. Deliveries and returns are monitored so that we can address customers who do not yet use the system to the desired extent to convince them of the benefits.

### Securing the supply of raw materials via the river Rhine

Various measures have been developed following the low water level in the river Rhine in 2018, which disrupted our logistics chains. These cross-unit measures should enable us to cushion fluctuations in water levels more flexibly in the future. Possible action in the event of low water levels includes switching transportation to rail or road. Alternatively, ships with a lower draft could be used. In addition, Evonik supports long-term measures such as the expansion of infrastructure in Germany.

We evaluate accidents in the shipment of goods using the criteria set out in section 1.8.5 ADR<sup>1</sup>. The aim is to increase transparency and align Evonik to this international standard. On this basis, Evonik is planning to introduce a new performance indicator for such accidents. In the reporting period, one accident in the shipment of goods was reported to us in line with our criteria: During a storm in Germany, a tanker (UN 2014 hydrogen peroxide, aqueous solution) came off the road and overturned. It was possible to remove most of the spillage. The truck driver was not injured.

## Our targets

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

### Target attainment in 2020

-  Accident frequency rate<sup>1</sup> ≤ 1.30
-  Incident frequency rate<sup>2</sup> ≤ 1.10
-  Occupational health performance index ≥ 5.0

-  Target not achieved
-  Target partially achieved or target horizon extends beyond 2020
-  Target achieved

<sup>1</sup> New reference parameter from 2021 aligned to international practice.

<sup>2</sup> Calculation modified from 2021.

### Target for 2021 and beyond

- Accident frequency rate<sup>1</sup> ≤ 0.26
- Incident frequency rate<sup>2</sup> ≤ 0.40
- Occupational health performance index ≥ 5.0

<sup>1</sup> Accord européen relatif au transport international des marchandises Dangereuses par Route, English: European Agreement concerning the International Carriage of Dangerous Goods by Road.

## Sustainability indicators for the Evonik Group

The following overview contains the main indicators for our six sustainability areas of action. You can find more detailed information in the relevant chapters.

Sustainability indicators 2020  201-1

T29

	2017	2018	2019	2020
 <b>STRATEGY AND GROWTH</b>				
Value added in € million	4,684	4,740	5,994	4,067
Women at the first management level below the executive board in %	25.0	27.3	26.1	26.9
Women at the second management level below the executive board in %	15.4	20.0	24.1	26.3
 <b>GOVERNANCE AND COMPLIANCE</b>				
Training rate <sup>a</sup> anti-money laundering in %	--	--	--	82
Training rate <sup>a</sup> antitrust law in %	59	74	82	88
Training rate <sup>a</sup> fighting corruption in %	84	83	91	88
Training rate <sup>a</sup> code of conduct in %	71	77	89	89
Internal investigations	27	90 <sup>b</sup>	113	130
Disciplinary measures	12	106 <sup>c</sup>	60	110
 <b>VALUE CHAIN AND PRODUCTS</b>				
Procurement volume in € billion	9.1	9.9	9.4	8.0
Production output in million metric tons	10.98	11.03	9.16	8.93
Use of renewable resources in production in %	10.4	9.7	7.9	8.5
Raw material suppliers covered by Tfs assessments <sup>d</sup>	--	--	66	73
No. of sustainability audits (Tfs)	441	358	309	258
No. of sustainability audits (Evonik)	28	22	26	31
No. of sustainability assessments (Tfs)	1,794	1,491	1,043	1,148
No. of sustainability assessments (Evonik)	149	130	117	186
R&D expenses in € million	476	459	428	433
 <b>THE ENVIRONMENT</b>				
Scope 1 greenhouse gas emissions in million metric tons <sup>e</sup>	5.6	5.7	4.9	4.8
Scope 2 greenhouse gas emissions in million metric tons <sup>f</sup>	0.9	0.9	0.6	0.6
Scope 3 greenhouse gas emissions in million metric tons <sup>g</sup>	20.4	20.9	17.8	17.8
Reduction in greenhouse gas emissions (scope 1/2) in % <sup>h</sup>	--	-31	-42	-44
 <b>EMPLOYEES</b>				
Early turnover in %	1.4	0.9	0.9	1.3
Continuing professional development per employee in hours <sup>i</sup>	12	16	8	12 <sup>j</sup>
Female managers in % <sup>k</sup>	23.2	24.3	25.2	26.1
 <b>SAFETY</b>				
Accident frequency <sup>l</sup>	1.16	0.87	1.18	0.80
Incident frequency <sup>m</sup>	1.11	1.08	1.10	1.45
Occupational health performance index <sup>n</sup>	5.4	5.5	5.5	5.4

<sup>a</sup> From 2017, the training rates are given as a percentage. 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, 2020.

<sup>b</sup> From 2018, reporting extended to include all internal investigations in the Evonik Group.

<sup>c</sup> In some cases, more than one measure was taken in connection with an investigation.

<sup>d</sup> Annual procurement volume > €100 thousand.

<sup>e</sup> CO<sub>2</sub> equivalents.

<sup>f</sup> CO<sub>2</sub> equivalents, net (market-based).

<sup>g</sup> Differences in the totals are due to rounding differences. In some cases, calculation is based on assumptions and estimates.

<sup>h</sup> Compared with the reference year (2008).

<sup>i</sup> From 2016, excluding apprentices in Germany.

<sup>j</sup> Previous years: face-to-face training only; from 2020 face-to-face and online training

<sup>k</sup> Management circles 1–3.

<sup>l</sup> This indicator contains all work-related accidents (excluding traffic accidents) resulting in absences of at least one full shift per 1 million working hours.

<sup>m</sup> Number of incidents per 1 million working hours.

<sup>n</sup> Max. 6.0 (index takes account of key aspects of occupational medicine, health promotion, and emergency medical management).

## Status of our sustainability targets for 2020

 102-14, 102-15

### Target attainment in 2020

This table shows the targets we set for the reporting period. Except where otherwise indicated, they refer to 2020. 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.99.

**T30**

#### **Strategy and growth** p.11

- Complete the sustainability analysis 2.0 by year-end 2020

#### **Governance and compliance** p.25

- 27.3 percent women at the first management level below the executive board and 25 percent at the second management level by year-end 2020

#### **Value chain and products** p.38

- 100 percent of all raw materials suppliers where annual procurement volume is >€100 thousand to be covered by TfS assessments by year-end 2025
- Increase sales of products and applications developed in the past five years to 16 percent in the mid term<sup>a</sup>
- More than €1 billion additional sales<sup>b</sup> in the six innovation growth fields by 2025
- Establish a risk estimate for > 99 percent of substances placed on the market in quantities of > 1 metric ton p.a. by the end of 2020 (reference base 2018).

#### **The environment** p.63

- Reduce absolute scope 1 and scope 2 emissions by 50 percent by 2025 (reference base: 2008)
- Reduce absolute scope 3 emissions from the upstream value chain—principally from the "raw material backpack" by 15 percent by 2025 (reference base: 2020)
- Develop site-specific action plans for sites that are potentially exposed to water stress as part of a global water management system

#### **Employees** p.78

- Increase flexibilization of worktime<sup>c</sup>

#### **Safety** p.90

- Accident frequency rate ≤ 1.30
- Incident frequency rate ≤ 1.10
- Occupational health performance index ≥ 5.0

-  Target not achieved
-  Target partially achieved or target horizon extends beyond 2020
-  Target achieved

<sup>a</sup> This target has not been carried forward to 2021 because we will be using absolute indicators in the future. In our view, relative indicators such as the percentage of sales generated with products and applications introduced in the past five years do not adequately reflect Evonik's innovative capability.

<sup>b</sup> With products introduced in or after 2015.

<sup>c</sup> For example by:

- encouraging greater use of the PAIRfect job-sharing platform
- concluding a collective agreement on lifetime working and demographic change with a €750 demographic change contribution.

## About this report

### Sustainability report 2020

This is the 13th full sustainability report published by Evonik. It supplements the ecological and societal aspects included in the financial report 2020. The aim of this report is to give our customers, suppliers, employees, owners, and the general public 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, 2020, except where otherwise indicated. The next sustainability report covering 2021 will be published in spring 2022. 📍 [102-50](#), [102-51](#), [102-52](#)

### Method

The report continues our digital, strategic sustainability reporting, focusing on key topics. The 19 topics of our materiality analysis were reviewed during the year. We came to the conclusion that these topics are balanced, complete, and still relevant for Evonik. The "Commitment to Society" chapter has been moved to our "Responsibility" website.<sup>1</sup>

2020 was dominated by the coronavirus pandemic. In a special section of this report, we look at what we can learn from this crisis and the opportunities it could open up for Evonik in the future, for instance, in environmental and health protection, digitalization, global supply networks, or how we structure our day-to-day work.

In this report, we link Evonik's sustainability topics, which are grouped in six areas of action, to the Sustainable Development Goals (SDGs) and our own targets. The most important targets and their status are summarized in a table at the beginning of this report. Our sustainability strategy, the analytical methods used to

measure sustainability, and integration of sustainability into our strategic management process are explained in the chapter "Strategy and growth."

Our sustainability strategy underscores our endeavors to gain a precise understanding of the principal influences and impacts on the value created by Evonik. The complex interrelationships are illustrated in the charts "Resources and value contributed" (C04 📄 p.13), "Monetary impact valuation" (C06 📄 p.18), and "Areas of action and impact of Evonik's business activities along the value chain" (C10 📄 p.23). This year, we have detailed the assessment of the possibilities and limits of our influence, for example, through our management and governance systems, metrics, or targets. For the first time, we examine this influence not simply in aggregated areas of action but also at the level of our 19 material sustainability topics.

Evonik supports the Sustainable Development Goals (SDGs) and has systematically taken them into account for several years. In this report, for the first time, a focus page is dedicated to each of the SDGs of particular relevance for the Evonik Group. In addition, 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 2020, for the first time, the sustainability analysis of our business covered our entire portfolio<sup>2</sup>. Our portfolio contains products and solutions whose strongly positive sustainability profile is above or even well above the market reference level. We refer to this class of products as Next Generation Solutions.

We are continuously developing our management approaches. In 2020, our development related to human rights, circular economy,

## BASIS OF REPORTING

About this report

and palm oil. In addition, there is more detailed content on cybersecurity and tax information has been included in this report as a new topic.

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. Furthermore, additional charts have been included to enhance the content and improve transparency. These include charts on our review of business partners (C15 📄 p.33) and our energy footprint (C21 📄 p.67).

As well as continuing to develop the content of this report, we refined the processes designed to ensure publication at the same time as the financial report. For the first time, the "Environment" chapter contains data on the Evonik Carbon Footprint in the reporting period. In the past, we were only able to include these data in our sustainability report a year later. At our financial press conference on March 4, 2021, journalists and members of the financial community can therefore obtain a fully up-to-date view of our environmental performance.

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.

This report is published in English and German and is available solely in electronic form. It can be downloaded from the Responsibility section of Evonik's website.<sup>1</sup> 📍 [102-8](#), [102-48](#), [102-49](#), [302-1](#), [302-4](#), [305-1](#), [305-2](#), [305-3](#), [305-4](#), [305-5](#), [305-6](#), [305-7](#), [306-2](#), [306-3](#)

<sup>1</sup> 📄 <https://corporate.evonik.com/en/responsibility>

<sup>2</sup> The sustainability analysis was outside the scope of the assurance review by PwC.

### Data capture, scope of reporting, and limits

Our data cover the relevant companies worldwide that were included in the scope of consolidation<sup>1</sup> for the consolidated financial statements of Evonik Industries AG for the period from January 1 through December 31, 2020. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Alongside Evonik Industries AG, they include all material German and foreign subsidiaries directly or indirectly controlled by Evonik Industries AG. Joint operations are included on a pro rata basis. Material associates and joint ventures are recognized at equity if Evonik is able to exert a significant influence. Initial consolidation or deconsolidation takes place as of the date on which the company gains or loses its controlling influence. [102-45](#), [102-46](#), [102-48](#), [102-49](#)

In 2020, the Evonik Group comprised 34 German and 129 foreign companies. Relevant data on personnel and social indicators are based largely on the global SAP HR information system. For supplementary information, we use the HR information collector (SAP notes management). The focus of our reporting and the reporting boundaries are based principally on the sustainability topics derived from our materiality analysis.

The ecological data<sup>2</sup> in this report comprise emissions and consumption data for 100 production sites in 26 countries and thus cover our entire production volume. Occupational safety data include other small production sites and non-production locations (mainly administration sites), so the data here cover 200 locations in 53 countries. The data are compiled using sustainability reporting software developed specifically for this

purpose (SuRe software 2.0). In the mid-term, SuRe is to be replaced by the new ESTER platform (Evonik Standard Tool ESHQ and Reporting). The rollout of this tool to all production sites continued in 2020, and we aim to include the administration locations in 2021.

Since the sustainability report and the financial report are now published on the same date, the closing date for the environmental data was September 30, 2020 (see the section headed "Fast close process and corrections" [p.103](#)). The HR data obtained from the HR information collector are based on the actual data as of September 30, 2020, except for the number of hours of continuing professional development, which have 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 level as well as a more detailed regional analysis of the data. The ecological data are updated annually without taking changes in the Evonik Group into account. The prior-year figures are not adjusted for changes in the portfolio of companies consolidated.

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.

### Fine-tuning of environmental reporting

In the reporting period, we undertook an extensive analysis of the environmental impact of our production operations. Among other things, this resulted in a more differentiated view of direct and indirect environmental impacts.

As a result, from 2020, we distinguish between waste treated or disposed of off-site by third parties and waste that we process ourselves at our sites. For this we use the reporting guidelines for the European Pollutant Emission and Transfer Register, which focuses on the transfer of waste off-site, rather than on waste processed on-site. In Evonik's environmental data, waste treated by the company is not counted as waste but as a by-product of internal processing—for example, emissions from incineration—and the associated energy requirements. We use exhaust heat from waste incineration plants to generate steam.

From 2020, we report wastewater loads separately for direct and indirect discharges. Indirect discharges are calculated on a pro rata basis using degradation rates of 75 percent derived from a conservative group-wide estimate. The actual degradation rates in modern wastewater treatment plants are considerably higher, and in some cases, such high rates are required by law. Our focus in the wastewater sector is on wastewater loads at direct discharge sites, as the wastewater is released directly into receiving water. To meet discharge thresholds, we have implemented effective management processes and analytical monitoring. We also carefully monitor wastewater at indirect discharge sites to ensure compliance with the levels required by the operators of wastewater treatment facilities. [303-1](#), [303-2](#), [303-3](#), [303-4](#), [303-5](#)

<sup>1</sup> An overview of all companies included in the consolidated financial statements and all shareholders pursuant to section 313 paragraph 2 of the German Commercial Code (HGB) is presented in the list of shareholdings. [www.evonik.com/list-of-shareholdings](https://www.evonik.com/list-of-shareholdings)

<sup>2</sup> PeroxyChem is included from February 2020.

### Material portfolio changes

To sharpen its strategic focus on specialty chemicals, Evonik sold its methacrylates business on August 1, 2019. Since separate management of the methacrylates business was no longer undertaken in 2019, in the sustainability report 2019, the data for the reporting period were adjusted accordingly. The methacrylates business was only included in the information on the supply chain, raw material inputs, and renewable resources until its divestment.<sup>1</sup>

On February 3, 2020, Evonik acquired the US company Peroxy-Chem, which produces hydrogen peroxide and peracetic acid. We have included PeroxyChem's environmental data in our report from February 2020. The production sites consolidated are Bayport, Tonawanda, Memphis, Saratoga Springs (all USA), La Zaida (Spain), and Rheinfelden (Germany). From an environmental perspective, the effect of this acquisition was significant, and it had a considerable impact on the development of the environmental data in 2020. Due to the fast close process, the data for the Porocel Group, Wilmington (Delaware, USA), which was acquired on November 3, 2020, will only be included in our reporting from 2021.  102-48, 102-49

### Fast close process and corrections

Since the financial report and the sustainability report are published on the same date, our environmental reporting was switched to a fast close process in 2018. For this, we extended our quarterly reporting, and the remaining annual reporting was brought forward to September 30, the Q3 closing date. The

annual reporting mainly comprises emissions into the air (excluding CO<sub>2</sub>) and wastewater loads. Quarterly reporting focuses on energy, CO<sub>2</sub>, production, waste, and water requirements, especially with reference to the progress towards attaining our environmental targets.

For the data still compiled only once a year, the environmental impact is calculated or estimated on a decentralized basis on September 30 for the remainder of the year, i.e., for the fourth quarter. Data input by the sites takes into account any deviations from regular operations in the fourth quarter such as maintenance shutdowns, seasonal effects, and production forecasts. For the data compiled quarterly, the ESHQ function calculates the fourth quarter (Q4) data centrally on the basis of the data for the first three quarters. Additional, targeted questions on material environmentally relevant facilities are used for this. The Q4 data requests are forwarded to the sites/facilities as usual. In the first quarter, the ESHQ function compares the actual Q4 data entered in the system with the data forecast or calculated for the fast close report, analyzes any discrepancies, and takes steps to continuously improve calculation methods as necessary.

If the difference between the actual and published data is more than 5 percent, the data are corrected in the next report. In the sustainability report 2020, corrections have been made for waste, which depends on specific individual measures and can therefore fluctuate considerably during the year. Further corrections have been made to data on water consumption (drinking water, groundwater, and water recycling), non-methane volatile organic

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compounds (NMVOC), and the use of liquid fossil fuels, which are used mainly for auxiliary firing systems, so usage is not continuous.

Irrespective of the data validation in the fast close process, our ESHQ data are subject to a wide range of internal and external audits and official monitoring.

### GRI and UN Global Compact

This report has been prepared in accordance with GRI Standards, core option. It also takes account of the ten principles of the UN Global Compact and constitutes Evonik's progress report on these principles.  102-54

### External assurance

To ensure it is up to date, we have included all relevant data available to us as of the editorial deadline on February 19, 2021. The chapters titled "Strategy and growth," "Governance and compliance," "Value chain and products," "The environment," "Employees," and "Safety," and the sections headed "Our business model" and "Fiscal 2020" were subject to a limited assurance review by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (indicated by )—with the exception of the information indicated as being outside the scope of this review. The independent practitioner's limited assurance report is printed on  p. 121.  102-56

<sup>1</sup> See sustainability report 2019  p. 83.

## TCFD index

We are following the objectives of the **Task Force on Climate-related Financial Disclosures (TCFD)** and the ongoing development of established reporting standards closely. In keeping with its participation in **CDP Climate Change**, Evonik again published detailed strategies, data, and development paths on climate change in 2020 [www.evonik.com/CDP-ClimateChange](https://www.evonik.com/CDP-ClimateChange). For many years, we have also reported climate-related facts and figures in our combined management report in our financial report and sustainability report [p. 63 ff.](#) A cross-unit working group examines the TCFD requirements and initiated a project in fall 2020 to determine the extent to which our risk management system already meets the TCFD requirements and the scope for optimization. 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.

T31

### 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. Responsibility for our group-wide sustainability and climate strategy, monitoring, and reporting is assigned to the member of the executive board responsible for human resources, sustainability, and ESHQ (environment, safety, health, and quality). The head of ESHQ reports regularly to the executive board on climate-related issues. These include environmental indicators, including climate-related performance indicators, as well as targets and target attainment. In addition, the responsible member of the executive board and the heads of the ESHQ and Sustainability functions are members of the human resources executive committee. This committee meets quarterly and defines the strategic approach to climate-related issues. In 2020, the supervisory board received several reports on sustainability issues, including integration of the sustainability analysis into the strategic management process, our Next Generation Solutions, and the status of our targets.

Management report, chapter 5.4 The environment [p. 54 ff.](#)

Sustainability report, chapter Strategy and growth [p. 11 ff.](#)

2020 CDP Climate Change response: chapter Governance [www.evonik.com/CDP-ClimateChange](https://www.evonik.com/CDP-ClimateChange)

#### Strategy

Climate change involves perceptible opportunities and risks for Evonik. Therefore, all material elements along the value chain are considered in our strategy. The most important upstream factor is the raw material "backpack" of the starting products we source; in the operation of our production facilities, it is scope 1 and 2 emissions<sup>a</sup>. Downstream, our products improve our customers' CO<sub>2</sub> performance. Examples can be found in the Evonik Carbon Footprint brochure, the sustainability report, and on our website. We want to increase the proportion of such products by developing further innovative products. In view of the increasing climate awareness, we expect a further rise in demand, with a correspondingly positive impact on our business.

Management report, chapter 6. Opportunity and risk report [p. 59 ff.](#)

Evonik Carbon Footprint [www.evonik.com/responsibility](https://www.evonik.com/responsibility)  
Sustainability report, chapter Value chain and products, section "Sustainable products and solutions for our customers" [p. 49 f.](#)

We have also identified short-, mid- and long-term transition risks and physical risks. You can find an extensive description of the individual risks in the 2020 CDP Climate Change questionnaire. The short- and mid-term opportunities and risks are taken into account in our financial planning.

2020 CDP Climate Change response: chapter Business Strategy [www.evonik.com/CDP-ClimateChange](https://www.evonik.com/CDP-ClimateChange)

To drive forward continuous development, at two cross-functional workshops, we examined the requirements for scenario analyses in accordance with TCFD.

### 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. Opportunities and risks are identified and evaluated group-wide and measures are taken to control and monitor them.

Management report, chapter 6. Opportunity and risk report [p. 59 ff.](#)

2020 CDP Climate Change response: chapter Risks and opportunities [www.evonik.com/CDP-ClimateChange](https://www.evonik.com/CDP-ClimateChange)

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 risks.

We continuously develop our risk management system and align it to new requirements. For example, various methods were discussed on the basis of the insights gained in the examination of the extent to which we meet the TCFD requirements.

#### Metrics and targets

Evonik and its predecessor companies have defined ambitious environmental targets since 2004. Our current targets are to cut scope 1 and 2 greenhouse gas emissions by 50 percent in absolute terms by 2025 (compared with 2008). Furthermore, by 2025 we want to cut scope 3 emissions<sup>a</sup> from our upstream value chain by 15 percent compared with 2020. We also aim to reduce both absolute and specific energy consumption by 5 percent.

Management report chapter 1.2 Principles and objectives [p. 16](#), 5.4 The environment [p. 54 ff.](#)

Sustainability report, chapter The environment [p. 63 ff.](#)

Our CO<sub>2</sub>eq<sup>b</sup> emissions are calculated on the basis of the Greenhouse Gas Protocol.

2020 CDP Climate Change response: chapter Targets and performance [www.evonik.com/CDP-ClimateChange](https://www.evonik.com/CDP-ClimateChange)

In 2020, our CO<sub>2</sub>eq emissions were:

Scope 1: 4.8 million metric tons  
Scope 2<sup>c</sup>: 0.6 million metric tons  
Scope 3: 17.8 million metric tons

<sup>a</sup> Scope 1 comprises direct energy and process emissions and scope 2 comprises emissions from purchased electricity and heat. Scope 3 comprises indirect emissions, for example, from the production of purchased raw materials.

<sup>b</sup> CO<sub>2</sub> equivalents.

<sup>c</sup> Net scope 2 (market-based). The net figure shows the position after subtracting electricity and steam supplied to third parties from the total amount of purchased electricity and steam.

# FOCUS ON SDGs

## Reporting on the targets for the SDGs of relevance for Evoniks

Evonik supports the United Nations' 17 Sustainable Development Goals (SDGs). Using our own methodology (see chapter "Strategy and growth" p.17) 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:



Read more on the following pages.

## Targets for the SDGs of relevance for Evonik

T32

Relevant targets	Reference in sustainability report 2020
<b>SDG 3—Ensure healthy lives and promote well-being for all at all ages</b>	
3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination	<ul style="list-style-type: none"> <li>● Strategy and growth p.11, 17</li> <li>● Value chain and products p.38</li> <li>● The environment p.63, 66, 71</li> </ul>
<b>SDG 6—Ensure availability and sustainable management of water and sanitation for all</b>	
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	<ul style="list-style-type: none"> <li>● The environment p.63, 71</li> </ul>
6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	<ul style="list-style-type: none"> <li>● The environment p.63, 71</li> </ul>
6.6: By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes	<ul style="list-style-type: none"> <li>● The environment p.63, 76</li> </ul>
<b>SDG 12—Ensure sustainable consumption and production patterns</b>	
12.2: By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> <li>● Strategy and growth p.11, 17</li> <li>● Value chain and products p.38, 45, 49</li> <li>● The environment p.63, 66, 71, 74</li> </ul>
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	<ul style="list-style-type: none"> <li>● Strategy and growth p.11, 17</li> <li>● Value chain and products p.38, 51</li> <li>● The environment p.63, 66, 71, 74</li> </ul>
12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	<ul style="list-style-type: none"> <li>● Value chain and products p.38, 47</li> <li>● The environment p.63, 74</li> </ul>
12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	<ul style="list-style-type: none"> <li>● Strategy and growth p.11, 17</li> <li>● Governance and compliance p.25, 26</li> <li>● Value chain and products p.38, 49</li> </ul>
<b>SDG 13—Take urgent action to combat climate change and its impacts</b>	
13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<ul style="list-style-type: none"> <li>● Governance and compliance p.25, 30</li> </ul>
13.2: Integrate climate change measures into national policies, strategies, and planning	<ul style="list-style-type: none"> <li>● Strategy and growth p.11, 12</li> <li>● The environment p.63, 66</li> </ul>
13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	<ul style="list-style-type: none"> <li>● Strategy and growth p.11, 12</li> <li>● The environment p.63, 66</li> </ul>



## SDG 3: GOOD HEALTH AND WELL-BEING

### 3 GOOD HEALTH AND WELL-BEING



Ensuring healthy lives and promoting the well-being of all are important for the stability of society. While the industrialized countries face an aging population, the main challenge in less developed countries is ensuring good healthcare for the general population, because health is an important step out of poverty. Children and young people can only go to school, get an education, and shape their lives if they are healthy.

#### High standards of occupational health protection

We have always considered fostering the health and well-being of our employees to be part of our corporate responsibility. We have extensive health protection and promotion measures in order to maintain the employability and well-being of our employees.

As an overriding indicator, we have established an occupational health performance index to measure our progress and initiate continuous improvements. We also record accident frequency and severity as parameters to manage safety at work.

The pandemic confronted Evonik with special challenges in 2020. You can find more information on [p. 55](#).



#### GOVERNANCE

Our activities are based on an extensive ESHQ management system, and a central audit system is used to check that it is applied. Issues relating to occupational safety and health protection are agreed with the employee representatives. Occupational safety committees at our sites regularly discuss aspects of occupational safety and health protection. Group-wide targets based on key performance indicators are used to check the implementation of the requirements and identify the need for further action. The frequency [p. 30](#) and severity of accidents affect the variable remuneration of executive board members.



#### MATERIAL TOPICS

• Waste management • Plant safety • Occupational safety • Health protection and promotion • Climate change • Product stewardship • Strategy and growth • Water management



#### OUR TARGETS

- Occupational health performance index  $\geq 5.0$  for 2021 and beyond; status in 2020: 5.4
- Accident frequency<sup>1</sup>  $\leq 0.26$  for 2021 and beyond; status 2020: 0.8 (upper limit until 2020: 1.30)
- Incident frequency<sup>2</sup>  $\leq 0.4$  for 2021 and beyond; status 2020: 1.45 (upper limit until 2020: 1.10)
- Establish a risk estimate for > 99 percent of substances placed on the market in quantities of > 1 metric ton p.a. by the end of 2020 (reference base 2018); status in 2020: > 99 percent



#### SDG TARGET 3.9

### BASIS OF REPORTING

SDG 3: Good health and well-being

#### HOW OUR PRODUCTS AND APPLICATIONS CONTRIBUTE



Production of pharmaceutical active ingredients at Evonik's site in Hanau (Germany).

Evonik is an innovation and development partner for companies around the world that produce pharmaceuticals, dietary supplements, and medical products. We offer convincing, innovative, and custom-tailored products, technologies, and services. We have carefully extended our **healthcare business** in recent years and added new technology platforms. One example is our expertise in drug delivery technologies for novel mRNA vaccines.

As a development partner for gene-based therapies, we supported projects for COVID-19 vaccines from development through to the production of clinical samples. Responsible handling of chemicals is a vital precondition for our business activities. That includes timely identification and evaluation of the potential health and environmental risks in our portfolio. We therefore examine the entire value chain of each of our products—from procurement of the raw materials to delivery to our industrial customers.

<sup>1</sup> New reference parameter from 2021 in line with common international practice, see [p. 93](#).

<sup>2</sup> Modified calculation basis from 2021, see [p. 93](#).



## SDG 6: CLEAN WATER AND SANITATION



Billions of people still lack access to clean water and sanitation, even though this is a basic human right. Climate change is making the situation far worse.

As part of our sustainability strategy, we are committed to using water responsibly.

Evonik mainly uses water for cooling, for process purposes in production facilities, to generate steam in power plants, and for sanitary purposes. We save water wherever possible. To reduce the use of freshwater, we use integrated systems with graduated water qualities. In addition, we re-use water multiple times in cooling water circuits.

Water stress analysis is an important element in our worldwide water management. Taking into account projections for the climate and socio-economic developments, we have identified sites that are particularly likely to be affected by water stress in the next 20 years. At five of these sites—in China, India, the USA, and South Korea—we conducted detailed interviews on water usage and possible options for reducing water consumption.

Our global water management includes examining other aspects such as infrastructure and transportation options [p.71](#). We also use risk analysis to investigate the possible impact of natural catastrophes such as storms, hail, floods, hurricanes, tornadoes, and heavy rainfall.



### GOVERNANCE

Our activities are based on an extensive ESHQ management system, and a central audit system is used to check that it is applied.



### MATERIAL TOPICS

• Biodiversity • Water management



### OUR TARGET

• Develop site-specific action plans for sites that are potentially exposed to water stress as part of a global water management system (see [p.71](#))



### SDG TARGETS **6.3, 6.4, 6.6**

Our biodiversity analysis looks at emissions into water. Here, we use a geoinformation system. Our site in Mobile (Alabama, USA) is close to the Fowl River. The US Environmental Protection Agency (EPA) is currently altering the status of the watershed area around this river to a water conservation area. Evonik is a member of the Fowl River Forever steering committee that is working on a management plan to protect and improve the water quality.

### BASIS OF REPORTING

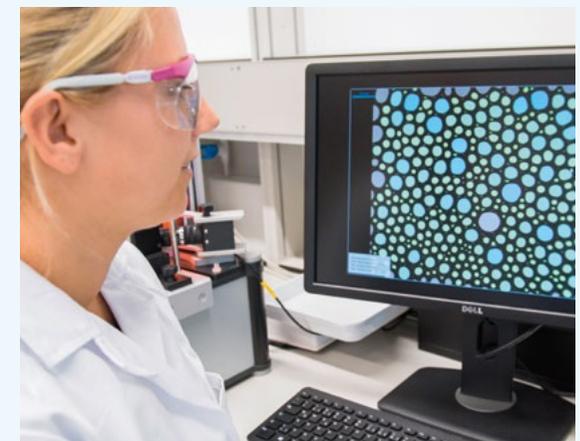
SDG 6: Clean water and sanitation

### HOW OUR PRODUCTS AND APPLICATIONS CONTRIBUTE

**Hydrogen peroxide** is an environmentally compatible, resource-efficient chemical that is mainly used for environmental applications, in food processing, and in the electronics industry. Other key applications are wastewater treatment and disinfection.

In livestock farming, sustainable modern feed formulations help protect groundwater from over-nitrification. Adding essential amino acids such as **DL-methionine** allows feed to be adapted better to the nutritional requirements of livestock, especially hens and pigs. As a result, the animals need less liquid. That reduces water consumption in agriculture and the excretion of nitrates.

The molecular structure of surfactants gives detergents, shower gels, shampoos, and conditioners their cleaning properties. Surfactants are the most important ingredients in these products, alongside water, and play a role in hygiene and cleanliness. Evonik has developed **biosurfactants** with particularly high environmental compatibility and skin tolerability, without any loss of cleaning power. They are produced from bacteria and yeasts. The ability to produce biodegradable rhamnolipids on an industrial scale sets Evonik apart from its competitors.



A scientist analyzing the foam structure of surfactants.



## SDG 12: RESPONSIBLE CONSUMPTION & PRODUCTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



A fundamental change in consumption patterns and production methods is essential in the light of climate change and scarce resources. That means finding new ways to make consumption more sustainable and production more energy- and resource-efficient.

Evonik's direct influence on sustainability requirements mainly comprises its own production and business processes and the products it markets. We have integrated technology platforms that enable us to link efficient processes, careful use of resources, and innovative capability. These integrated structures also support our efforts to achieve a further reduction in production waste. Moreover, for many years we have had established processes and management systems for early identification and evaluation of any health and environmental risks related to our portfolio.

Our impact valuation looks intensively at the impact of our production and business processes [p.17](#). This is supplemented by analyzing our portfolio on the basis of sustainability criteria [p.14](#). The sustainability analysis of our business 2.0 includes life cycle assessments. In this way, we map ecological strengths and weaknesses over the entire product life cycle and identify opportunities and risks for a product or business.

As a specialty chemicals company, Evonik is positioned at the center of the value chain. Our technological expertise helps our customers achieve their goals, for example, with regard to the circular economy [p.45](#). In fall 2020, we launched a circular plastics program, which brings together all Evonik activities in this field. The aim is to step up collaboration with customers and stakeholders in the plastics processing industry and extend our networks along the value chain.



### GOVERNANCE

Evonik is committed to observing internationally recognized standards and its own more far-reaching guidelines and principles of conduct. We examine the entire value chain of each of our products—from procurement of the raw materials through R&D to delivery to our industrial customers. An internal expert circle is working to extend the circular economy.



### MATERIAL TOPICS

• Waste management • Efficient use of scarce resources / circular economy • Sustainable products and solutions for our customers • Product stewardship • Strategy and growth • Responsible corporate governance and human rights • Responsibility within the supply chain



### OUR TARGETS

- At least 35 percent of sales should come from Next Generation Solutions from 2021
- 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 in 2020: 73 percent
- Establish a risk estimate for > 99 percent of substances placed on the market in quantities of > 1 metric ton p.a. by the end of 2020 (reference base 2018); status in 2020: > 99 percent



### SDG TARGETS **12.2, 12.4, 12.5, 12.6**

### BASIS OF REPORTING

SDG 12: Responsible consumption & production

#### HOW OUR PRODUCTS AND APPLICATIONS CONTRIBUTE

Evonik's products and solutions help save resources. One example is a process for fermentative production of the omega-3 fatty acids EPA and DHA<sup>1</sup> from natural algae to feed salmon in aquaculture. This means that fish oil obtained from wild fish is no longer necessary. This process is the result of a research cooperation between Evonik and Royal DSM, which led to the present joint venture **Veramaris®** [www.veramaris.com/home.html](http://www.veramaris.com/home.html).



Packaging VESTENAMER® in Marl (Germany).

A process additive for the re-use of rubber from scrap car tires saves raw materials such as crude oil and natural rubber by adding a proportion of recycled tire granulate. That is also an example of material circularity. Our binders for paints and coatings improve durability by providing protection from corrosion, abrasion, and scratches. Additives to optimize packaging materials mean that food stays fresh for longer. Moreover, we market **products and solutions** to remove printing ink from paper so the valuable pulp can be recycled.

Evonik is committed to transparency in its supply chains. We are a founding member of **Together for Sustainability** (TfS). The aim of this sector initiative is the joint development and implementation of a global assessment and audit program for responsible procurement of goods and services. Our requirements are set out in our code of conduct. We expect our suppliers to share our principles and act correctly in all respects.

<sup>1</sup> EPA = eicosapentaenoic acid; DHA = docosahexaenoic acid.



## SDG 13: CLIMATE ACTION



Climate change is one of the top five risks to global economic stability and social cohesion, according to the World Economic Forum's Global Risks Report 2020. Rising average temperatures, rising sea levels, and the increase in severe weather events such as heavy rainfall, drought, and extreme heat are signs that are visible to everyone. In December 2015, the nations that signed the Paris Agreement on Climate Change pledged to tackle climate change and its consequences.

Evonik has been working for years to meet specific targets for reducing CO<sub>2</sub> emissions and thus the negative climate and environmental impacts of its business activities. We have also introduced carbon pricing for major investments so we can take account of the changing global regulatory framework.

Modernizing our power plants is a key element in achieving our climate targets. Evonik is currently building a new, highly efficient gas and steam turbine power plant at Marl Chemical Park in Germany. The use of coal for energy generation at this site will end in 2022. Another new gas and steam turbine power plant will come into service at the same time to replace the present gas-fired reserve plant.

We are working with our suppliers in order to reduce our scope 3 emissions. A team of experts is identifying the potential to avoid emissions in the upstream value chain, especially the "raw material backpack" of the starting products we source.



### GOVERNANCE

Climate change is a matter of the utmost importance for the entire executive board. Responsibility for our group-wide sustainability and climate strategy, monitoring, and reporting is assigned to the member of the executive board responsible for human resources and sustainability. We use our risk management system to identify and evaluate climate-related opportunities and risks, which we monitor and manage with the aid of appropriate measures.



### MATERIAL TOPICS

• Climate change • Strategy and growth • Responsible corporate governance and human rights



### OUR TARGETS

- Reduce absolute scope 1 and scope 2 emissions by 50 percent by 2025 (reference base: 2008); status in 2020: -44 percent
- Reduce absolute scope 3 emissions from the upstream value chain—principally from the "raw material backpack" by 15 percent by 2025 (reference base: 2020)



### SDG TARGETS 13.1, 13.2, 13.3



Quality assurance in the application technology lab in Shanghai (China).

### HOW OUR PRODUCTS AND APPLICATIONS CONTRIBUTE

Evonik markets a variety of **products and solutions** that help avoid greenhouse gas emissions. Adding DL-methionine to livestock feed greatly reduces emissions of greenhouse gases and excretion of ammonia and nitrate. Other examples are silica-silane technology for tires with optimized rolling resistance, membranes for the treatment of biogas, and innovative building insulation made from silicon dioxide. We also supply a wide range of products for wind energy. Our curing technology gives increasingly long rotor blades their stability, our base oil enhances the efficiency of wind turbines, and coatings containing our additives protect them from light and weathering.

Evonik is involved in several **research projects** focused on using CO<sub>2</sub> as a starting product. Through the Rheticus<sup>1</sup> project <https://www.creaavis.com/en/activities/current-projects/rheticus>, for example, we are working with Siemens Energy on the technical feasibility of artificial photosynthesis to produce specialty chemicals from CO<sub>2</sub>, water, and green electricity with the aid of bacteria. We are using the same technology platform in our research alliance<sup>2</sup> with Beiersdorf. Here, the aim is to produce sustainable precursors for personal care products using CO<sub>2</sub> as the starting product.

Climate-related opportunities and risks are key elements of our financial and non-financial reporting. You can find further information in "The environment" (p. 63), "Governance and compliance" (p. 25), and the **TCFD index** (p. 104). In addition, for a number of years we have participated in **CDP Climate Change**. In 2020, we improved the ranking of our climate reporting from B to A-.

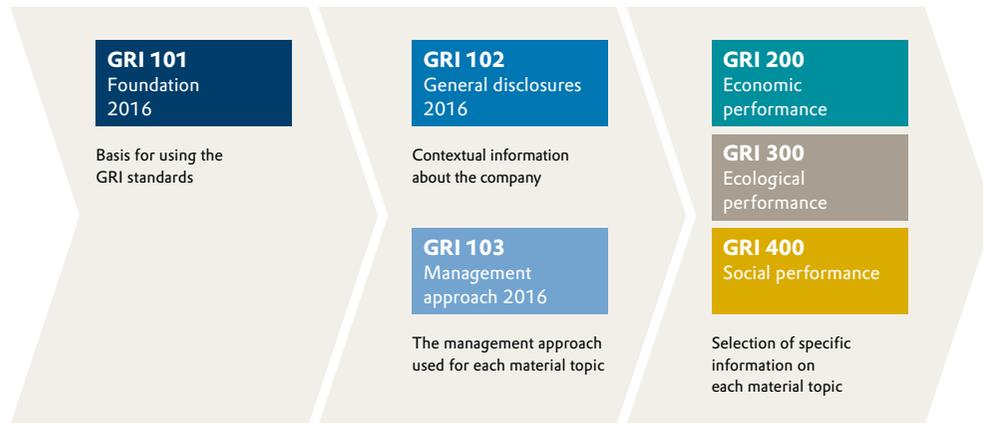
[www.evonik.com/CDP-ClimateChange](http://www.evonik.com/CDP-ClimateChange)

<sup>1</sup> Funded by the Federal Ministry of Education and Research (FKZ 03SF0574A).

<sup>2</sup> Funded by the Federal Ministry of Education and Research (FKZ 03SF02E1-2).



# GRI content index of the Global Reporting Initiative (GRI) including the ten principles of the UN Global Compact (UNGC) and the 17 UN Sustainable Development Goals <sup>102-54, 102-55</sup>



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, governance and compliance (including an additional management approach on human rights), value chain and products, the environment, employees, and safety. This report has been prepared in accordance with GRI Standards core option. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for disclosures 102-40 to 102-49 align with the appropriate sections of the report. Since 2019 we have mapped the 17 UN Sustainable Development Goals to the GRI disclosures. In the performance of this service, the GRI Report Services team confirms that the information contained in the content index has been correctly assigned to the SDGs. Both GRI Services were performed on the German version of this report.



## GRI content index and UN Global Compact progress report

T33

Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
<b>General Disclosures</b>				
<b>GRI 101: Foundation 2016</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>Organizational profile</b>				
		GRI102-1 Name of the organization	101, 127	
7		GRI102-2 Activities, brands, products, and services	10, 49	
		GRI102-3 Location of headquarters	127	
		GRI102-4 Location of operations	101, 124, (32)	
		GRI102-5 Ownership and legal form	3, 127	
		GRI102-6 Markets served	49, (15)	

<sup>a</sup> Page no. in sustainability report (page no. in financial report [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)).

Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions	
		GRI102-7	Scale of the organization	3	
8, 10	6	GRI102-8	Information on employees and other workers	81, 83, 101	
		GRI102-9	Supply chain	39	
		GRI102-10	Significant changes to the organization and its supply chain	30, 101	
		GRI102-11	Precautionary principle or approach	26, 30	
		GRI102-12	External initiatives	26, 27, 28	
		GRI102-13	Membership of associations	26, 51	
		<b>Strategy</b>			
		GRI102-14	Statement from senior decision-maker	7, 8, 100	
		GRI102-15	Key impacts, risks, and opportunities	13, 14, 30, 100, (59)	
		<b>Ethics and integrity</b>			
16	10	GRI102-16	Values, principles, standards, and norms of behavior	26, 30, 40	
16		GRI102-17	Mechanisms for advice and concerns about ethics	30, 31, 32, 33	
		<b>Governance</b>			
		GRI102-18	Governance structure	14, 28	
		GRI102-19	Delegating authority	14	
		GRI102-20	Executive-level responsibility for economic, environmental, and social topics	14, 28	
16		GRI102-21	Consulting stakeholders on economic, environmental, and social topics	19, 20	
5, 16		GRI102-22	Composition of the highest governance body and its committees	14, 29, (74)	
16		GRI102-23	Chair of the highest governance body	29, (74)	
5, 16		GRI102-24	Nominating and selecting the highest governance body	29, (74)	
16		GRI102-25	Conflicts of interest	29, 37, (74), (87)	
		GRI102-26	Role of highest governance body in setting purpose, values, and strategy	(74)	
		GRI102-27	Collective knowledge of highest governance body	29, 37, (89)	
		GRI102-28	Evaluating the highest governance body's performance	29, (74), (94)	
16		GRI102-29	Identifying and managing economic, environmental, and social impacts	14, 19, (82), (83)	
		GRI102-30	Effectiveness of risk management processes	30, (59), (82)	
		GRI102-31	Review of economic, environmental, and social topics	30, (59), (82)	
		GRI102-32	Highest governance body's role in sustainability reporting	7, 14	
		GRI102-33	Communicating critical concerns	19, 30	
		GRI102-34	Nature and total number of critical concerns	35	
		GRI102-35	Remuneration policies	30, 82, (94)	

<sup>a</sup> Page no. in sustainability report (page no. in financial report [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)).

Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
16		GRI102-36 Process for determining remuneration	30, 82, (94)	
		GRI102-37 Stakeholders' involvement in remuneration	30, 82, (94)	
		GRI102-38 Annual total compensation ratio	30	
		GRI102-39 Percentage increase in annual total compensation ratio	30	
<b>Stakeholder engagement</b>				
8	3	GRI102-40 List of stakeholder groups	19, 20, 22	
		GRI102-41 Collective bargaining agreements	82, 83, 84	
		GRI102-42 Identifying and selecting stakeholders	19, 22	
		GRI102-43 Approach to stakeholder engagement	19, 20, 22, 84, 91	
		GRI102-44 Key topics and concerns raised	19, 20, 22, 49	
<b>Reporting practice</b>				
		GRI102-45 Entities included in the consolidated financial statements	102	
		GRI102-46 Defining report content and topic boundaries	22, 23, 24, 102	
		GRI102-47 List of material topics	20, 22, 23	
		GRI102-48 Restatements of information	19, 22, 101, 102, 103	
		GRI102-49 Changes in reporting	22, 101, 102, 103	
		GRI102-50 Reporting period	101	
		GRI102-51 Date of most recent report	101, 127	
		GRI102-52 Reporting cycle	101	
		GRI102-53 Contact point for questions regarding the report	127	
		GRI102-54 Claims of reporting in accordance with the GRI Standards	103, 110	
		GRI102-55 GRI content index	110	
		GRI102-56 External assurance	103	
<b>Topic-specific standards</b>				
<b>Strategy and growth</b>				
<b>GRI 201: Economic Performance 2016</b>				
<b>GRI 103: Management approach 2016</b>				
8, 9	7, 8, 9	GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 10, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
		GRI 201-1 Direct economic value generated and distributed	10, 99	

<sup>a</sup> Page no. in sustainability report (page no. in financial report [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)).

Relevant SDG	UNGC principle	GRI standard		Page <sup>a</sup>	Omissions
13	7	GRI 201-2	Financial implications and other risks and opportunities due to climate change	15, 30, (59), (68)	
		GRI 201-3	Defined benefit plan obligations and other retirement plans	82, (94), (96)	
		GRI 201-4	Financial assistance received from government	43	For confidentiality reasons, we only report on financial assistance received from the EU and Germany; we do not make the other disclosures required by GRI.
<b>GRI 202: Market Presence 2016</b>					
<b>GRI 103: Management approach 2016</b>					
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 79, 80, 81, 82, 86, 87, 101, 102, 103	
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
1, 5, 8	6	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	82	
8		GRI 202-2	Proportion of senior management hired from the local community	87	
<b>GRI 203: Indirect Economic Impacts 2016</b>					
<b>GRI 103: Management approach 2016</b>					
	7, 8, 9	GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2	The management approach and its components	8, 10, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 101, 102, 103	
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
5, 9, 11		GRI 203-1	Infrastructure investments and services supported	13, 15	
1, 3, 8		GRI 203-2	Significant indirect economic impacts	13, 15, (32)	
<b>Governance and Compliance</b>					
<b>GRI 205: Anti-Corruption 2016</b>					
<b>GRI 103: Management approach 2016</b>					
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 31, 32, 33, 34, 35, 101, 102, 103	
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
16	10	GRI 205-1	Operations assessed for risks related to corruption	26, 30, 31, 34	
16		GRI 205-2	Communication and training about anti-corruption policies and procedures	34	
		GRI 205-3	Confirmed incidents of corruption and actions taken	35	

<sup>a</sup> Page no. in sustainability report (page no. in financial report [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)).

Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
		<b>GRI 206: Anti-Competitive Behavior 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 31, 32, 33, 34, 35, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
16		GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	35	
		<b>GRI 207: Tax 2019</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 36, 37, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
1, 10, 17		GRI 207-1 Approach to tax	37	
1, 10, 17		GRI 207-2 Tax governance, control, and risk management	37	
1, 10, 17		GRI 207-3 Stakeholder engagement and management of concerns related to tax	37	
		<b>GRI 406: Non-Discrimination 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 34, 39, 42, 87, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
5, 8	6	GRI 406-1 Incidents of discrimination and corrective actions taken	87	
		<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 27, 28, 32, 39, 40, 42, 84, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
8	3	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27, 31, 33, 40, 42, 83	
		<b>GRI 408: Child Labor 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 27, 28, 32, 39, 40, 42, 84, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
8, 16	5	GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	27, 31, 33, 40, 42, 83	

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Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
		<b>GRI 409: Forced or Compulsory Labor 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 27, 28, 32, 39, 40, 42, 84, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
8	4	GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	27, 31, 33, 40, 42, 83	
		<b>GRI 412: Human Rights Assessment 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 27, 28, 32, 39, 40, 42, 84, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
	1	GRI 412-1 Operations that have been subject to human rights reviews or impact assessments	27, 34	
		GRI 412-2 Employee training on human rights policies or procedures	27, 34	
		<b>GRI 415: Public Policy 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 21, 22, 23, 24, 26, 28, 32, 37, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
16		GRI 415-1 Political contributions	37	
		<b>GRI 418: Customer Privacy 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 30, 31, 32, 36, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
16		GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	33, 36, (59), (83)	
		<b>GRI 419: Socioeconomic Compliance 2016</b>		
		<b>GRI 103: Management approach 2016</b>		
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 30, 31, 32, 35, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
16		GRI 419-1 Non-compliance with laws and regulations in the social and economic area	35, (59), (83)	

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Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
<b>Value chain and products</b>				
<b>GRI 204: Procurement Practices 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
8		GRI 204-1 Proportion of spending on local suppliers	41	
<b>GRI 301: Materials 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 45, 46, 47, 48, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
8, 12	7, 8	GRI 301-1 Materials used by weight or volume	45	
8		GRI 301-3 Reclaimed products and their packaging materials	45, 48	
<b>GRI 308: Supplier Environmental Assessment 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 39, 40, 41, 42, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
	8	GRI 308-1 New suppliers that were screened using environmental criteria	40, 42	
		GRI 308-2 Negative environmental impacts in the supply chain and actions taken	41, 42	
<b>GRI 414: Supplier Social Assessment 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 39, 40, 41, 42, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
5, 8, 16		GRI 414-1 New suppliers that were screened using social criteria	40, 42	
5, 8, 16		GRI 414-2 Negative social impacts in the supply chain and actions taken	40, 42	
<b>GRI 416: Customer Health and Safety 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 51, 52, 53, 54, 101, 102, 103	

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Relevant SDG	UNGC principle	GRI standard		Page <sup>a</sup>	Omissions
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
		GRI 416-1	Assessment of the health and safety impacts of product and service categories	51	
16		GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	51, (59), (83)	
<b>GRI 417: Marketing and Labeling 2016</b>					
<b>GRI 103: Management approach 2016</b>					
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 51, 52, 53, 54, 101, 102, 103	
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
12		GRI 417-1	Requirements for product and service information and labeling	51	
16		GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	51, (59), (83)	
<b>The environment</b>					
<b>GRI 302: Energy 2016</b>					
<b>GRI 103: Management approach 2016</b>					
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 64, 65, 66, 68, 77, 87, 101, 102, 103	
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
7, 8, 12, 13	7, 8	GRI 302-1	Energy consumption within the organization	67, 68	
7, 8, 12, 13	8, 9	GRI 302-4	Reduction of energy consumption	67, 68	
<b>GRI 303: Water and Effluents 2018</b>					
<b>GRI 103: Management approach 2016</b>					
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 64, 65, 71, 72, 73, 77, 101, 102, 103	
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
6, 12,	7, 8	GRI 303-1	Interactions with water as a shared resource	18, 64, 71, 73, 102	
6		GRI 303-2	Management of water discharge-related impacts	64, 71, 73, 102	
6	8	GRI 303-3	Water withdrawal	71, 72, 102	Data are not available for points b and c.
		GRI 303-4	Water discharge	71, 72, 102	Data are not available for points b and c.
6		GRI 303-5	Water consumption	71, 72, 102	Data are not available for points b and c.

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Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
<b>GRI 304: Biodiversity 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 64, 65, 77, 78, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
6, 14, 15		GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	76	
<b>GRI 305: Emissions 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 64, 65, 66, 68, 69, 70, 71, 77, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
3, 12, 13, 14, 15	7, 8	GRI 305-1 Direct (Scope 1) GHG emissions	64, 66, 68, 101	
3, 12, 13, 14, 15		GRI 305-2 Energy indirect (Scope 2) GHG emissions	64, 66, 68, 101	
3, 12, 13, 14, 15		GRI 305-3 Other indirect (Scope 3) GHG emissions	64, 66, 70, 101	
13, 14, 15	8	GRI 305-4 GHG emissions intensity	64, 66, 68, 101	
13, 14, 15	8, 9	GRI 305-5 Reduction of GHG emissions	64, 66, 68, 70, 101	
3, 12	7, 8	GRI 305-6 Emissions of ozone-depleting substances (ODS)	64, 66, 70, 101	
3, 12, 14, 15		GRI 305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	64, 66, 70, 101	
<b>GRI 306: Effluents and Waste 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 64, 65, 74, 75, 77, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
3, 6, 12		GRI 306-2 Waste by type and disposal method	75, 101	
3, 6, 12, 14, 15		GRI 306-3 Significant spills	93, 101	
<b>GRI 307: Environmental Compliance 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1 Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24	
		GRI103-2 The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 64, 65, 66, 77, 101, 102, 103	
		GRI103-3 Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103	
16	8	GRI 307-1 Non-compliance with environmental laws and regulations	34, (83)	

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Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
<b>Employees</b>				
<b>GRI 401: Employment 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 79, 80, 81, 82, 83, 89, 101, 102, 103
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103
5, 8, 10	6	GRI 401-1	New employee hires and employee turnover	81, 86
3, 5, 8		GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	82, 83, 95
5, 8		GRI 401-3	Parental leave	83
<b>GRI 402: Labor/Management Relations 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 79, 80, 84, 89, 101, 102, 103
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103
8	3	GRI 402-1	Minimum notice periods regarding operational changes	84
<b>GRI 404: Training and Education 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 79, 80, 88, 89, 101, 102, 103
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103
4, 5, 8, 10	6	GRI 404-1	Average hours of training per year per employee	89
8		GRI 404-2	Programs for upgrading employee skills and transition assistance programs	88, 89
5, 8, 10		GRI 404-3	Percentage of employees receiving regular performance and career development reviews	80
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 79, 85, 86, 87, 89, 101, 102, 103
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103
5, 8	6	GRI 405-1	Diversity of governance bodies and employees	28, 86, (89)

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Relevant SDG	UNGC principle	GRI standard	Page <sup>a</sup>	Omissions
<b>Safety</b>				
<b>GRI 403: Occupational Health 2018</b>				
<b>GRI 103: Management approach 2016</b>				
		GRI103-1	Explanation of the material topic and its boundary	12, 13, 14, 15, 17, 18, 22, 23, 24
		GRI103-2	The management approach and its components	8, 12, 14, 16, 18, 22, 23, 24, 26, 28, 32, 91, 92, 93, 94, 95, 96, 97, 98, 101, 102, 103
		GRI103-3	Evaluation of the management approach	4, 7, 8, 12, 19, 22, 31, 32, 34, 35, 99, 100, 101, 102, 103
8		GRI 403-1	Occupational health and safety management system	91, 94
8		GRI 403-2	Hazard identification, risk assessment, and incident investigation	30, 31, 91, 96
8		GRI 403-3	Occupational health services	94
8, 16		GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	91, 94
8		GRI 403-5	Worker training on occupational health and safety	91, 94, 96
3		GRI 403-6	Promotion of worker health	96
8		GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	91, 94, 96
8		GRI 403-8	Workers covered by an occupational health and safety management system	91, 95
3, 8, 16		GRI 403-9	Work-related injuries	93
				For confidentiality reasons, we do not give figures for accidents and hours worked by contractors' employees (point b, iii to iv and points c. and d.).
3, 8, 16		GRI 403-10	Work-related ill health	91, 96

<sup>a</sup> Page no. in sustainability report (page no. in financial report [www.evonik.com/Financial\\_Report](http://www.evonik.com/Financial_Report)).

## Independent Practitioner's Limited Assurance Report

102-56

### Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information<sup>1</sup>

#### To the Evonik Industries AG, Essen

We have performed a limited assurance engagement on the chapters denoted with ✓ with the exception of disclosures marked as "non-audited" in the sustainability report of Evonik Industries AG, Essen (hereinafter: "the Company"), for the period from 1 January to 31 December 2020 (hereinafter: "Report"). Our engagement in this context relates solely to the chapters and sections denoted with the symbol ✓ with the exception of disclosures marked as "non-audited".

#### Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRI-Criteria") and for the selection of the disclosures to be evaluated.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

#### Independence and Quality Control of the Audit Firm

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

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the chapters denoted with ✓ with the exception of disclosures marked as "non-audited" in the Report based on the assurance engagement we have performed.

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

We conducted our 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, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that

#### BASIS OF REPORTING

Independent Practitioner's  
Limited Assurance Report

the chapters and sections denoted with ✓ with the exception of disclosures marked as "non-audited" in the Company's Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each chapter so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Performance of web conferences as part of the inspection of processes and guidelines for data collection at the following locations Marl (Germany), Lülisdorf (Germany), Hanau (Germany), Darmstadt (Germany), Essen-Goldschmidt (Germany), Antwerp (Belgium), Mobile (USA), Singapore
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the sustainability report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

### Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the chapters and sections denoted with ✓ with the exception of disclosures marked as “non-audited” in the Company’s Report for the period from 1 January to 31 December 2020 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

### Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 22 February 2021

### PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Hendrik Fink                      ppa. Juliane v. Clausbruch  
Wirtschaftsprüfer  
(German Public Auditor)

**Responsibility—an integral part of our business for more than 140 years** ⓘ 102-12

C35

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<sup>a</sup>
- 1884** Introduction of the eight-hour workday<sup>a</sup>
- 1886** Establishment of a pension fund<sup>a</sup>
- 1898** First staff committee<sup>a</sup>

In the 1970s, the focus shifted to **environmental protection and safety**.

- 1979** Introduction of an environmental hotline for employees and local residents<sup>c</sup>
- 1995** Joined Responsible Care<sup>a</sup>
- 2002** All executives in operating units agree targets for occupational safety<sup>d</sup>
- 2004** Ambitious environmental targets since 2004<sup>d</sup>
- 2013** Start of Safety at Evonik to establish a safety culture

Extensive **governance and compliance activities**.

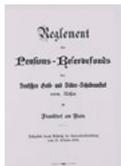
- 2004** Code of Conduct<sup>e</sup>
- 2014** Code of Conduct for Suppliers
- 2016** Executive Board Policy Statement on Human Rights
- 2017** Externally run whistleblower system

**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 impact valuation evaluates the impact of our business from an economic, ecological, and social perspective



Evonik's first full sustainability report



**2011**

Founding member of the Together for Sustainability initiative



**1:7.9 jobs**

One Evonik employee secures an average of 7.9 jobs in the value chain



**Employee engagement and creativity** have always been important.

- 1939** Introduction of mailboxes for suggestions on improvements<sup>b</sup>
- 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 **business 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<sup>a</sup>
- 2016** First sustainability analysis of our business



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<sup>3</sup> initiative



- 2017** First analysis of Evonik's contribution to the UN Sustainable Development Goals (SDGs)

**2019**

Executive board adopts the Sustainability Strategy 2020+, including ambitious environmental targets

**2020**

Integration of sustainability into the strategic management process

<sup>a</sup> Former Degussa AG (Frankfurt am Main). | <sup>b</sup> Evonik Röhm GmbH. | <sup>c</sup> Former Hüls GmbH. | <sup>d</sup> Former "new" Degussa AG (Düsseldorf). | <sup>e</sup> Replaced the previous Compliance Rules. All elements of this chart are provided as examples.

## Principal locations

### Principal locations<sup>a</sup>

No, of employees		2018 <sup>b</sup>	2019 <sup>b</sup>	2020
<b>Europe, Middle East &amp; Africa</b>				
Marl	Germany	7,033	7,111	7,098
Hanau	Germany	3,218	3,185	3,335
Essen (Goldschmidtstr.)	Germany	1,716	1,802	1,851
Darmstadt	Germany	1,311	1,312	1,286
Rheinfelden	Germany	1,153	1,157	1,190
Wesseling	Germany	1,116	1,138	1,087
Antwerp	Belgium	1,061	1,036	1,024
Essen (Rellinghauser Str.)	Germany	883	810	821
Lülsdorf	Germany	499	510	524
Krefeld	Germany	529	513	487
Herne	Germany	389	386	396
Witten	Germany	288	283	264
Steinau	Germany	205	209	221
Slovenská Ľupča	Slovakia	232	225	219
Ham	France	188	193	186
Dossenheim	Germany	169	173	175
Offenbach	Germany	177	166	166
Lenzing	Austria	124	141	161
Weiterstadt	Germany	116	112	114
Weißenstein	Austria	96	102	103
Künsebeck	Germany	122	115	102
<b>Asia-Pacific</b>				
Shanghai Xingzhuang	China	711	718	719
Singapore	Singapore	660	652	637
Shanghai MUSC	China	419	422	414
Nanning	China	344	337	350
Nanping	China	364	342	343
Dombivli	India	283	276	277
Selangor	Malaysia	153	183	215
Taoyuan	Taiwan	167	163	157

T34

No, of employees		2018 <sup>b</sup>	2019 <sup>b</sup>	2020
Tokyo	Japan	147	146	143
Yokkaichi	Japan	140	138	141
Mumbai	India	140	146	140
Liaoyang	China	139	143	140
Changchun	China	149	142	139
Nanjing	China	122	114	111
Qingdao	China	118	114	109
<b>North America</b>				
Mobile, AL	USA	829	818	792
Lafayette, IN	USA	618	629	658
Parsippany, NJ	USA	308	302	296
Allentown, PA	USA	231	235	262
Birmingham, AL	USA	160	166	167
Mapleton, IL	USA	171	158	165
Greensboro, NC	USA	144	147	147
Etowah, TN	USA	140	140	141
Richmond, VA	USA	141	138	132
Hopewell, VA	USA	138	128	121
Tonawanda, NY	USA			116
Philadelphia, PA	USA			114
Little Rock, AR	USA			111
Blair, NE	USA	109	96	107
Bayport, TX	USA			106
<b>Central &amp; South America</b>				
São Paulo	Brazil	199	196	190
Americana	Brazil	125	119	123
San José	Costa Rica	89	86	104
Castro - Parana	Brazil	108	103	103

As of December 31 of the respective year,

<sup>a</sup> Based on Evonik's regions, as revised in 2020. Contains sites with more than 100 employees. The presentation covers 87 percent of Evonik employees,

<sup>b</sup> Continuing operations only (excluding the methacrylates business),

## Ratings and indices 2020



Evonik is included in the ESG Leaders Indexes. MSCI awarded it an ESG rating of A.



Evonik was once again included in the Dow Jones Sustainability Index Europe. The best 20 percent of the 600 largest European companies on the Dow Jones Global Index are selected for inclusion.



Evonik's sustainability performance was analyzed by the Sustainalytics rating agency. Evonik is among the top 10 percent of the around 130 companies ranked in the chemical sector.



FTSE4Good

Evonik is a member of the FTSE4Good index. This index family of the London-based FTSE Group rates companies in categories such as environmental management, human and labor rights, health and safety, sustainability in the supply chain, and corporate governance.



CDP Climate Change awarded Evonik a grade of A-, and CDP Water awarded it a grade of B. In addition, Evonik gained a place on the 2020 CDP Supplier Engagement Leaderboard, which focuses on climate-friendly supply chains. [www.evonik.com/CDP-ClimateChange](http://www.evonik.com/CDP-ClimateChange)



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.



The League of American Communications Professionals (LACP) presented Evonik with the Vision Award in platinum for the first time for its sustainability report 2019.



Our sustainability performance received a B- rating from ISS-oekom. Evonik therefore has Prime Status, the highest level awarded, ranking it among the top 10 percent of companies in the chemical sector.



In the Euronext index family, 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.



Our sustainability report 2019 received the ARC Award in bronze in the categories Design/Graphics and PDF Version.



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. The EcoVadis rating agency, partner of TfS, awarded us a platinum rating for the first time for our sustainability performance.



Evonik once again gained a place in the Ethibel® Sustainability index Excellence Europe. This Europe-wide index contains 200 companies.



Our sustainability report 2019 won gold in the FOX Finance Awards and silver in the FOX Visuals Awards.

## FURTHER INFORMATION

Ratings and indices 2020

## Sustainability awards



A scientist at our process technology unit in Hanau-Wolfgang (Germany) won the regional Responsible Care® competition in 2020 for an innovative procedure to remove microparticles from wastewater.



Evonik participated for the first time in the Reporting and Transparency Awards, a global competition organized by Ethical Corporation, which is a member of the Reuters Group. We were awarded second place.

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