

# DECLARATION ON CORPORATE GOVERNANCE

# Declaration on corporate governance<sup>1</sup>

The following report on the principles of corporate management at Evonik (sections 289f and 315d of the German Commercial Code [HGB]) and corporate governance at the company in accordance with principle 23 of the German Corporate Governance Code is issued jointly by the executive board and supervisory board of Evonik Industries AG.

## 1. Principles of corporate governance and corporate structure

Corporate governance comprises all principles for the management and supervision of a company. As an expression of good and responsible corporate management, it is therefore a key element in Evonik's management philosophy. The principles of corporate governance relate mainly to collaboration within the executive board and supervisory board, between these two boards, and between the boards and the shareholders, especially at shareholders' meetings. They also relate to the company's relationship with other people and organizations with which it has business dealings.

### Evonik is committed to the German Corporate Governance Code

Evonik Industries is a stock corporation established under German law. Alongside compliance with the provisions of the relevant legislation, the basis for ensuring responsible management and supervision of Evonik with a view to a sustained increase in corporate value is our commitment to the German Corporate Governance Code in the version dated April 28, 2022. This code, which was adopted by the Government Commission on the German Corporate Governance Code, contains both key statutory

provisions on the management and supervision of publicly listed German companies and recommendations and suggestions based on nationally and internationally recognized standards of responsible corporate governance.

The executive board and supervisory board of Evonik Industries AG are explicitly committed to responsible corporate governance and identify with the goals of the German Corporate Governance Code. According to the foreword, in the interest of good and proactive corporate governance, a company may depart from the recommendations set out in the code if this is necessary to take account of company-specific characteristics.

## 2. Information on corporate management and corporate governance

### 2.1 Declaration of conformity with the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG)

Under section 161 of the German Stock Corporation Act (AktG), the executive board and supervisory board of Evonik Industries AG are required to annually submit a declaration that the company has been, and is, in compliance with the recommendations of the Government Commission on the German Corporate Governance Code, as published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), and which recommendations have not been, or are not being, applied, together with the associated reasons. The declaration has to be made permanently available to the public on the company's website.

The executive board and supervisory board of Evonik Industries AG (hereinafter the company) hereby submit the following declaration pursuant to section 161 of the German Stock Corporation Act:

Since submitting its last declaration of conformity in December 2021, the company has complied with the recommendations of the German Corporate Governance Code in the version dated December 16, 2019, which was published in the Federal Gazette on March 20, 2020, with the following exceptions. The company complies with the recommendations of the German Corporate Governance Code in the version dated April 28, 2022, which was published in the Federal Gazette on June 27, 2022, with the following exceptions, and will continue to do so in the future.

According to recommendation C.5, members of the management board of a listed company should not hold more than two supervisory board mandates in non-group listed companies or comparable functions. Ms. Angela Titzrath is the chief executive officer of the listed company Hamburger Hafen und Logistik Aktiengesellschaft. In addition to her mandate on the company's supervisory board, she has other mandates covered by the recommendation. The supervisory board has satisfied itself that Ms. Angela Titzrath has sufficient time to perform her mandate. In addition, her extensive experience in corporate management and her high level of economic and international expertise make valuable contributions to the fulfillment of the profile of skills and the effective work of the supervisory board. Taking into account all relevant aspects, the deviation from recommendation C.5 is therefore considered justifiable.

<sup>1</sup> The declaration on corporate governance also forms an integral part of the combined management report for Evonik Industries AG (sections 289 ff. HGB) and the Evonik Group (sections 315 ff. HGB). In accordance with section 317 paragraph 2 sentence 6 of the German Commercial Code (HGB), the disclosures are not included in the audit.

According to recommendation C.5, members of the management board of a listed company should not accept the chairmanship of the supervisory board of a non-group listed company. Mr. Christian Kullmann, chairman of the company's executive board, has also been chairman of the supervisory board of Borussia Dortmund GmbH & Co. KGaA since September 25, 2021. He is familiar with the special nature and challenges of professional soccer within the framework of a listed company and is also familiar with the tasks entailed by the position of chairman of the supervisory board. In addition, the company is linked to Borussia Dortmund both through a shareholding and through the current sponsorship agreement and therefore has an interest in Mr. Kullmann exercising this mandate. The company's supervisory board has also examined the time requirements and strategic aspects of this mandate. Taking into account the above aspects, the deviation from recommendation C.5 is therefore considered justifiable.

According to sentence 1 of recommendation G.7, the supervisory board should establish the performance criteria for each management board member for the forthcoming financial year, covering all variable remuneration components; besides operating targets, the performance criteria should be geared mainly towards strategic goals. In keeping with the remuneration system adopted by the annual shareholders' meeting in 2022, and in view of the cluster of various unforeseen developments (the war in Ukraine, the energy crisis, the coronavirus crisis, supply chain disruption, inflation, the threat of recession, the impact of climate change), at its meeting in December 2022 the supervisory board decided

that when calculating the STI 2022, inflation-adjusted sales should be taken into account for the target "adjusted EBITDA margin." For this fiscal year, the supervisory board has therefore corrected the calculation of one of the performance criteria established in order to ensure appropriate remuneration of the executive board and, in this way, to take account of the altered circumstances. In light of this, as a precaution, the company hereby declares a deviation from G.7 sentence 1. Furthermore, with regard to the LTI, the supervisory board resolved to reduce the lower limit for relative performance (comparison with the external share price index) for the current LTI plans, which have not yet expired, from 70 percent to zero percent. Together with the STI, this should ensure appropriate target remuneration of the executive board that withstands market comparison.

Recommendation G.8 states that subsequent changes to the targets or comparison parameters should be excluded. In view of the aforementioned cluster of various unforeseen developments (the war in Ukraine, the energy crisis, the coronavirus crisis, supply chain disruption, inflation, the threat of recession, the impact of climate change), the basic conditions taken into consideration when establishing the targets for the short- and long-term remuneration of the executive board members no longer prevail. As a result, the targets set for the two variable remuneration components no longer represent an appropriate benchmark for target attainment and, if they were to be retained, could act as false incentives. The company's supervisory board has therefore resolved that, for the calculation of the STI 2022, inflation-adjusted sales will be used for the "adjusted EBITDA margin"

target and that for the outstanding exercise periods for the LTI plans 2018 through 2022, with effect from January 1, 2023, i.e., for the first time for the payment in 2023, the lower limit for relative performance should be set at zero percent instead of 70 percent, as defined for the LTI plans from 2023 in the remuneration system approved by the annual shareholders' meeting. Without these corrections, the value of the LTI tranche 2018 would be reduced to zero; there would also be a significant loss of value for the LTI tranches 2019 through 2022 and the STI parameter "adjusted EBITDA margin," which would not be justified by the performance of the executive board. The supervisory board considers these corrections to the remuneration of the executive board within the framework of the approved remuneration system to be appropriate in order to pay the executive board members remuneration that is commensurate with their tasks and performance and to set the right incentives for the benefit of the company. Particularly high commitment is required from the executive board members in these times of crisis. The supervisory board considered it necessary, in particular, to wait for the opportunity to assess the economic impact on the company, which only became sufficiently clear late in the year.

Essen, December 2022

The Executive Board

The Supervisory Board

## 2.2 Relevant information on corporate management practices

### Corporate governance

The company is explicitly committed to good corporate governance and complies with the recommendations of the German Corporate Governance Code, apart from the exceptions set out in subsection 2.1 [p.1f.](#)

### Compliance

Evonik understands compliance as all activities to ensure that the conduct of the company, its governance bodies, and its employees respect all applicable mandatory standards such as legal provisions, statutory requirements and prohibitions, in-house directives, and voluntary undertakings.

The most important external and internal principles and rules are set out in Evonik’s group-wide code of conduct. This is binding for both the executive board and all Evonik employees, both internally in their treatment of one another and externally in contact with shareholders, business partners, representatives of authorities and government bodies, and the general public. It requires all employees to comply with the applicable laws, regulations, and other obligations. Evonik does not do business at any price. All employees worldwide receive regular training on the code of conduct and specific issues. Systematic action is taken to deal with any breach of the code of conduct.

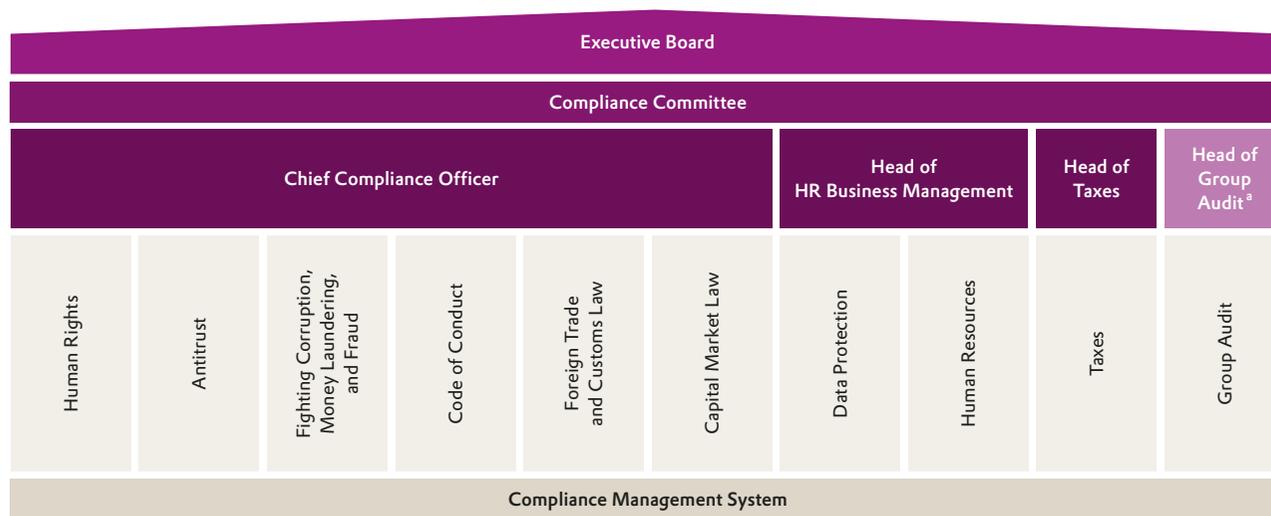
The compliance areas identified as being of specific relevance to our company are bundled in a House of Compliance. Failure to observe the applicable laws and regulations in these areas leads

to substantial risks for the company, its legal representatives, and holders of protected legal positions. To ensure a risk-based approach and take account of similarities between topics, the areas covered by the House of Compliance therefore comprise antitrust law, fighting corruption, money laundering, and fraud, as well as the code of conduct, foreign trade and customs law, capital market law, data protection, taxes, human resources, and, as a new addition, human rights. Group Audit has an advisory role. Environment, safety, health, and quality, including compliance-related aspects, are also very important topics and are managed and monitored by a separate function.

The role of the House of Compliance is to define minimum group-wide standards for the compliance management systems (CMS) for these areas and ensure that they are implemented. The process of forming a consensus, sharing experience, and coordinating joint activities takes place in the compliance committee, which is composed of the heads of the respective units, who have independent responsibility for their areas, and the head of Group Audit. The compliance units are responsible for the appropriateness, efficacy, and continuous improvement of the CMS for the compliance topics allocated to them.

For information relating to principle 5 of the German Corporate Governance Code on the fundamental aspects of the CMS and its topics, please refer to the above presentation. There are no indications that the CMS for the compliance issues bundled in the House of Compliance are not appropriate or effective in all key respects (the human rights CMS is currently being established, see below). The necessary elements of the CMS are structured and implemented throughout the Evonik Group on a risk-oriented basis reflecting the content required by the standards for the respective issue. By and large, the established standards and processes are put into practice in the company.

### House of Compliance



<sup>a</sup> Advisory role.

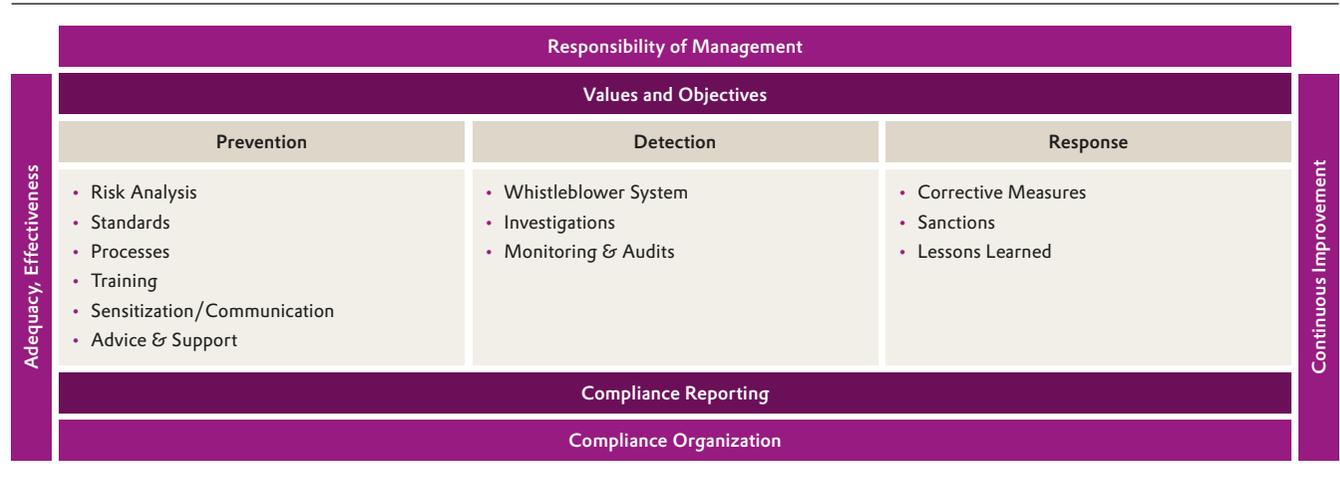
Regular efficacy checks identify individual weak points relating to specific aspects and suitable measures to remedy them are integrated into a continuous improvements process. In the same way, the CMS is adapted and aligned to changes in the basic framework (for example, due to changes in the relevant legislation or internal requirements or policies) and the actual circumstances (for example, due to changes in (corporate) structures or business models).

For instance, the human resources departments in the Evonik Group have been restructured in recent years and new personnel management software has been introduced. In this context, the responsibilities within the area of human resources were re-allocated and aligned more strongly to individual HR processes. The reorganization of the HR function made it necessary to revise internal policies to bring them into line with the new situation. This revision has not yet been completed.

The CMS for human rights is currently being established. The content is based on the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and audit standard IDW PS 980 in order to take account of further international requirements. Since the new German legislation came into force on January 1, 2023, all elements of a CMS have been set up. In some cases, concrete implementation or operationalization of individual standards, processes, and measures has not yet been completed. These aspects will be introduced and rolled out stepwise from 2023. Consequently, a full efficacy check has not yet been established.

Based on the present stage of development, there are no indications that this CMS is not appropriate in all material respects.

**Compliance Management System (CMS)**



The compliance issues and the appropriateness and efficacy of the relevant CMS are examined at regular intervals through internal and external audits. Here are some examples:

- External audit of fighting corruption based on audit standard IDW PS 980 (KPMG 2020)
- Internal audit of the anti-money laundering measures (Group Audit, 2022)
- Internal audit of antitrust law (Group Audit)
- External readiness check in the area of data protection based on IDW PS 980 (Luther law firm, 2022)
- External readiness check on the German supply chain legislation (KPMG, 2022)
- External audit of the tax compliance management system of Evonik Industries AG and other Group companies in Germany covering the areas of income tax, wage tax, value-added tax, transfer pricing, and withholding tax pursuant to IDW PS 980 (KPMG, 2021)
- Internal audit of the tax compliance management system (Group Audit, 2021)

- Regular internal audits of internal export controls
- Official audits of customs and export control processes in connection with export permit processes, customs and foreign trade audits, and certification as an “Authorized Economic Operator” (AEO)
- Inspection of chemical weapons controls by the Organisation for the Prohibition of Nuclear Weapons (OPNW).

The above comments on the CMS are based on self-assessments by the relevant functional areas, which are prepared in good faith on the basis, in particular, of the references cited.

Further information on Evonik’s compliance management system and the corresponding areas of focus, as well as the action taken in the year under review, can be found in the sustainability report.

[www.evonik.com/sustainability-report](http://www.evonik.com/sustainability-report)

## Sustainability

During the year, the executive board and supervisory board examine sustainability from various perspectives. Examples are the environment, safety, and portfolio transformation. Sustainability was also one of the main topics at the supervisory board's strategy meeting in September 2022. For many years, the development of accident frequency and severity has been reflected in the executive board's variable pay as a performance-related component. From 2023, the long-term variable remuneration system for the executive board will be revised and will include sustainability targets. Extensive information on sustainability can be found in the sustainability section of the combined management report [Financial report, p. 49 ff.](#) and the sustainability report [www.evonik.com/sustainability-report](http://www.evonik.com/sustainability-report).

## Transparency

Evonik regards timely and equal public disclosure of information as a key basis of good corporate governance. Evonik provides extensive information in German and English on its website. This includes our financial calendar, which provides a convenient overview of important dates [www.evonik.com/investor-relations](http://www.evonik.com/investor-relations). Evonik's business performance is outlined principally in our financial reports and investor relations presentations. These are supplemented by information on Evonik's shares, the terms of bond issues, and an overview of our credit ratings. Mandatory publications such as ad-hoc announcements, voting rights announcements, and information on directors' dealings are also published immediately on our investor relations site [www.evonik.com/investor-relations](http://www.evonik.com/investor-relations) (News & Reports/Ad-hoc announcements, Share/Voting rights, and Corporate Governance/Directors' Dealings). The offering also includes information on corporate strategy and Evonik's corporate structure and organization. In addition, the investor relations site provides information on Evonik's approach to corporate responsibility and how the management and supervision of the company (corporate governance) are aligned to responsible and sustained value creation [www.evonik.com/investor-relations](http://www.evonik.com/investor-relations) (Sustainable Investment (SRI) and Corporate Governance).

## 2.3 Work of the executive board and supervisory board

The German Stock Corporation Act (AktG) forms the legal basis for the incorporation of Evonik Industries AG. Further details are set forth in the company's articles of incorporation and the provisions of the German Corporate Governance Code. See subsection 2.1 [p.1 f.](#)

### Executive board

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

The executive board defines and updates the company's business objectives, its basic strategic focus, business policy, and corporate structure. It ensures compliance with statutory provisions and internal directives and exerts its influence to ensure that they are observed by Group companies (compliance). It is also responsible for ensuring appropriate measures aligned to the company's risk situation (compliance management system), and appropriate risk management and risk controlling in the company. A whistleblower system has been set up. This enables employees and third parties to report, in a protected manner, suspected breaches of the law within the company.

When making appointments to management functions in the company, the executive board applies the principles of diversity. In this it strives, in particular, to ensure adequate representation of women.

The executive board has four members at present. One member is appointed to chair the executive board. With the approval of the supervisory board, the executive board has adopted rules of procedure and a plan allocating areas of responsibility. The chairman coordinates the work of the executive board, provides information for the supervisory board, and maintains regular contact with the chairman of the supervisory board. If the chairman is not available to perform these tasks, they are assumed by the deputy chairperson. The members of the executive board are jointly responsible for the overall management of the company. They work together constructively and keep each other informed of the main activities and developments in their areas of responsibility. The executive board endeavors to take decisions unanimously but may also adopt resolutions by majority vote. If an equal number of votes is cast, the chairman has the casting vote.

Ensuring that the supervisory board receives sufficient information is the joint responsibility of the executive board and supervisory board. The executive board provides the supervisory board with the reports to be prepared in accordance with section 90 of the German Stock Corporation Act (AktG) and the rules of procedure of the supervisory board. It gives the supervisory board timely, regular, and full information on all matters that are relevant to the company and the Group relating to strategy, planning, business development, risks, risk management, and compliance. It outlines deviations between the planned and actual business performance and targets and the reasons therefor.

Further, the executive board submits timely reports to the supervisory board on business matters and actions for which it is required by the articles of incorporation or the supervisory board's rules of procedure to obtain the approval of the supervisory board. In addition, the supervisory board can make further business activities and measures dependent on its consent on a case-by-case basis.

Members of the executive board are required to act in the interests of the company. They may not pursue personal interests in their decisions or utilize business opportunities available to the company for themselves. The members of the executive board are subject to a comprehensive non-compete obligation during their term of office. They may only assume additional posts, especially seats on the supervisory boards of companies that are not affiliated companies of Evonik Industries AG, with the consent of the supervisory board. In such cases, the executive board member shall accept the post as a personal office and shall ensure strict confidentiality and strict separation from his/her activities as a member of the executive board. Every member of the executive board is required to disclose any conflict of interest to the chairman of the supervisory board without delay and to inform the other members of the executive board. In fiscal 2022, there were no conflicts of interest relating to members of the executive board of Evonik Industries AG.

All transactions between the company or companies in the Evonik Group, on the one hand, and executive board members and related parties, on the other, must take place on terms that are customary in the sector. The report of the supervisory board contains details of the relevant transactions in the reporting period  **Financial report, p. 98 ff.**

The composition of the executive board and membership of supervisory boards and similar governance bodies are outlined in the further information on corporate officers  **Financial report, p. 117 ff.**

### 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 executive board is required to obtain the approval of the supervisory board on decisions of fundamental importance, which are defined in a separate list. These include:

- Fundamental changes to the structure of the company and the Group
- Setting the annual budget for the Group
- Investments exceeding €100 million
- The assumption of loans and the issuance of bonds exceeding €300 million and with a maturity of more than one year

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, including the combined non-financial statement. The supervisory board submits a written report on the outcome of the audit to the shareholders' meeting.

The supervisory board is subject to the German Codetermination Act (MitbestG). In accordance with these statutory provisions, the supervisory board comprises 20 members: ten representatives of the shareholders and ten representatives of the workforce. The representatives of the shareholders are elected by the shareholders' meeting on the basis of nominations put forward by the supervisory board as prepared by the nomination committee. The representatives of the employees are elected by the workforce and comprise seven employee representatives and three representatives of the industrial union.

The composition of the supervisory board should ensure that its members collectively have the knowledge, skills, and professional expertise required to properly perform their duties. The members of the supervisory board may not undertake any duties as officers or advisors to the company's major competitors.

The supervisory board should not include more than two former members of the executive board. A former member of the executive board was elected to the supervisory board. In compliance with the statutory waiting period, his term of office on the executive board ended more than two years before the date of his election to the supervisory board. All members of the super-

visory board shall ensure that they have sufficient time to perform their tasks as a member of the supervisory board. Members of the supervisory board who are also members of the executive board of a publicly listed stock corporation should not hold more than two seats on the supervisory boards of listed companies outside their group of companies or boards where comparable demands are made on them; members of the supervisory board who are not members of the executive board of a publicly listed corporation may not hold more than five seats on such supervisory or comparable boards. For this purpose, chairing a supervisory board counts as holding two seats. Members of the supervisory board must act in the interests of the company and not pursue personal interests in their decisions, nor may they utilize business opportunities available to the company for themselves. Members must disclose conflicts of interest to the supervisory board. Any member of the supervisory board who discloses a conflict of interest is excluded from resolutions at the meetings of the supervisory board dealing with matters relating to the conflict of interest. In its report to the shareholders' meeting, the supervisory board discloses any conflicts of interest that have arisen and how they have been dealt with. Material conflicts of interest relating to a member of the supervisory board that are not by nature temporary should lead to termination of his/her term of office.

Consultancy, service, and similar contracts between a member of the supervisory board and the company must be approved by the supervisory board. There were no contracts of this type in 2022.

The supervisory board has adopted rules of procedure, which also govern the formation and tasks of the committees. At least two regular meetings of the supervisory board are held in each calendar half-year. In addition, meetings may be convened as required, and the supervisory board may adopt resolutions outside meetings. If an equal number of votes is cast when taking a decision, and a second vote does not alter this situation, the chairman of the supervisory board has the casting vote.

The supervisory board has set the following objectives for its composition, which are taken into account in the proposals put to the shareholders' meeting with regard to the regular election of members of the supervisory board and the subsequent election of a member of the supervisory board:

- At least two members should have a sound knowledge of and experience in regions that are of material importance for the Evonik Group's business, either through their background or through professional experience gained in an international context.
- At least two members should have special knowledge of and experience in business administration and finance/accounting or auditing.
- The members of the supervisory board as a whole should be familiar with the chemical sector.
- At least two members should have experience in managing or supervising a major company.
- The supervisory board should comprise at least 30 percent women and at least 30 percent men.
- The members of the supervisory board should not hold consulting or governance positions with customers, suppliers, creditors, or other business partners that could lead to a conflict of interest. Deviations from this rule are permitted in legitimate individual cases.
- Members of the supervisory board should not normally be over 75 when they are elected.
- Members of the supervisory board should not normally hold office for more than three full terms within the meaning of section 102 paragraph 1 of the German Stock Corporation Act (AktG), i.e., normally 15 years. It is possible to deviate from this rule, in particular, in the case of a member of the supervisory board who directly or indirectly holds at least 25 percent of the company's shares or belongs to the governance body of a shareholder that directly or indirectly holds at least 25 percent of the company's shares.

- The collective knowledge and professional expertise of the members of the supervisory board should adequately reflect the skills profile.
- At least six supervisory board members representing the shareholders should be independent of the company and its executive board and independent of a controlling shareholder.

These targets were last revised in December 2019.

The supervisory board currently comprises six women and 14 men. In accordance with its own targets and in compliance with statutory requirements, it therefore meets the minimum of 30 percent women and 30 percent men.

The independence of a supervisory board member representing the shareholders depends on whether the member is independent of the company and its executive board and independent of a controlling shareholder. The supervisory board classifies all current members as independent. In this context, it is satisfied, in particular, that the fact that Dr. Trautz has been a member of the supervisory board for more than twelve years and Mr. Tönjes' position as chairman of the executive board of RAG-Stiftung do not constitute a conflict of interests with regard to the work of the supervisory board that would counteract their independence. Even taking into account the more far-reaching criteria set out in the European Commission's recommendation of February 15, 2005, there are no conflicts of interest and no doubts regarding the independence of the members of the supervisory board.<sup>1</sup>

The shareholders' representatives classified by the supervisory board as independent members are: Bernd Tönjes, Prof. Barbara Albert, Prof. Aldo Belloni, Werner Fuhrmann, Prof. Barbara Grunewald, Cedrik Neike, Michael Rüdiger, Angela Titzrath, Dr. Volker Trautz, and Ulrich Weber.

The financial experts within the meaning of section 100 paragraph 5 of the German Stock Corporation Act (AktG) and recommendation D.3 of the German Corporate Governance Code are Ms. Angela Titzrath (auditing expertise) and Mr. Michael Rüdiger (accounting expertise). In addition to their academic qualifications, both have acquired the necessary knowledge and experience for this through their professional careers, especially as members of executive boards of large companies and their work on a variety of supervisory bodies. As a former executive board member at large companies and chairwoman of the executive board of a listed company, Ms. Angela Titzrath has extensive experience in the area of auditing. For a number of years, she has also been intensively engaged in the preparation and review of sustainability reports. Through his former role in the area of internal auditing, Mr. Michael Rüdiger has many years' experience in the field of finance and special knowledge and experience of the application of accounting policies and of internal control and risk management systems. As a member of the audit committee at another listed company, Mr. Rüdiger is intensively involved in auditing, including auditing of sustainability reporting. Moreover, as members of the audit committee of Evonik Industries AG, Ms. Titzrath and Mr. Rüdiger are continuously involved in these fields. Furthermore, as chairman of this committee, outside of its meetings, Mr. Michael Rüdiger is in contact with the external auditors, the executive board, and the heads of the relevant corporate functions.

The length of membership of the supervisory board is disclosed in the resumes of the members of the supervisory board.

The present supervisory board satisfies the objectives for its composition.

<sup>1</sup> Section 13.2 in conjunction with annex 2 of the Commission Recommendation of February 15, 2005 on the role of non-executive directors/supervisory board members of publicly listed companies and committees of the board of directors/supervisory board (2005/162/EC).

In accordance with the recommendation in the German Corporate Governance Code, as well as setting objectives for its composition, the supervisory board has drawn up a profile of the skills and expertise required for the entire supervisory board. Future proposals for the election of supervisory board members will be based on this profile. The objectives and profile together form the supervisory board's diversity concept pursuant to section 289f paragraph 2 no. 6 and section 315d of the German Commercial Code (HGB), which is outlined in subsection 2.4 [p.10](#).

In 2022, the supervisory board added "experience in ecological and social sustainability" and "technological knowledge (including digitalization and information technology)" to its profile of required skills and expertise and now considers that the following skills are appropriate for the proper performance of its duties and are reflected by its members:

#### Profile of skills and expertise required of the supervisory board

	International experience	Knowledge of business administration	Experience in human resources and social issues	Scientific knowledge (especially of the chemical sector)	Experience in corporate management	Experience in ecological and social sustainability	Technological knowledge (including digitalization and information technology)
Bernd Tönjes		x	x		x	x	x
Karin Erhard			x		x		
Martin Albers		x	x				
Prof. Barbara Albert	x			x	x	x	x
Prof. Aldo Belloni	x	x	x	x	x	x	
Hussin El Moussaoui			x				
Werner Fuhrmann	x	x	x	x	x	x	
Prof. Barbara Grunewald			x				
Alexandra Krieger		x	x				
Martin Kubessa			x	x			
Cedrik Neike	x	x	x		x	x	x
Martina Reisch		x	x		x		x
Gerhard Ribbeheger			x				x
Michael Rüdiger	x	x	x		x	x	
Dr. Thomas Sauer	x	x	x	x	x	x	
Gerd Schlengermann			x				
Harald Sikorski		x	x		x		x
Angela Titzrath	x	x	x		x	x	x
Dr. Volker Trautz	x	x	x	x	x		
Ulrich Weber		x	x		x	x	

The supervisory board has the following committees:

The **executive committee** comprises the chairman of the supervisory board, his deputy, and two further members. It undertakes the regular business of the supervisory board and advises the executive board on fundamental issues relating to the ongoing strategic development of the company. Insofar as is permitted by law, it takes decisions in place of the full supervisory board on matters which cannot be deferred until the necessary resolution is passed by the full supervisory board without detrimental effects for the company. It also takes decisions on the use of authorized capital. It prepares meetings of the supervisory board and, in particular, personnel decisions and resolutions on the remuneration of the executive board, including the main contractual elements and the overall remuneration of individual members of the executive board. It is also responsible for concluding, amending, and terminating employment contracts with the members of the executive board, where this does not involve altering or setting remuneration, and represents the company in other transactions of a legal nature with present and former members of the executive board and certain related parties. **Members:** Bernd Tönjes (chairman), Karin Erhard (deputy chairwoman), Martin Albers, Dr. Volker Trautz.

The **audit committee** has six members, who have specialist knowledge and experience in the application of accounting standards and internal control systems. Moreover, the chairman is independent and is not a former member of the company's executive board. Acting on behalf of the supervisory board, the audit committee's principal tasks comprise supervising the accounting, the accounting process, the effectiveness of the internal control system, the risk management system, and the internal audit system, the auditing of the financial statements, especially the independence of the auditor, any additional services provided by the auditor by prior agreement and retrospective review, as well as compliance and the related decisions. It can make proposals

and recommendations geared to ensuring the integrity of the financial reporting process. It prepares the supervisory board's proposal to the shareholders' meeting on the appointment of the auditor. If the audit engagement is put out to tender, the proposal must include at least two candidates. Further, the audit committee takes decisions on the appointment of the auditor, the focal points of the audit, and the agreement on audit fees. It assumes the specific duties regarding the statutory audit of public-interest entities assigned to the audit committee under applicable law, especially EU Regulation no. 537/2014. The audit committee prepares the decision of the supervisory board on approval of the annual financial statements of Evonik Industries AG and the consolidated financial statements for the Evonik Group. For this purpose, it is required to conduct a preliminary examination of the annual financial statements of Evonik Industries AG, the consolidated financial statements for the Evonik Group, the combined management report, including the combined non-financial statement, and the executive board's proposal for the distribution of the profit. The audit committee also examines the auditor's report. The audit committee reviews the interim reports, especially the half-yearly report, discusses the audit review report with the auditor—if an auditor is engaged to conduct a review—and decides whether to raise any objections. Further, it examines issues relating to corporate governance and reports to the supervisory board at least once a year on the status, effectiveness, and scope to implement any improvements to corporate governance, and on new requirements and new developments in this field. **Members:** Michael Rüdiger (chairman), Alexandra Krieger (deputy chairwoman), Prof. Barbara Grunewald, Dr. Thomas Sauer, Gerd Schlengermann, Angela Titzrath.

The **finance and investment committee** has eight members. Its work covers aspects of corporate finance and investment planning. For example, it takes decisions on behalf of the supervisory board on approving investment and real estate transactions with a value of more than €100 million. Further, the finance and investment committee takes decisions on behalf of the supervisory board involving approval for the establishment, acquisition, and divestment of businesses, and on capital measures at other Group companies with a value of between €100 million and €500 million. It also prepares decisions of the full supervisory board on such measures, where they exceed €500 million. Furthermore, it takes decisions on the assumption of guarantees and sureties for credits exceeding €50 million and on investments in companies of more than €100 million. **Members:** Prof. Aldo Belloni (chairman), Karin Erhard (deputy chairwoman), Martin Albers, Gerhard Ribbeheger, Michael Rüdiger, Harald Sikorski, Bernd Tönjes, Ulrich Weber.

The **innovation and research committee** has eight members. It examines the company's innovation and research strategy, in particular by analyzing expected future developments both in the chemical sector and in the markets of relevance to the company. It discusses the resulting implications for the company's innovation and research programs with the executive board. **Members:** Prof. Barbara Albert (chairwoman), Harald Sikorski (deputy chairman), Prof. Aldo Belloni, Hussin El Moussaoui, Martina Reisch, Gerhard Ribbeheger, Bernd Tönjes, Dr. Volker Trautz.

The **nomination committee** comprises three supervisory board members elected as representatives of the shareholders. The task of the nomination committee is to prepare a proposal for the supervisory board on the candidates to be nominated to the shareholders' meeting for election to the supervisory board. **Members:** Bernd Tönjes (chairman), Dr. Volker Trautz, Ulrich Weber.

Finally, there is a **mediation committee** established in accordance with section 27 paragraph 3 of the German Codetermination Act. This mandatory committee is composed of the chairman of the supervisory board, his deputy, one shareholder representative, and one employee representative. This committee puts forward proposals to the supervisory board on the appointment of members of the executive board if the necessary two-thirds majority of the supervisory board members is not achieved in the first vote. **Members:** Bernd Tönjes (chairman), Karin Erhard (deputy chairwoman), Martin Albers, Dr. Volker Trautz.

The mediation committee is only convened when necessary. All other committees meet regularly and may also hold additional meetings on specific issues in line with their responsibilities as set out in the rules of procedure for the supervisory board.

Further details of the work of the supervisory board and its committees in the past fiscal year can be found in the report of the supervisory board  **Financial report**, p. 98 ff. The report of the supervisory board also outlines the composition of the various committees and the meetings attended by members the supervisory board. The composition of the supervisory board and membership of supervisory boards and similar governance bodies are outlined in the further information on corporate officers  **Financial report**, p. 117 ff.

The supervisory board regularly examines the efficiency of its work. A self-assessment involving supervisory board members filling out a questionnaire was conducted in 2020. On the basis of the evaluation of the results, measures were resolved and implemented during the year.

### Directors' dealings

In accordance with article 19 paragraph 1 of the EU market abuse regulation (MAR), members of the executive board and supervisory board and persons closely associated with them (including spouses, partners who are equivalent to a spouse, and dependent children) are required to notify Evonik Industries AG and the Federal Financial Supervisory Authority (BaFin) of any transactions in shares or debt instruments of Evonik Industries AG, or derivatives, or other financial instruments linked thereto. This applies to transactions undertaken within a calendar year after a total value of €20,000 has been reached. The transactions notified are disclosed on the website of Evonik Industries AG.

 [www.evonik.com/investor-relations](http://www.evonik.com/investor-relations) (Corporate Governance)

### 2.4 Diversity at Evonik

Since Evonik Industries AG is a publicly listed company and is also subject to German codetermination legislation, the diversity requirements set forth in the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code apply.

The statutory ratio of at least 30 percent women and at least 30 percent men applies for the composition of the supervisory board. The supervisory board meets this ratio: Alongside 14 men, it has six female members, three of whom represent the shareholders, and three of whom represent the workforce. For the proportion of women on the executive board, the supervisory board set a target of at least 25 percent, with a deadline for achieving this of June 30, 2022. On the reporting date, the executive board comprised one woman and three men. In 2022, the supervisory board set a new target of at least 25 percent female members of the executive board (which is equivalent to one woman as the executive board currently has four members), to be met by June 30, 2027. The executive board also meets the

statutory requirement that an executive board with more than three members must include at least one woman and one man (section 76 paragraph 3a AktG). For the period from January 1, 2021 through December 31, 2024, the executive board set a target of 30 percent female managers at both the first and the second management level below the executive board. At year-end 2022, the proportion of female managers was 38.5 percent at the first management level and 31.0 percent at the second management level.

### Diversity concept

The previous diversity requirements set out in the German Stock Corporation Act (AktG) and the German Corporate Governance Code for publicly listed corporations that are also classified as large stock corporations have been extended by the provisions of section 289f paragraph 2 no. 6 of the German Commercial Code (HGB). The diversity concept, which has to be described pursuant to this provision, and which has to be followed in appointments to the supervisory board and the executive board, comprises the following elements at Evonik Industries AG:

The diversity concept for Evonik's supervisory board comprises both the supervisory board's objectives for its composition and the profile for the skills and expertise of the supervisory board as a whole. Further details can be found in subsection 2.3  p.5ff. Most of the requirements set out in the new rules for the supervisory board's diversity concept are already reflected in the supervisory board's objectives. These include rules on the age and gender of supervisory board members and on professional experience and knowledge of business administration and the chemical sector. These objectives have been supplemented by a profile that sets out the required skills and expertise and documents the extent to which they are met. The diversity concept is implemented by ensuring that the proposals put to the share-

holders' meeting for the election of supervisory board members reflect the objectives and the profile. The present composition of the supervisory board meets all requirements of the diversity concept. The supervisory board, executive committee, and executive board together ensure long-term succession planning for appointments to the executive board. Structured talent management and targeted executive development form the basis for filling executive board positions from within the company where possible. The principles of succession planning are agreed with the executive committee, and the executive board and the chairman of the supervisory board regularly discuss potential candidates. The chairman of the supervisory board informs the executive committee or the full supervisory board of the status of succession planning, as necessary. The basis for this includes the diversity concept for the executive board. Alongside the target of 25 percent female members outlined above, it sets a maximum age limit for members of the executive board. In fiscal 2022, the supervisory board increased the previous maximum age limit from 65 years to 68 years. The decision to raise the age limit was based on the political debate about greater flexibility in the duration of working life, the increase in the statutory retirement age, and the discussion about whether it should be left to individuals to decide when they wish to retire. In addition to this age limit, when selecting suitable candidates for the executive board, the supervisory board ensures a suitable mixture of ages to ensure long-term succession planning. Further, as a leading global specialty chemicals company, when making appointments to the executive board, Evonik pays attention to ensuring that at least one member has knowledge of the area of human resources, one has knowledge of finance and accounting, and one has knowledge of the chemical sector. In addition, at least one member of the executive board should have international professional experience. The present composition of the executive board fully meets the requirements set by the diversity concept.

### 3. Shareholders and the shareholders' meeting

The shareholders exercise their rights at the shareholders' meeting. The shareholders' meeting elects the auditor and the shareholder representatives on the supervisory board and resolves on the ratification of the actions of members of the executive board and supervisory board, the distribution of the profit, capital transactions, and amendments to the articles of incorporation. The shares are registered shares. Shareholders who are entered in the register of shareholders are eligible to attend the shareholders' meeting and exercise their voting rights, providing they register in good time to attend the meeting. The shareholders may exercise their voting rights at the shareholders' meeting in person, through a proxy of their choice or through a proxy appointed by the company. Each share entitles the holder to one vote.

### 4. Information on accounting and auditing of the financial statements

Evonik Industries AG prepares its annual financial statements in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared on the basis of the International Financial Reporting Standards (IFRS), as adopted for use in the EU. In addition, the applicable statutory provisions of section 315e paragraph 1 of the German Commercial Code (HGB) are taken into account. The consolidated financial statements are also published in the European Single Electronic Format (ESEF), which was audited separately by the auditor. As proposed by the

supervisory board, the annual shareholders' meeting on May 25, 2022 elected KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin, as auditor for the annual financial statements of Evonik Industries AG, the consolidated financial statements of the Evonik Group, and the combined management report for fiscal 2022. The supervisory board previously ascertained the independence of the auditor. The auditors that sign the audit of the annual financial statements of Evonik Industries AG and the consolidated financial statements of the Evonik Group are Dr. Thorsten Hain (since fiscal 2021) and Dr. Kathryn Ackermann (since fiscal 2021). In addition to the accounting, the audit covered the system to identify emerging risks and the accounting-related internal control system. Based on the resolution of May 25, 2022, KPMG also reviewed the half year financial report in fiscal 2022.

### 5. Internal control system and risk management system

Evonik's internal control system (ICS) covers the entire organization and is designed to safeguard the functioning and cost-efficiency of business processes, the reliability of business information, protect assets, and ensure compliance with regulations (COSO). The individual controls are based on the principles of transparency (in other words, comparison with the target process), double-checking, separation of functions, and the need-to-know basis. The ICS for each process is defined centrally using a uniform process classification and applied on a decentralized basis throughout the Evonik Group. A defined procedure involving the heads of the process expert groups (PEG), risk coordinators, and process/function owners ensures that process and organizational risks can be ruled out in all organizational units.

In close alignment with the risk management, all units within the Evonik Group evaluate whether there are any process and organizational risks and estimate whether these could possibly impact the effectiveness of Evonik's ICS. Experts regularly update and optimize the ICS. Oversight is based on three elements: risk management, Group Audit, and external auditors. Group Audit uses randomized audits to assess the appropriateness and effectiveness of the ICS and risk management system (RMS). The Evonik Group's RMS, including the ICS relating to the accounting process, is described in the opportunity and risk report [Financial report, p. 81ff.](#) in the combined management report. The randomized audits performed by Group Audit in 2022 did not identify any systematic weaknesses in the ICS or RMS, nor are there any indications that the ICS and RMS are not, in all material respects, appropriate and effective.

### 6. Remuneration

The principles of the remuneration system and the remuneration of the members of the executive board and the supervisory board are outlined in the remuneration report [www.evonik.com/remuneration-report](#). To meet the new content requirements for the declaration on corporate governance pursuant to section 289f paragraph 2 no. 1a of the German Commercial Code (HGB), the remuneration system (section 87a paragraph 1 and paragraph 2 sentence 1 of the German Stock Corporation Act [AktG]) and the remuneration resolution (section 113 paragraph 3 AktG) are published on the website of Evonik Industries AG at [www.evonik.com/remunerationssystem-executiveboard](#) and [www.evonik.com/remunerationssystem-supervisoryboard](#). In addition, the remuneration report and the auditor's report can be viewed at [www.evonik.com/remuneration-report](#).

