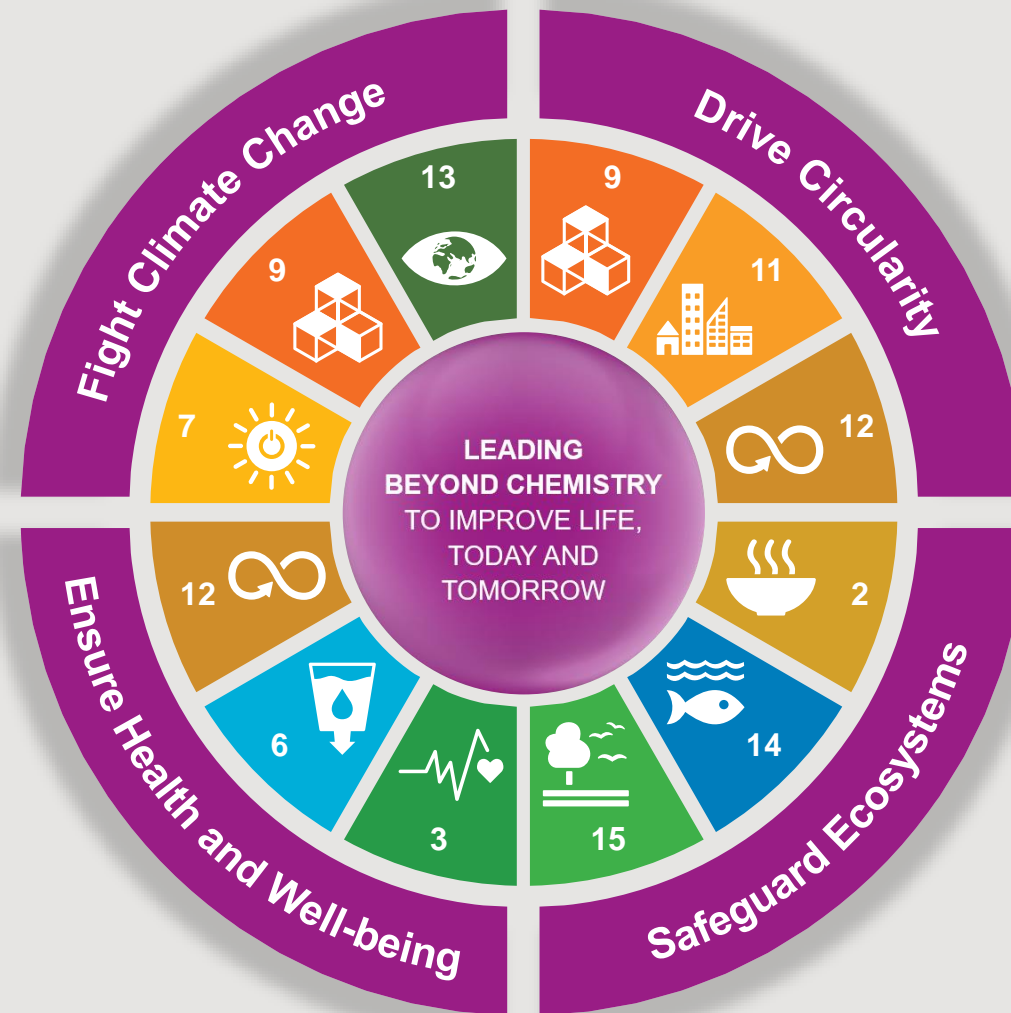


Sustainability at Evonik.

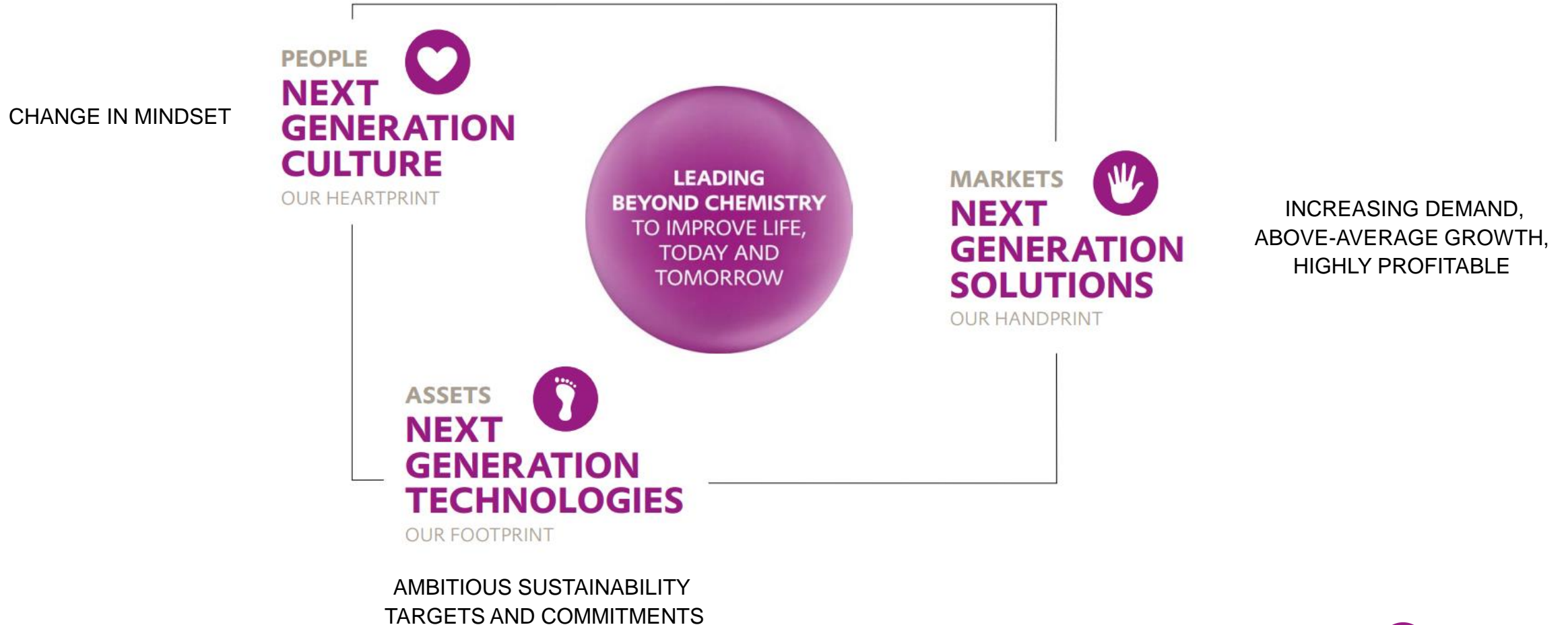
2023

NEXTGEN 



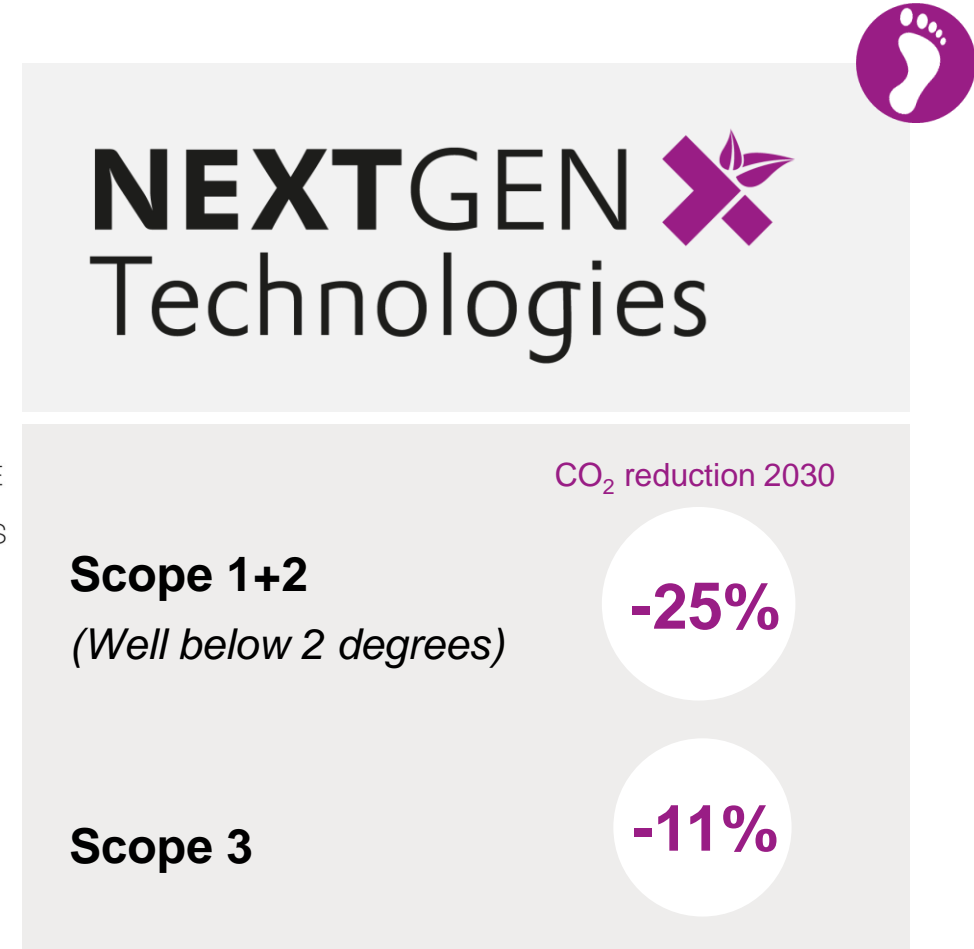
Sustainability as backbone of Evonik's purpose and strategy

Setting the frame



Ambitious commitments on handprint and footprint

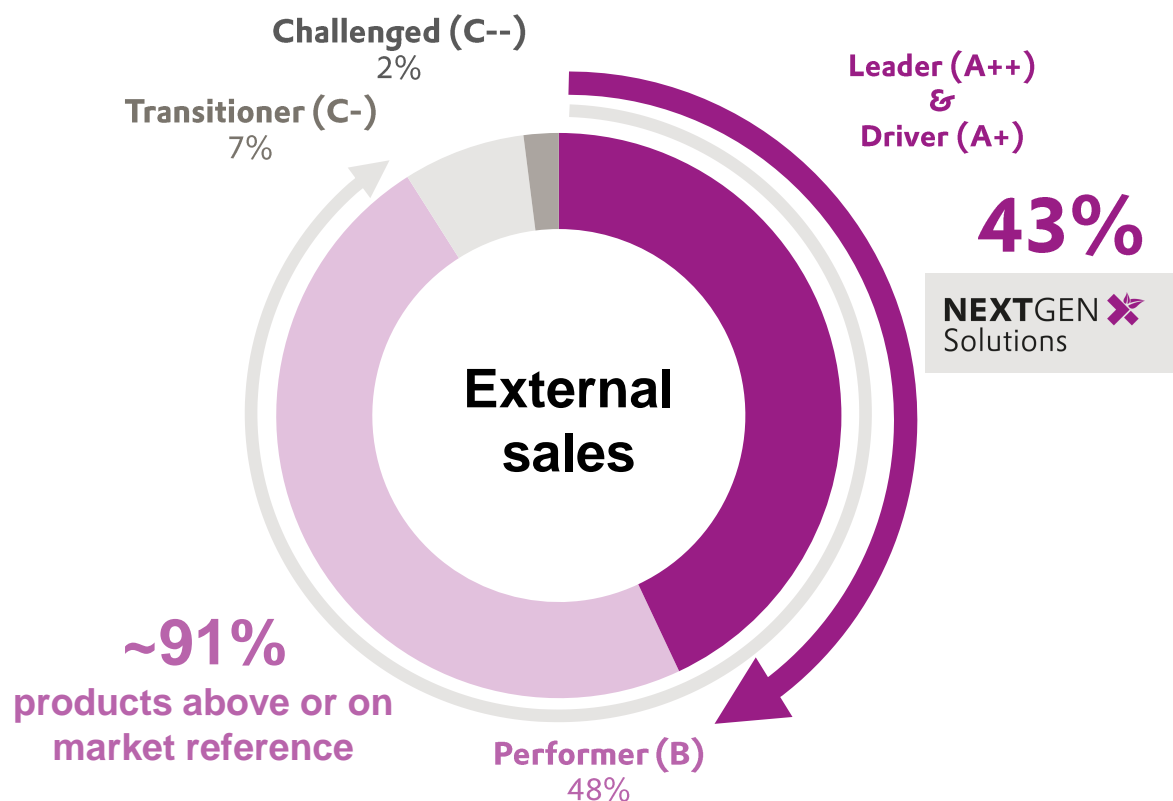
In line with Science Based Targets



Handprint: “Next Generation Solutions”

43% of Evonik’s portfolio with superior sustainability benefits

Result of PSA analysis



NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

Best-in-class products in Evonik’s portfolio which...

...deliver **above-average growth**

...address **increasing customer demand** for sustainable solutions

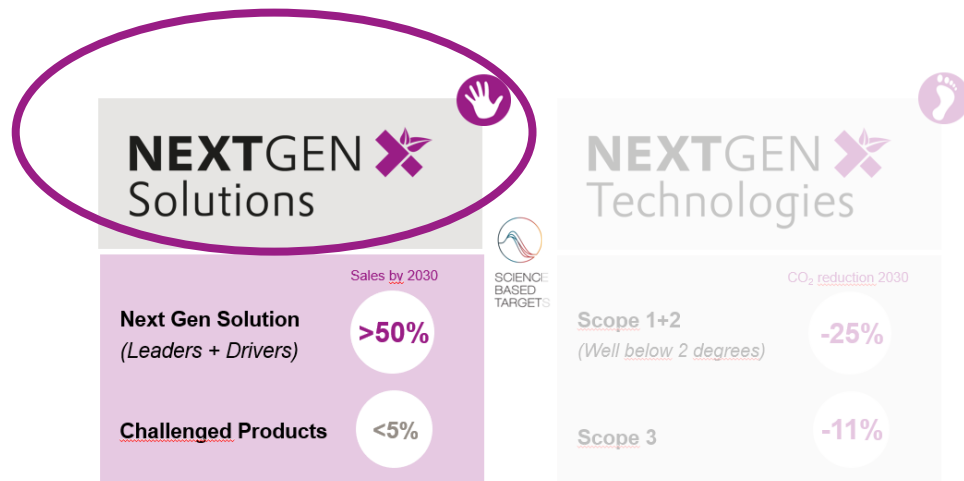
NEXTGEN 
Solutions

...deliver **superior sustainability benefits** to our customers

Handprint: “Next Generation Solutions” to grow beyond 50% by 2030

Market-driven transformation

Increase “Next Generation Solutions”



€3 billion of growth investments until 2030

Three levers to increase the share of NGS

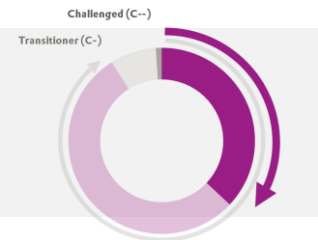
1 Superior sales growth rates of existing “Next Generation Solutions”



2 New sales from innovations becoming “Next Generation Solutions”



3 “Challenged” and “Transitioner” products exiting or with new formulations



NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

Handprint: Superior sales growth rates of existing “NGS”

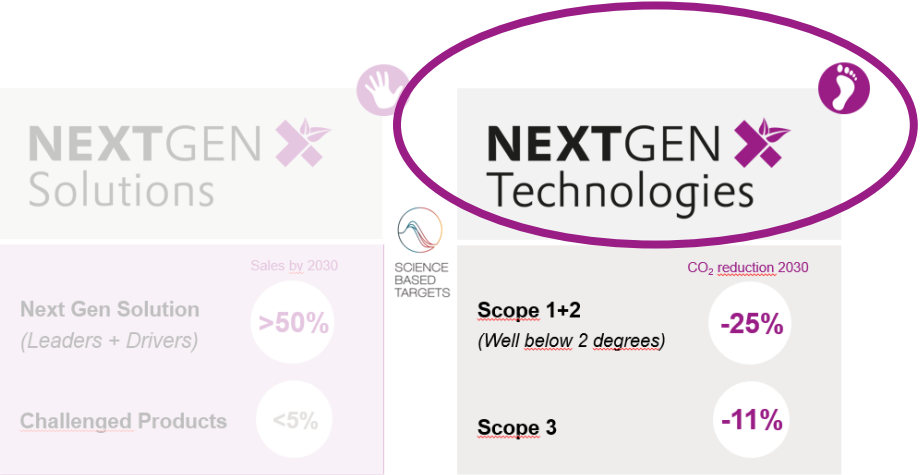
Portfolio circled around our four “Sustainability Focus Areas”



Footprint: Our commitments to reaching the Paris Climate Agreement

Site-driven transformation

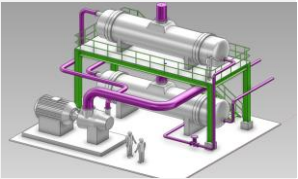
Next Generation Technologies



€700 million of investments until 2030

Key levers

1 Strong Sites



2 Green energy



3 Process Efficiency



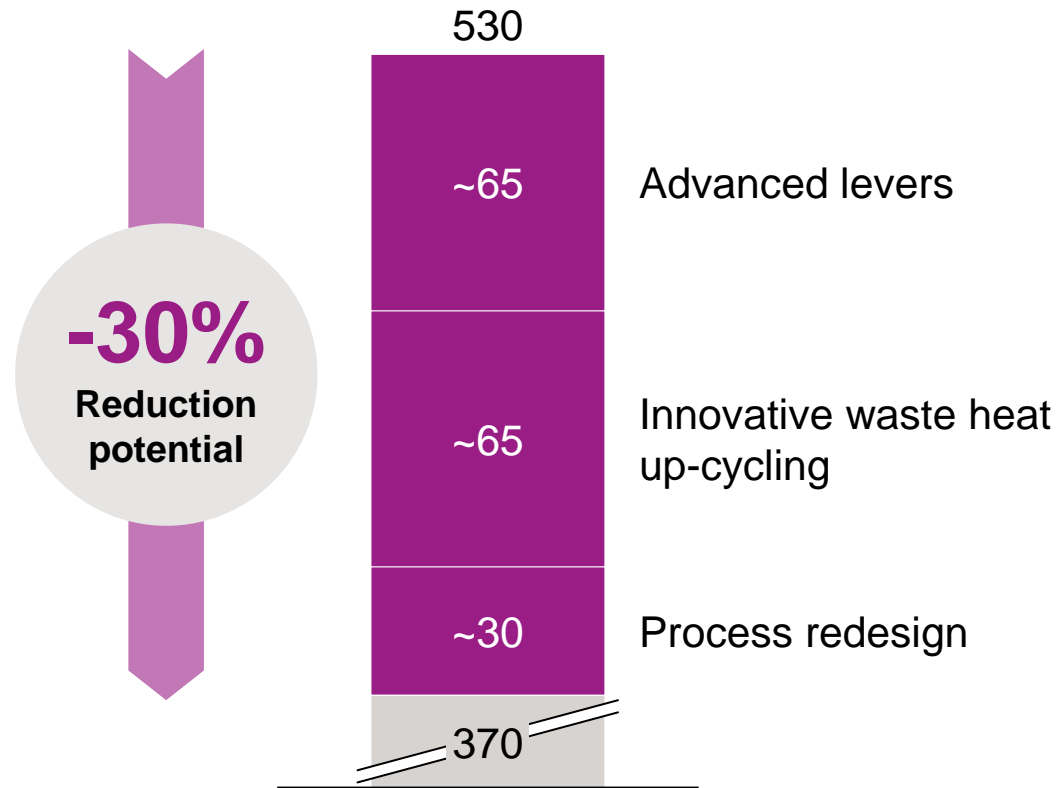
4 Sustainability Data Management



Footprint: “Next Generation Technologies”

Example Antwerp as blueprint for other sites

Reduction¹ by economically attractive measures



1. Gross emissions in kt CO₂e

“Next Generation Technologies” (selected examples)

2a

- Advanced Process Control (APC) ensuring production at ideal operating point
- Heat exchangers for improved heat integration

2b

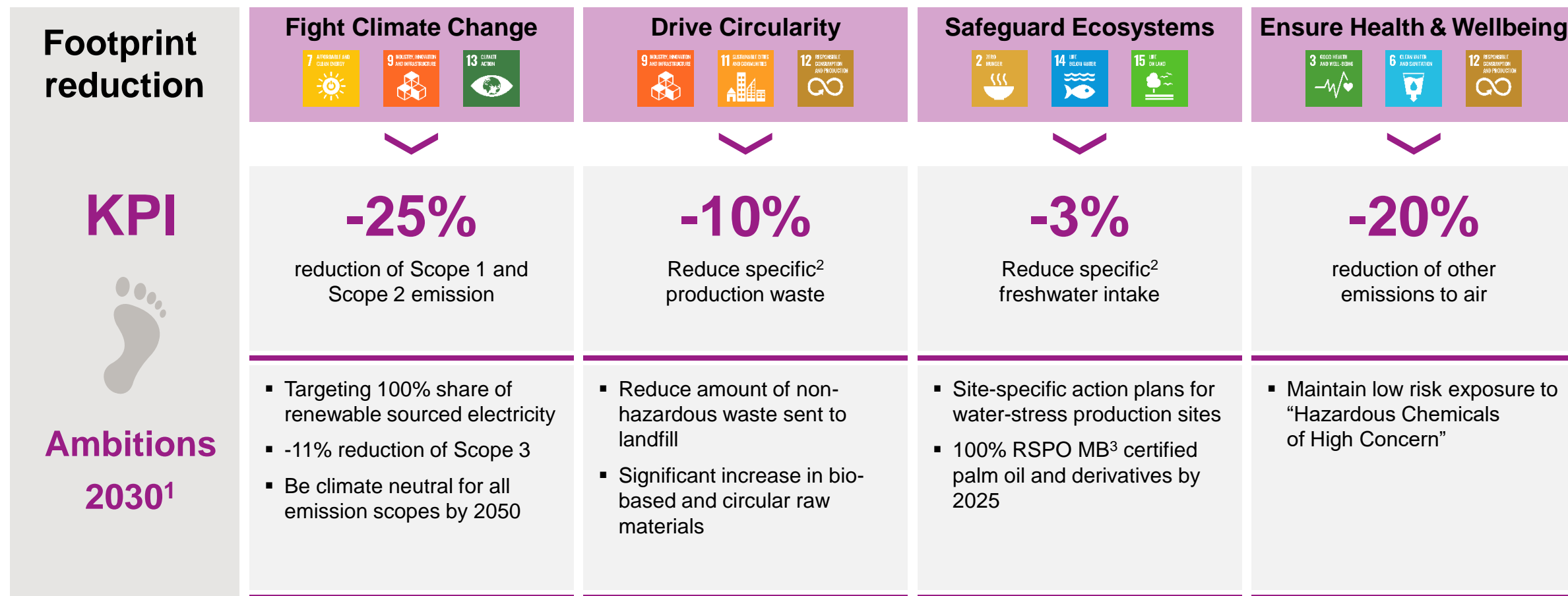
- High temperature heat pumps for valorization of waste heat
- Mechanical vapor recompression

2c

- CO₂ reuse in production processes
- Adaptation of reaction conditions for increased energy efficiency

Footprint: Reduction targets in all our sustainability focus areas

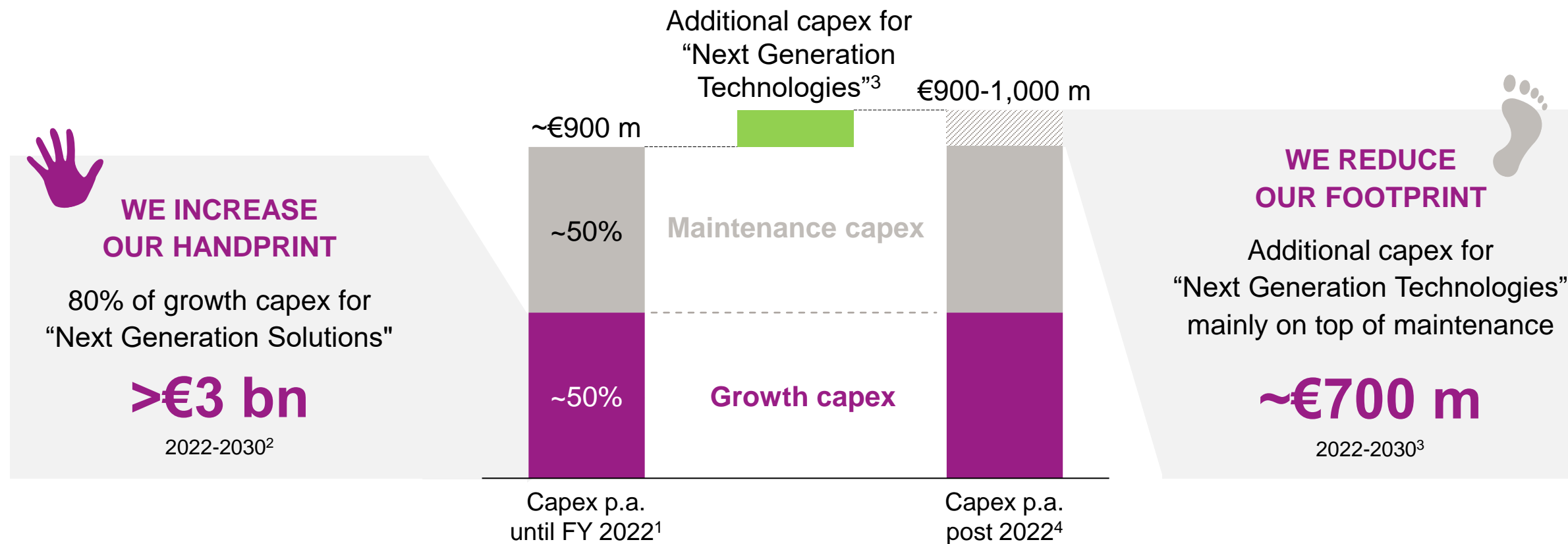
Measurable set of KPIs in place



1. Reference year 2021; 2. Corresponding to the production volume; 3. RSPO MB: Roundtable on Sustainable Palm Oil Mass Balance

Ambitious sustainability targets backed by financial commitment

Capex as key element for investments into handprint & footprint



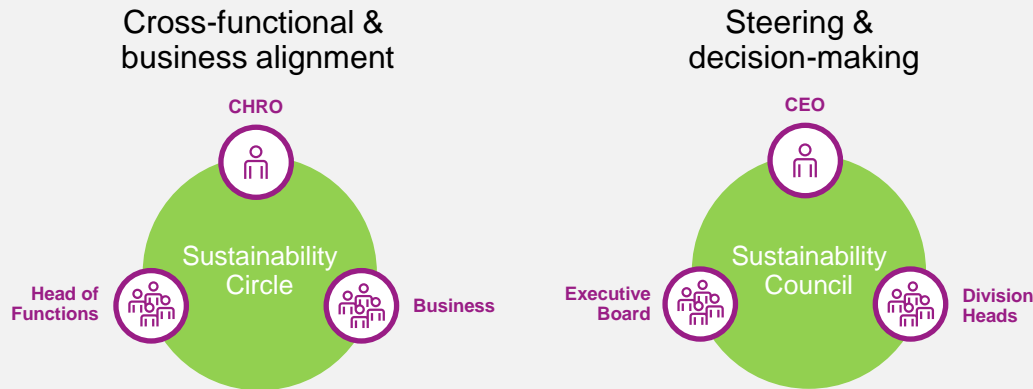
1. Incl. ~€50 m p.a. for Performance Materials | 2. ~€350 m p.a. | 3. ~€80 m p.a. on average incl. ~€15 m p.a. for PM, ramping up gradually over the coming years | 4. Incl. ~€65 m p.a. for PM

Complementing the governance on ESG

Reflected in organizational set-up and remuneration

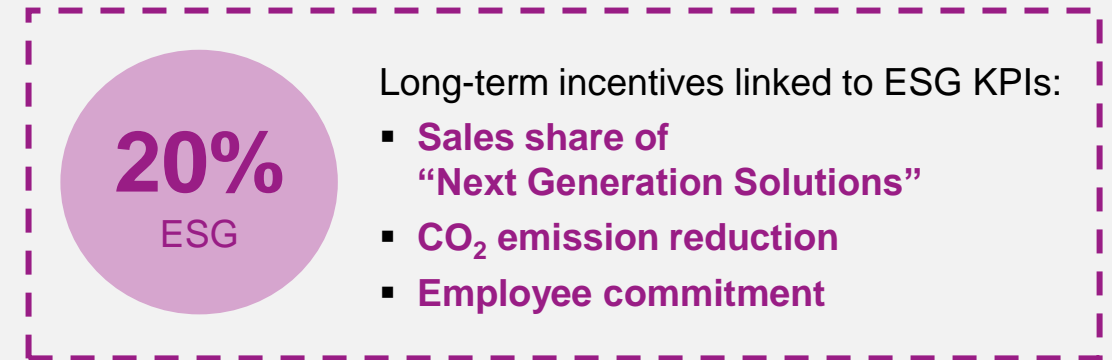
Clear responsibilities

- **Executive Board** has overall **responsibility** for sustainability
- Setting **strategic framework** and **executing measures** in close cooperation with operating divisions



Part of remuneration

- Occupational safety part of remuneration of the executive board since more than a decade
- New ESG goals **integrated in remuneration schemes** of Executive Board



Sustainability strategy - Key take-aways

To improve life, today and tomorrow.

Sustainability is an **integral part of our purpose** – four Evonik focus areas as guiding framework for Evonik

Sustainability is fully integrated into strategic management processes: portfolio & innovation steering, capital allocation

Handprint: increase NGS¹ sales share to **>50% by 2030**

Footprint: reduce CO₂ emissions by **25% by 2030²**

Driving **Next Generation Culture** & complementing **governance**

NEXTGEN ✖
Solutions

>50%



-25%

1. NGS: "Next Generation Solutions"

2. Commitment letter signed and handed in for SBTi, 25th April 2022, gross emissions reduction with reference year 2021, target year 2030

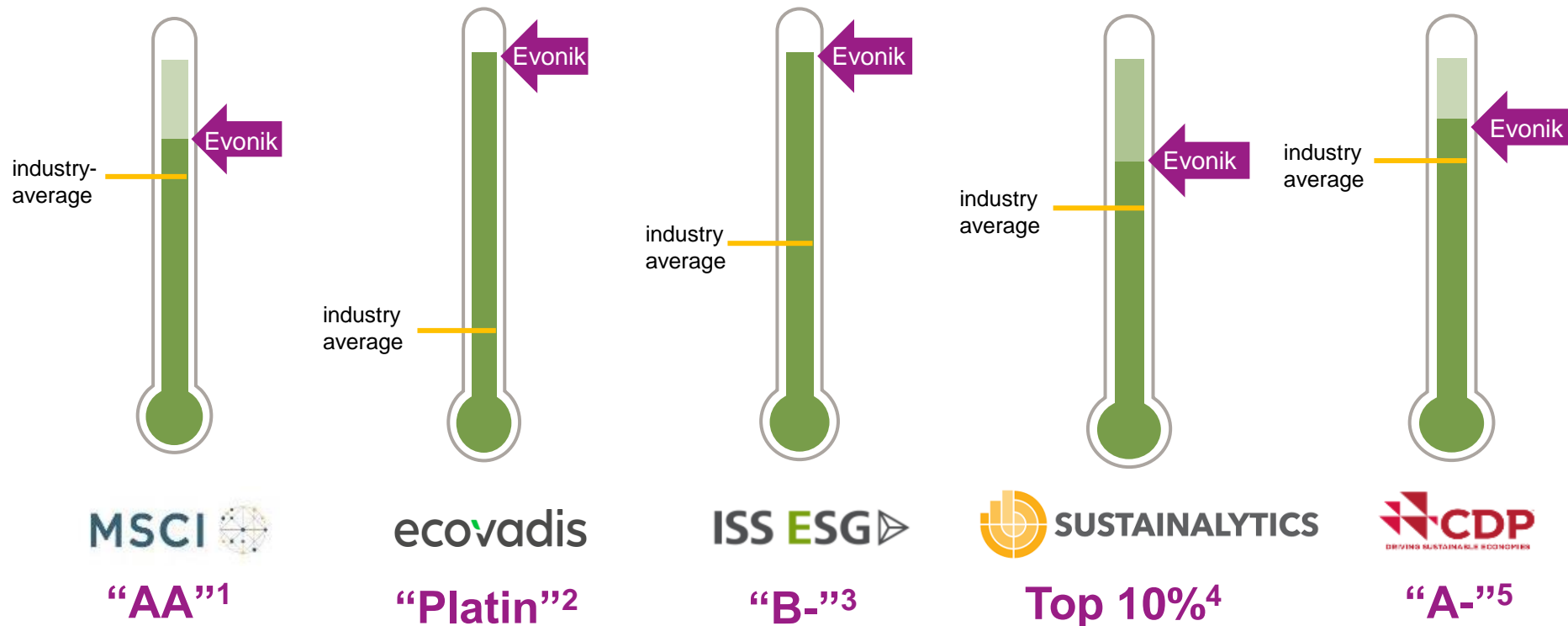


EVONIK

Leading Beyond Chemistry

Sustainability Rankings

Evonik best-in-class within chemicals sector



2022 recognitions:

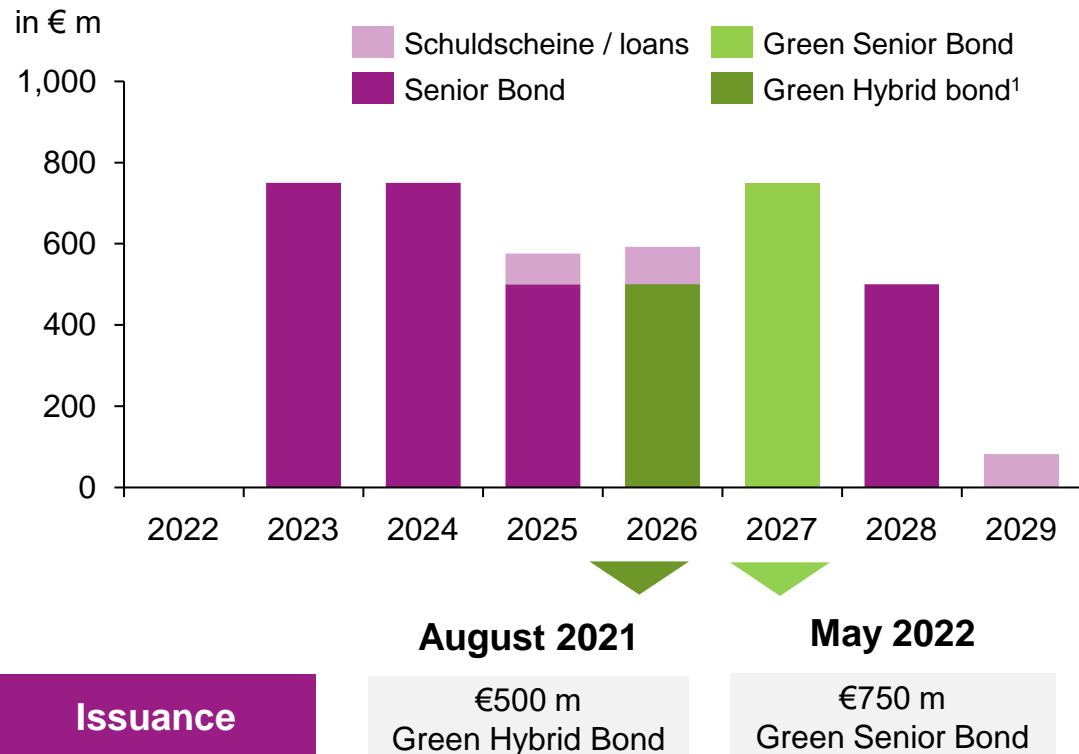
- **ecovadis „Platin“** awarded for 2nd time
- **CDP Climate Change „A-“** confirmed

1: Rating on a scale of AAA to CCC | 2: Top 1% of companies assessed | 3: Rating on a scale of A+ to D- | 4: out of ~130 companies ranked in the chemical sector | 5: Rating on a scale of A+ to D-

Green Finance supporting Evonik's sustainability strategy

Green bonds as financial instrument firmly established

Well-balanced bond maturity profile



1: Formal lifetime 60 years; first redemption right for Evonik in 2026









Use of proceeds...

- ...according to **Green Finance Framework**, mainly allocated to **NextGen Solutions** capex
- In addition, **green RD&I opex** for NextGen Solutions and expenses for **energy efficiency** (e.g. for NextGen Technologies) and **renewable energy** (e.g. Green PPA)

Green Finance firmly established

- **Sustainability strategy** well **accepted** by reputable ESG-investors
- Green Finance can be an important **differentiating factor**, especially in **difficult market situations**
- **Contribution** to achieving **sustainability targets**, e.g. increase sales share of **Next Generation Solutions to >50%**

Our top ESG targets

		Status 2022	Target
 Strategy and growth	▪ Sales share to be generated from “Next Generation Solutions” by 2030	43%	>50%
	▪ Generate >€1 bn in additional sales ¹ in our six innovation growth fields by 2025	>€600 m	>€1 bn
 Value chain and products	▪ TfS assessments of all raw materials suppliers (with annual procurement volume >€100k) by year-end 2025	66%	100%
	▪ >€350 m additional sales from solutions for the circular plastics program from 2030	--	>€350 m
 The environment	▪ Reduce green house gas emissions		
	– absolute scope 1 and scope 2 emissions by 2030 (reference: 2021)	-6%	-25%
	– absolute scope 3 emissions by 2030 (reference: 2021)	-7%	-11%
	▪ Reduce specific freshwater intake ² by 2030 (vs. 2021)	+6%	-3%
	▪ Reduce specific production waste by 2030 (vs. 2021)	+2%	-10%
 Employees	▪ Intercultural mix ³ in top management by 2023	15.8%	20%
	▪ Women in top and senior management by 2023	20.3% / 17.1%	23%
 Safety	▪ Safety		
	– Accident frequency rate (LTI-R) ⁴	0.25	≤0.26
	– Incident frequency rate (PSI-R) ⁵	0.49	≤0.40
	▪ Occupational health performance index	5.6	≥5.0
 Governance and compliance	▪ Sustainability Council reporting directly to CEO	--	
	▪ 20% of Long-Term Incentive linked to Sustainability targets	--	

1. With products introduced in or after 2015 | 2. See table T12 in Sustainability Report | 3. Non-German Employees |

4. New reference parameter from 2021 | 5. Modified calculation basis from 2021

Sustainability fully integrated in corporate strategy

Next phase of transformation in all three strategic levers

Three major strategic levers...

... with sustainability fully integrated ...

... delivering on ambitious targets

Next Generation Portfolio

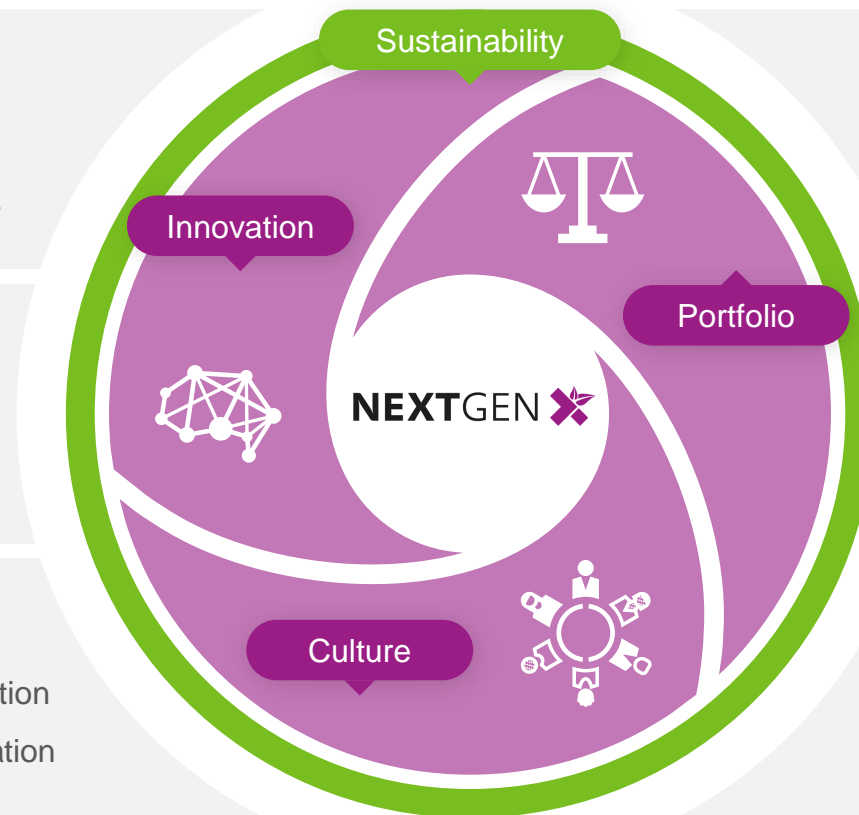
- + Exit Performance Materials
- + Full focus on three attractive growth divisions

Next Generation Innovation

- + €1 bn new sales well on track
- + Growth areas beyond 2025 already launched

Next Generation Culture

- + Diversity as key to successful strategy execution
- + ESG targets integrated into mgmt. compensation



ESG Targets

- + >50% sales share of **NEXTGEN** Solutions ✖
- + -25% CO₂ emission reduction, e.g. via **NEXTGEN** Technologies ✖

Financial Targets

- + Organic growth >4%
- + EBITDA margin 18-20%
- + ROCE ~11%
- + FCF Conversion >40%

Agenda

Sustainability fully integrated into all three strategic levers

1

Portfolio

- Handprint: “Next Generation Solutions”
- Footprint: CO₂ emission reduction as key KPI

2

Innovation

- Sustainability fully integrated into innovation portfolio steering
- Clear alignment with our four Sustainability Focus Areas

3

Culture

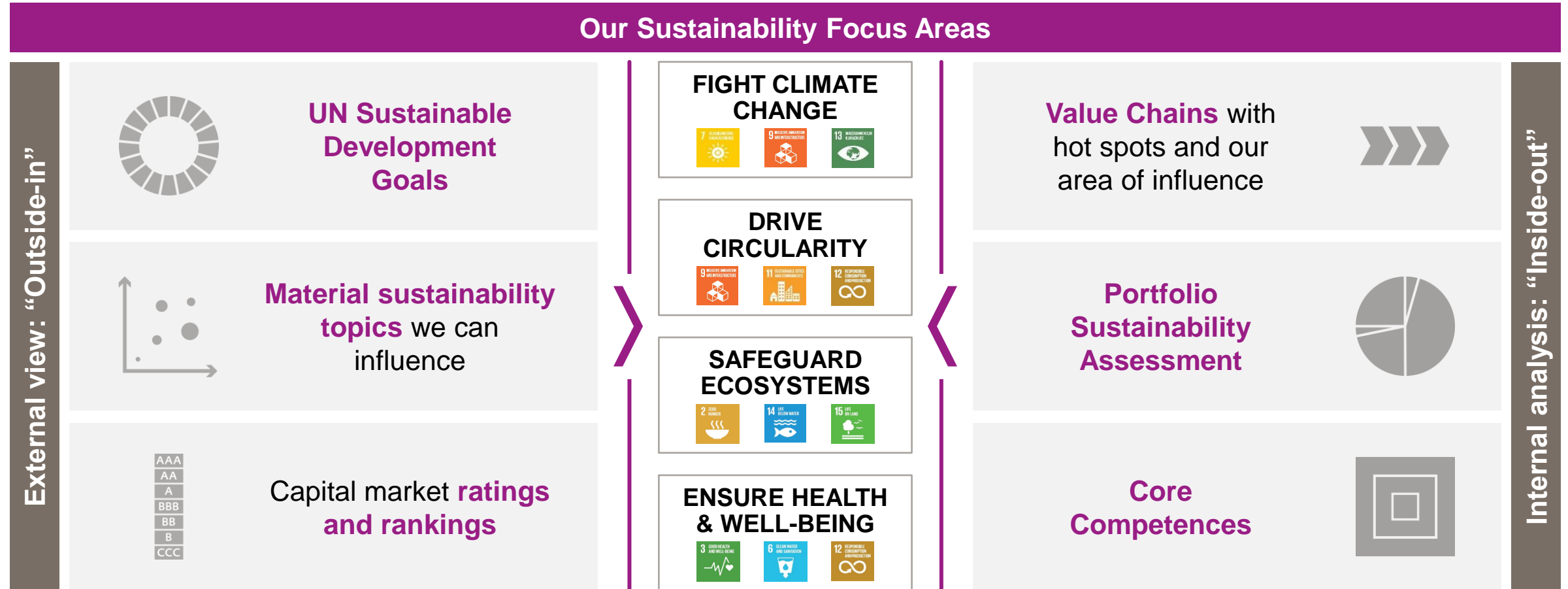
- Safety and health protection are top of our agenda
- Strengthen diversity to lead in a complex world

Social & Governance

- Social commitments & responsible supply-chain management
- Sustainability KPIs as integral part of management compensation

Our Sustainability Focus Areas defining footprint & handprint measures

Result of external views and Evonik portfolio and competencies

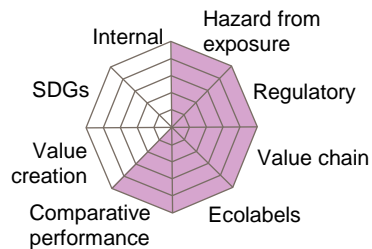


Sustainability fully integrated in corporate strategy

PSA and Emission Data Cube: core tools for strategic management process

“Portfolio Sustainability Analysis” (PSA)

Assessing products vs. market signals

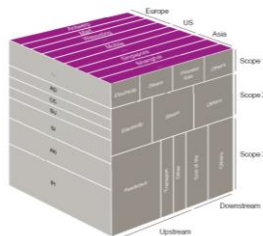


Categorization of product portfolio

- >500 PARC¹s analyzed
- Classification into 5 product sustainability clusters with ranking from C-- to A++

“Emissions Data Cube” (Evonik GHG summary)

Emissions' analysis



3-dimensional emission data

- By business lines and divisions
- By type: scope 1-3 emissions, up- & downstream
- By site and region

Outcomes for Strategic Management Process

- Clear strategic roles of product groups acc. to sustainability cluster, managing “Next Generation Solutions”
- Portfolio guidelines for product and innovation steering



- Reduction targets considered in asset strategy and accounted for in resource planning
- Simulation of scenarios in all dimensions (e.g. portfolio moves, regional choices)

Portfolio management

Innovation management

Capital allocation

1. PARC: product-application-region combinations

Agenda

Sustainability fully integrated into all three strategic levers

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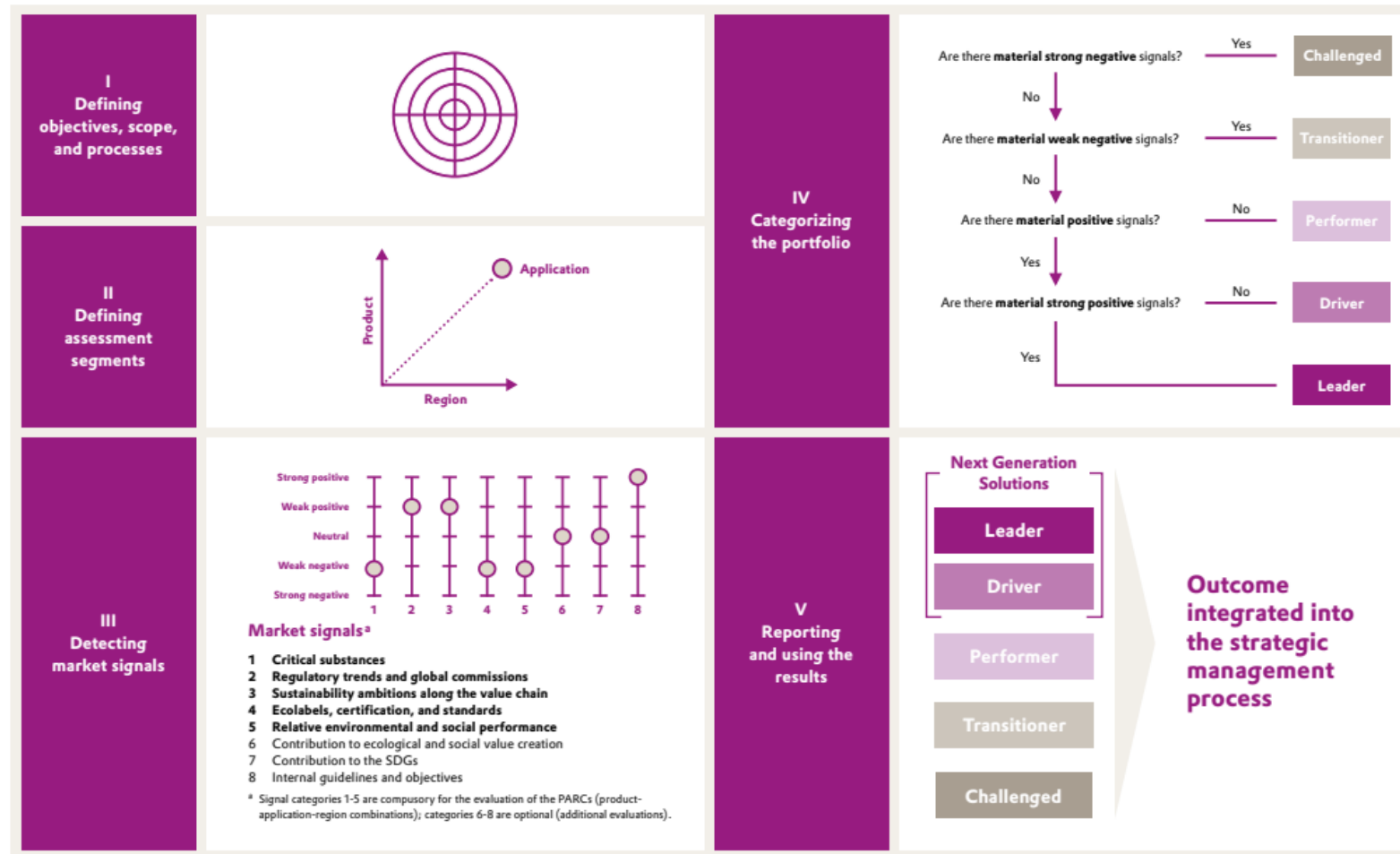
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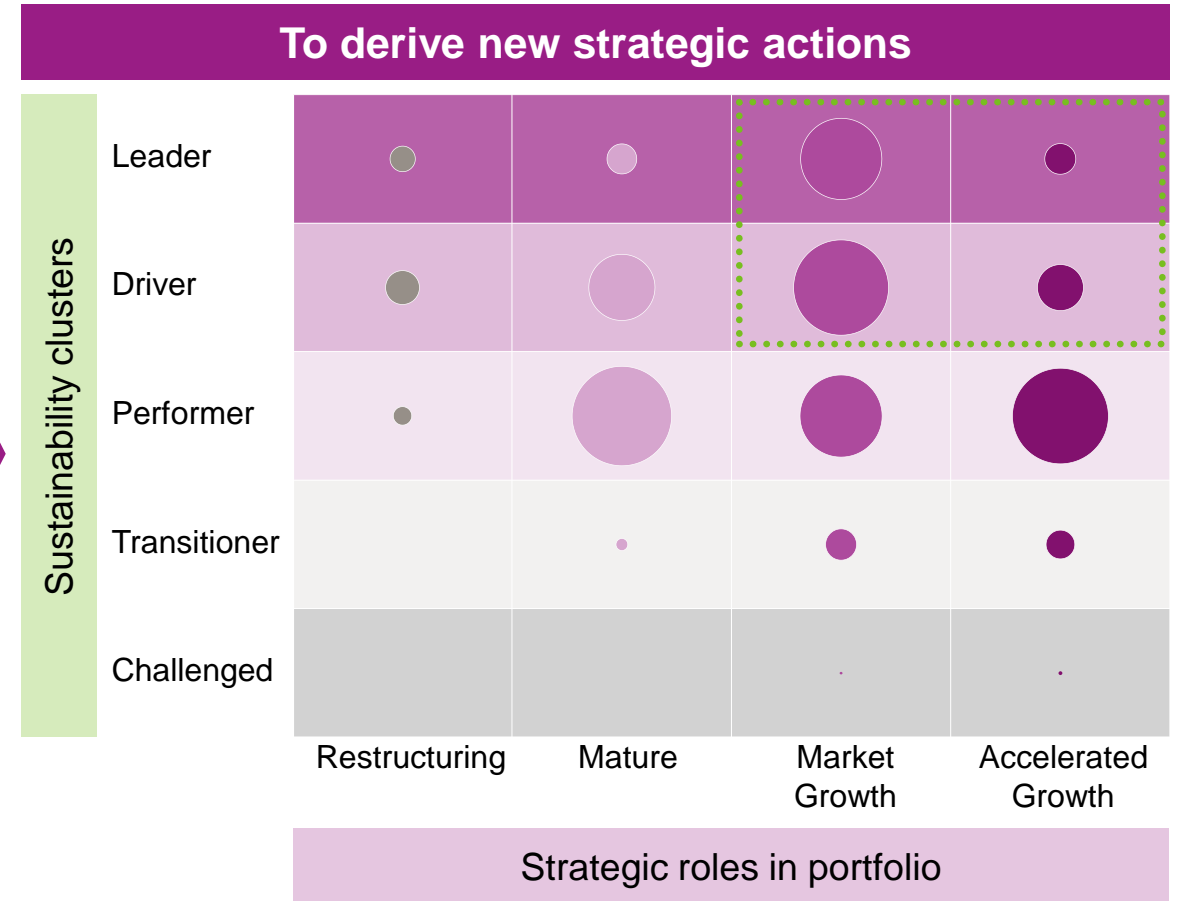
Portfolio Sustainability Analysis (PSA)

Categorization of product portfolio, integrated in Strategic Management Process



Portfolio management: Adding sustainability as integral dimension

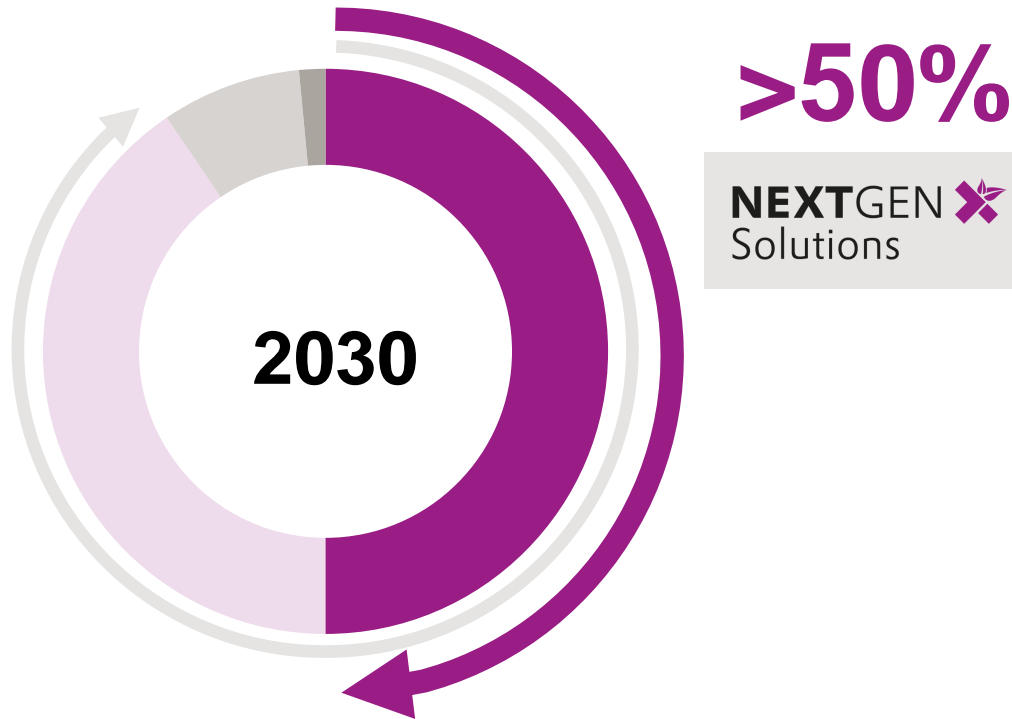
Alignment of sustainability clusters and strategic roles in strategy dialogues



Handprint: “Next Generation Solutions” to grow beyond 50% by 2030

Ambitious new sales share target to be achieved through three levers

Increase “Next Generation Solutions”



Three levers to increase the share of NGS

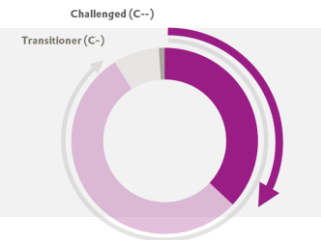
1 Superior sales growth rates of existing “Next Generation Solutions”



2 New sales from **innovations** becoming “Next Generation Solutions”



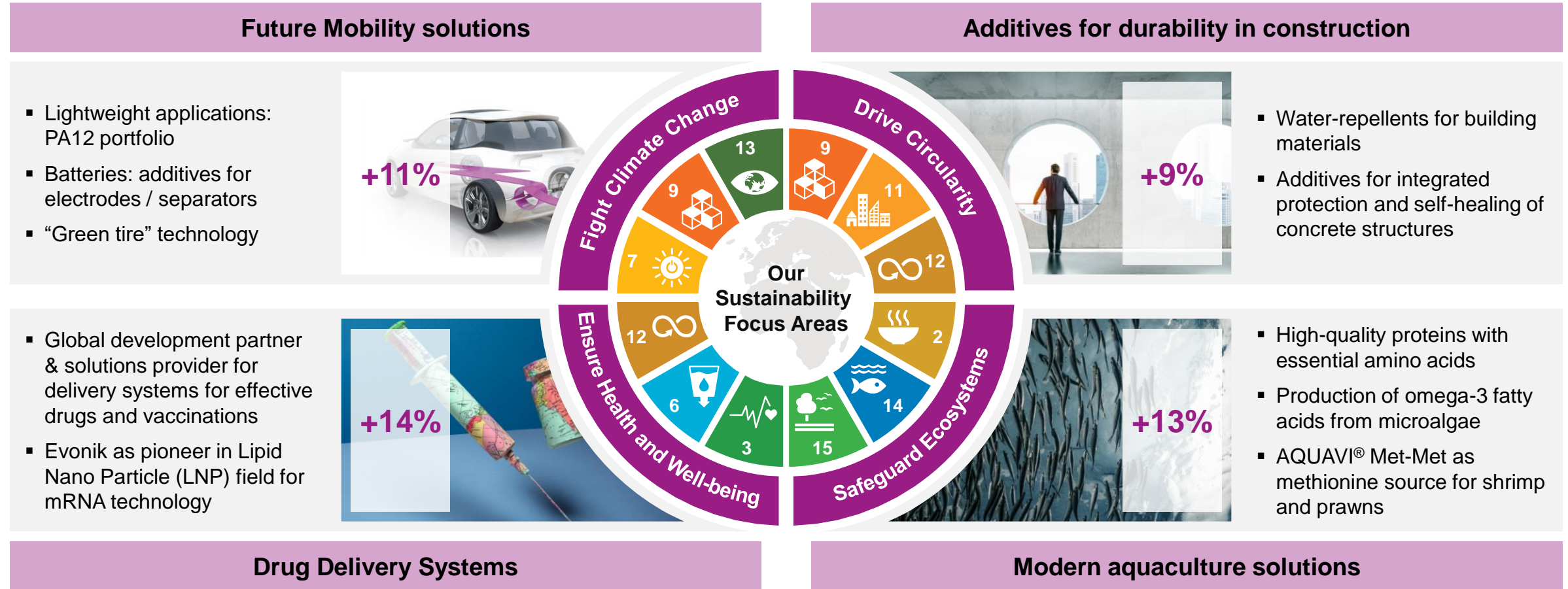
3 “**Challenged**” and “**Transitioner**” products exiting or with new formulations



NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions

Superior sales growth rates of existing “Next Generation Solutions”

Selected examples addressing our four Sustainability Focus Areas



% values: Target CAGR 2021-2030 defined in Strategy Dialogue

Handprint: Fight Climate Change

Focus “Future mobility”

Cooling and A/C



Lightweight through metal / rubber replacement

- Weight reduction supports CO₂ and NO_x reduction
- Smart battery temperature management

Materials for Li-Ion-Batteries



Nanostructured high-quality metal oxide and silicon particles improve safety, lifetime and energy density

- Metal oxides extend cathode lifetime by ~50%

Silica / Silane “green tires”



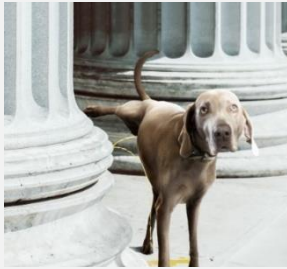
First Silica/Silane system for natural-rubber-based truck tires

- Fuel savings as high as 8%
- Pilot plant quantities available Q1/2022

Handprint: Drive Circularity

Focus “Durability”

TEGOVISIN®



Water-repellents for building materials:

- Strong reduction of water uptake and efflorescence
- Long lasting stability and aesthetics reduce the need for resource and emission intensive maintenance

SITREN®



Additives for integral protection of concrete structure:

- Durability for new and renovated concrete surfaces by protection against environmental influences
- Less emissions and reduced resource use by longer lifetime of constructions

WallCraft – Upcoming launch



Self-healing concrete:

- Bacteria-based additive extends the longevity of concrete by stimulating its self-healing properties
- Cracks can grow together again resulting in a durable construction

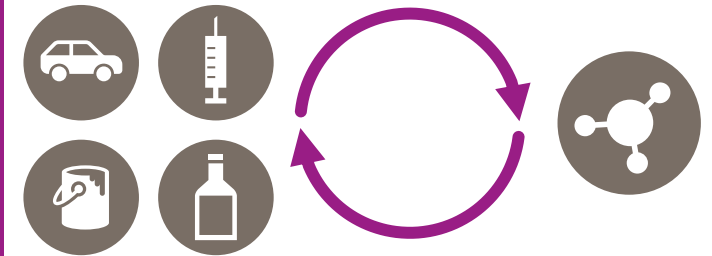
Handprint: Drive Circularity

MECHANICAL RECYCLING



- During separation/washing, **our additives help to make recycling processes more efficient** – resulting in higher quality of recyclates
- During compounding, **our additives improve processing** leading to competitive costs and quality

CHEMICAL RECYCLING



- **Technologies & additives to enable chemical recycling**
- Additives enabling for example
 - use of recycled polyurethanes
 - silicone recycling

> €350 m

sales potential of Evonik Circular Plastics Program by 2030

Handprint: Safeguard Eco-systems

Focus “Aquaculture”

Essential amino acids



The key to high quality proteins

- Modern, environmentally sound formulation techniques based on nutrient value, on supplementation with crystalline EAAs, and on animal nutrient requirement

Veramaris



Production of omega-3 fatty acids from microalgae

- Potential to reduce the fish-in-fish-out ratio to zero
- 1 ton EPA DHA replaces 60 Tons wild-caught fish


AQUAVI® Met-Met



Ideal solution for precision protein dosing, especially for bottom feeders

- Higher nutritional value than any other Methionine source available today
- Reduces fishmeal use; reduction of overfishing

Handprint: Ensure Health & Well-Being

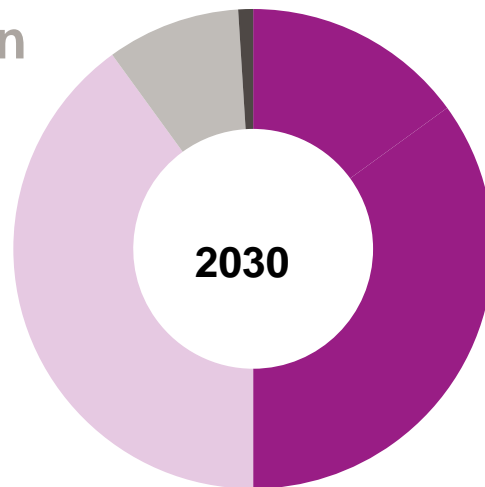
Focus “Drug Delivery Systems”	
Drug Delivery Systems	Next generations of LNP-based gene therapies
 <ul style="list-style-type: none">▪ Global development partner & solutions provider for delivery systems for effective drugs and vaccinations▪ Evonik as pioneer in Lipid nanoparticles (LNP) field for mRNA technology	Vaccines Cancer immunotherapy expected to be the next breakthrough of mRNA therapeutics
	Protein therapeutics mRNA-based therapies can potentially treat hereditary diseases
	Gene editing In-vivo modification of genes to prevent diseases expected to be commercial within the next years

Actively managing “Transitioners” & phase-out “Challenged” products

Either improvement or exit

TRANSITIONER
trigger innovation

Exit plans for
CHALLENGED



“Challenged” products addressed with exit strategies

- Alternative, new product solutions without any negative signals are offered
- “Challenged” products included in financial risk-management

“Transitioners” as driver for innovation

- Early identification of negative sustainability signals
- Valuable trigger for innovation and customer engagement in reformulation

Further products will be exposed to negative signals as higher sustainability requirements develop

Agenda

Sustainability fully integrated into all three strategic levers

1

Portfolio

- Handprint: “Next Generation Solutions”
- Footprint: CO₂ emission reduction as key KPI

2

Innovation

- Sustainability fully integrated into innovation portfolio steering
- Clear alignment with our four Sustainability Focus Areas

3

Culture

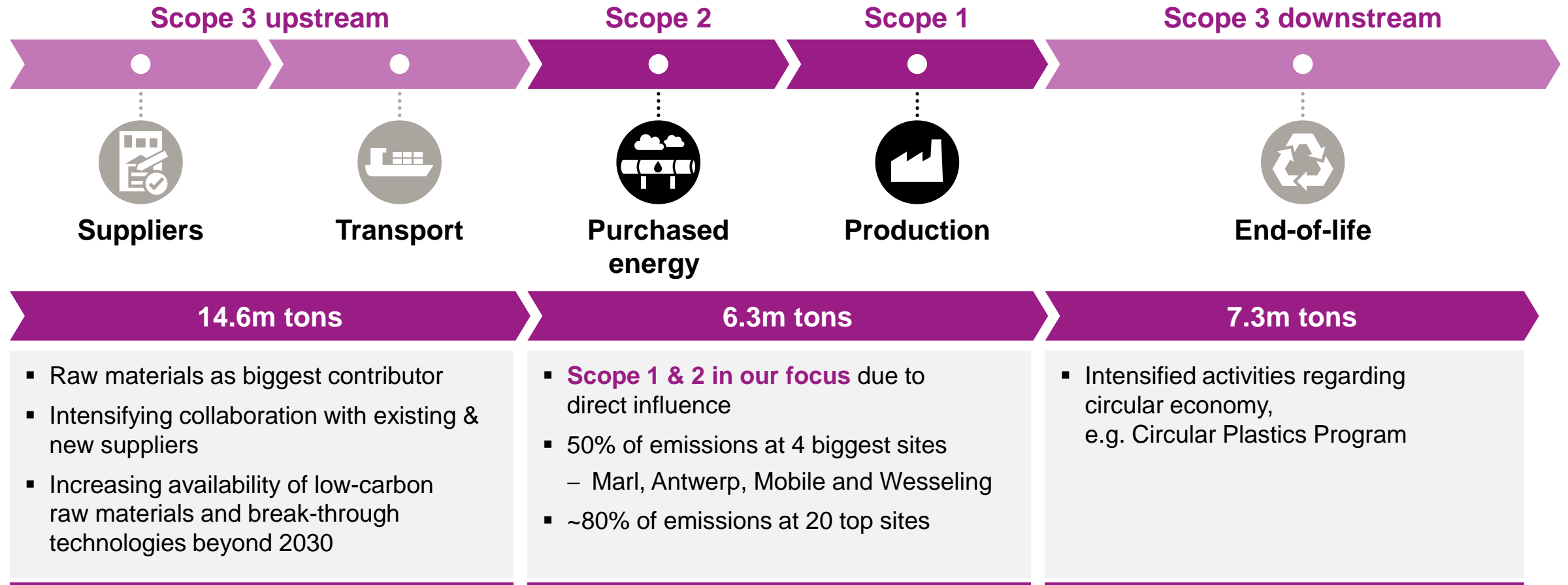
- Safety and health protection are top of our agenda
- Strengthen diversity to lead in a complex world

Social & Governance

- Social commitments & responsible supply-chain management
- Sustainability KPIs as integral part of management compensation

Footprint: Evonik Carbon Footprint 2021

Focus on Scope 1&2, intensifying efforts on Scope 3

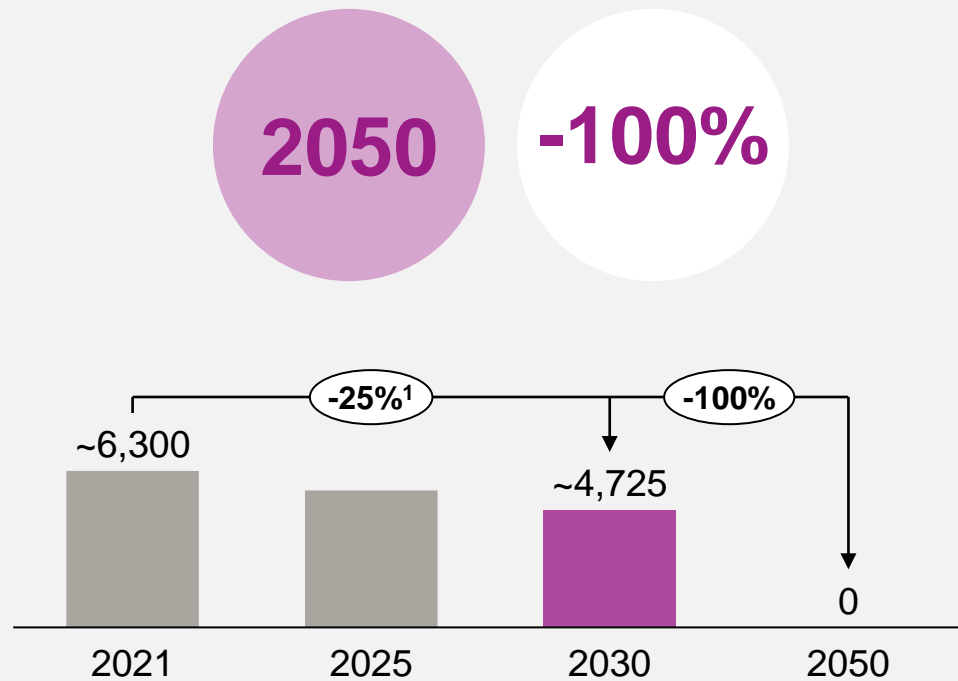


Our commitments to reaching the Paris Climate Agreement

Evonik will be climate neutral by 2050. Committed to SBTi.

Our path to climate neutrality

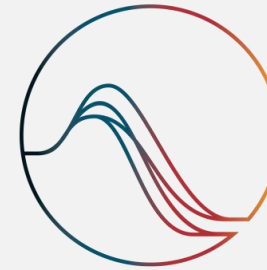
Scope 1&2



New targets for GHG emissions' reduction

Scope 1&2
Well below 2°C²

Scope 3
Committed²



2030

-25%

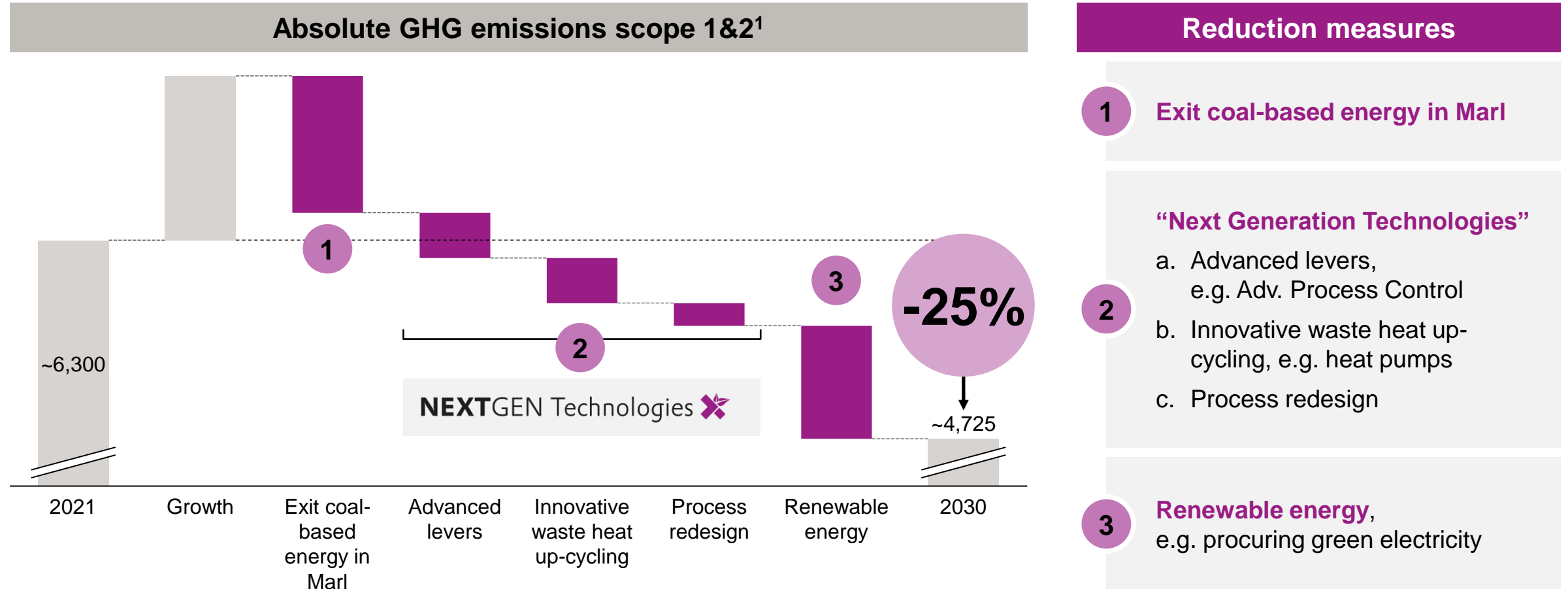
2030

-11%

1. Gross emissions; reference year 2021, target year 2030
2. Commitment letter signed and handed in for SBTi, 25th April 2022

Footprint: Clear roadmap to achieve Scope 1 & 2 targets by 2030

Three clusters with economically attractive measures defined



1. Gross emissions in kt CO₂e

1 Exit coal-based energy in Marl



Modernization of Evonik's power plant park with two new power plants

Plan to replace the last coal-fired power plant at Marl Chemical Park by a **flexible combined cycle gas and steam power plant**

Global **scope 1** GHG emissions to be cut **by ~20%**, mainly due to **annual reduction of up to 1 million metric tons**

Additional turbine plant connected to the grid end of 2022, replacing an old reserve **gas-fired** power plant

Total power output of 270¹ megawatts with an **efficiency exceeding 90%**

Flexibility due to current energy market situation:

Temporary prolongation of runtime of coal-fired power plant in order to increase security of supply, before readopting initial plan to replace coal with gas

1. 2x blocks in first power plant, 1x block in second plant, each generating 90 MW electricity and 220 tons of steam per hour

2 New EAGER program to assess main CO₂ emitting sites

Definition of 2030 implementation plan with reduction measures

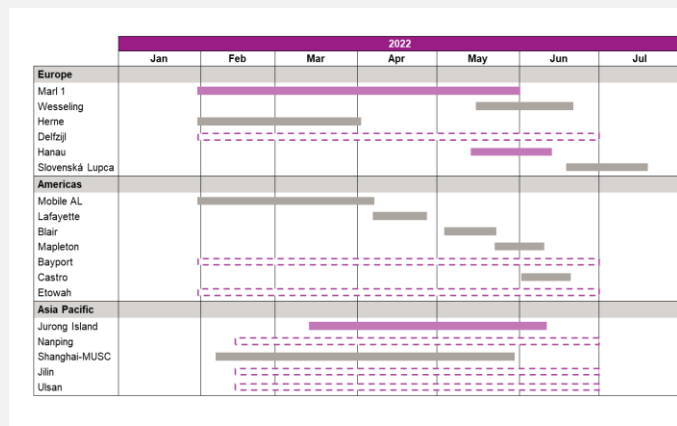
2021: Starting point

- Detailed analysis of options for Antwerp and Rheinfelden sites
- Definition of most important reduction levers with necessary investments
- Blueprint for other sites



2022/2023: On-going

- Project EAGER¹ to develop a clear perspective for top sites to collect and prioritize suitable reduction measures
- New data collection on waste & water



2022-2030

- “Next Generation Technologies” implementation plan
- Investment into selected projects
- Execution of CO₂ reduction measures

NEXTGEN 
Technologies

IMPLEMENTATION PLAN

1. EAGER: Evonik Assessment of Greenhouse Gas Emission Reduction

2 EAGER to support sound decision making on site investments

Program EAGER¹

Setup



Organization

Cross-functional approach allows for fast and flexible execution



Methodology

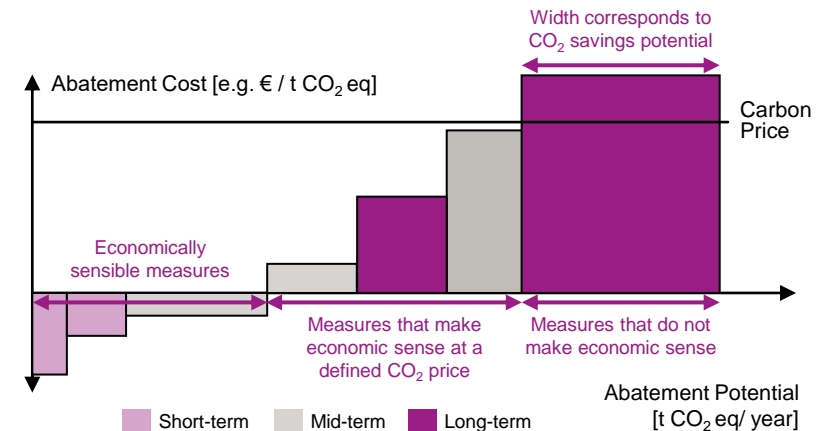
Holistic assessment of top 20 sites, incorporating existing ideas, analyses and measures



Calibrated Point of Truth

Ensuring a harmonized approach to allow for cross-site comparison

Results

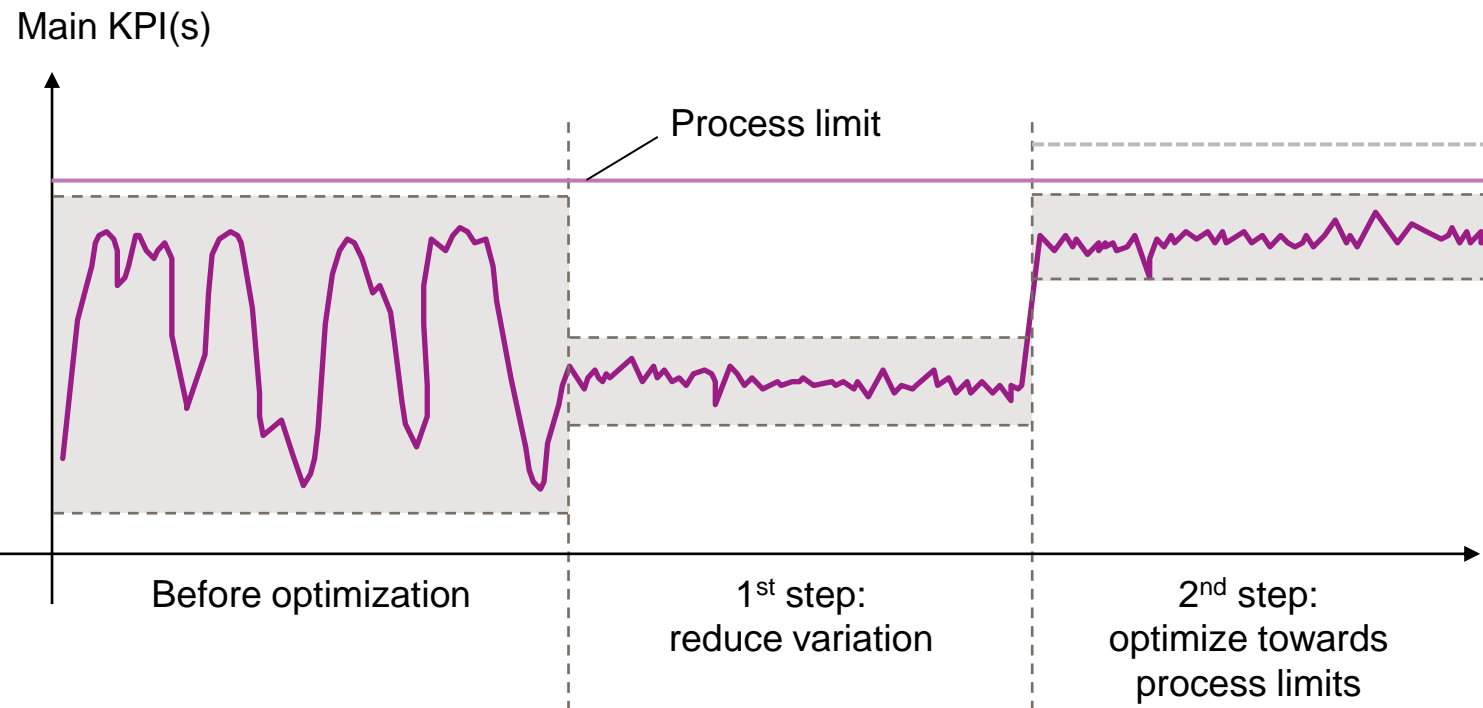


- Abatement Cost Curve: Specific measures on site level
- Validated CapEx/OpEx requirements considering real values and typical estimate accuracy
- Additional findings on water and waste data

1. EAGER: Evonik Assessment of Greenhouse Gas Emission Reduction

2a “Next Generation Technologies”: Advanced levers Example

Advanced Process Control (APC)



APC optimizes complex production processes under consideration of many process parameters and ensures production at the **ideal operating point**

- Before optimization: High fluctuation
- 1st step: Reduce variation up to 50%
- 2nd step: Optimize towards process limits, typical benefit 5 % (throughput increase, specific energy/raw material consumption)

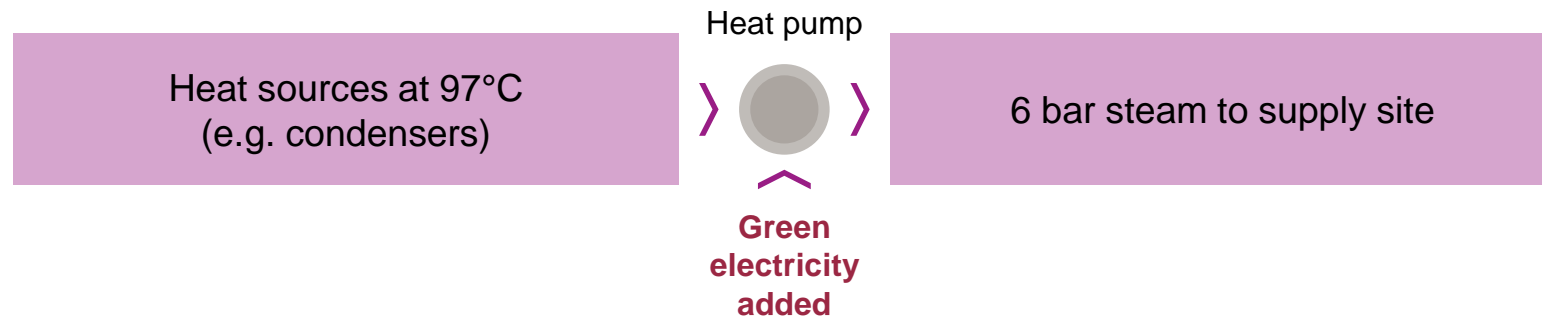
2b “Next Generation Technologies”: Innovative waste heat up-cycling Example

Heat Pump deployment to switch entire site to renewable steam generation

Today



Future



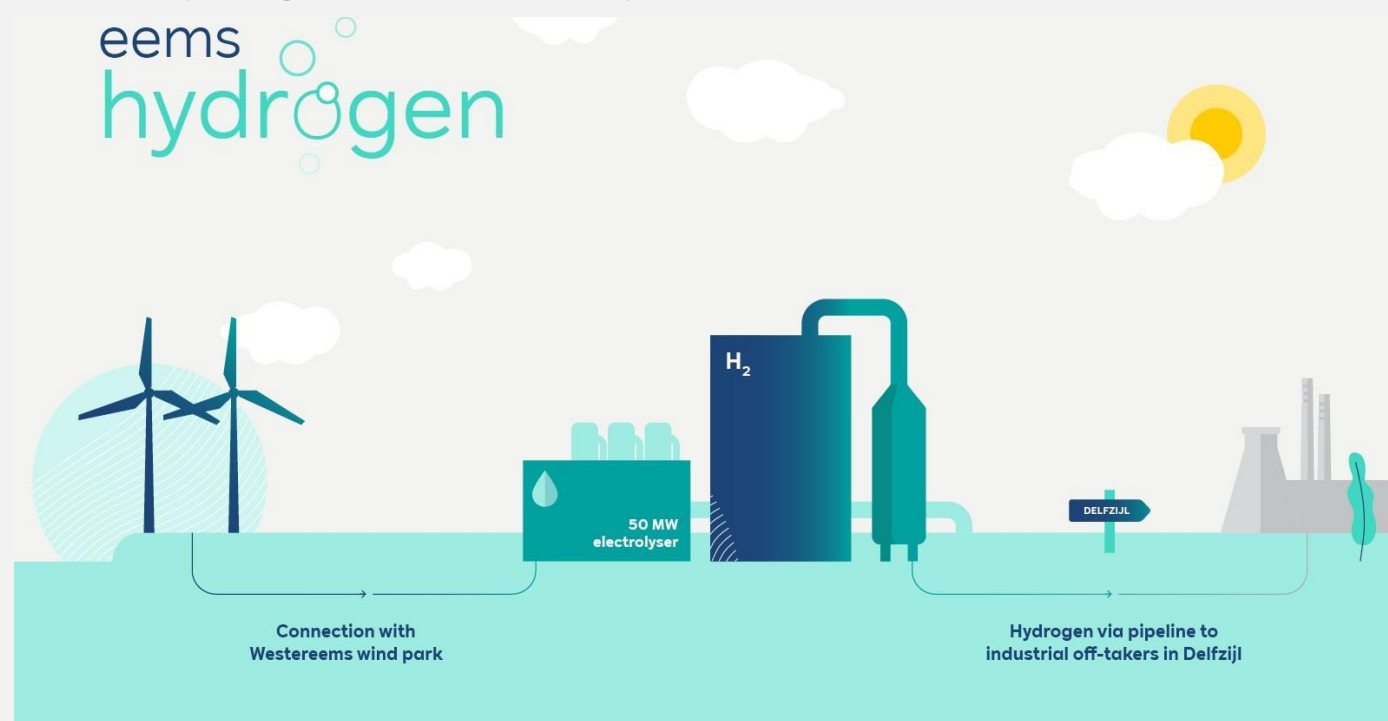
- **High-temperature heat pumps** for steam generation out of waste heat at chemical multi-user sites
- **65% energy saving** by heat recovery
- Substantial **CO₂ reduction** through total avoidance of natural gas boiler
- Central step for **CO₂ neutral production site**
- Project under discussion with Siemens Energy

2c “Next Generation Technologies”: Process redesign

Example

Partnering with RWE in order to replace steam methane reforming by electrolysis

Green hydrogen production by RWE in Eemshaven, NL



- Evonik currently uses steam methane reforming for (grey) hydrogen production at its site in Delfzijl, Netherlands
- MOU¹ signed with RWE for (green) hydrogen supply from their 50 MW electrolyzer, largest to have been granted a license in the Netherlands
- Powered by RWE's Westereems, NL, wind farm
- RWE received environmental permit in January 2022
- Electrolyzer planned to be operational in 2024

1. MOU: Memorandum Of Understanding

Picture from <https://benelux.rwe.com/en/press/2020-11-06-rwes-innovative-electrolysis-project-eemshydrogen-enters-next-phase>

2c “Next Generation Technologies”: Process redesign Example

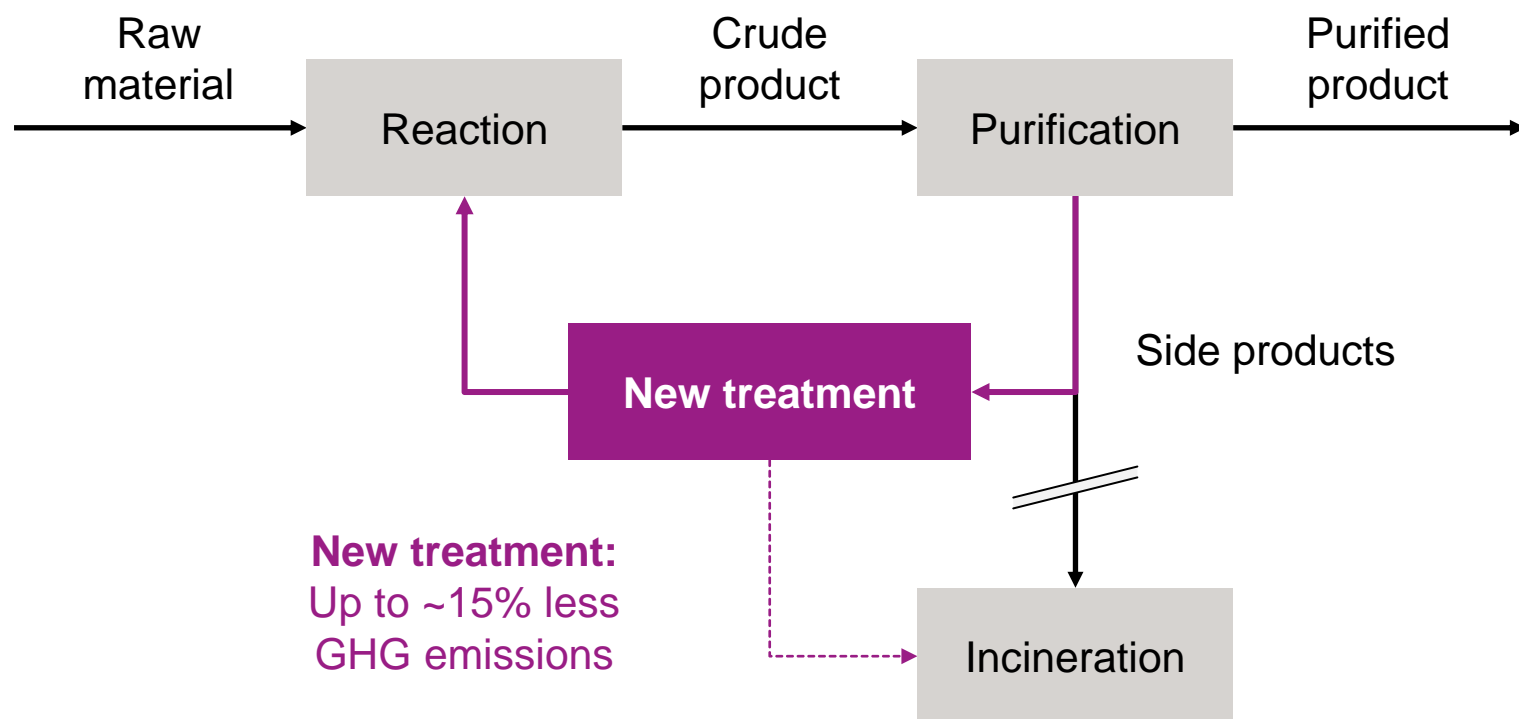
Sustainable processes via electrochemical pH-shift



- Development of **sustainable processes** avoiding acids, bases and salt containing waste streams
- pH induced reactions by applying electrochemical process steps – **“electrons replace chemicals”**
- Technology as enabler to minimize carbon footprint

2c “Next Generation Technologies”: Process redesign Example

Increased re-use of side products at our Herne site



- In the current process, all side products are incinerated
- A new side product treatment – as experimentally demonstrated for a single stream – would lead to GHG emission reduction of up to ~15 % in this process step
- Further CO₂ reduction potential by holistic network optimization

3 Renewable energy

Targeting 100% renewable sourced electricity until 2030

Increase share of renewable grid electricity



- First PPA (100 MW) concluded in Q4 2022
- Second long-term agreement (50 MW) in February 2023
- Covering 33% European electricity needs of Evonik with wind energy (~150 kt CO₂ emission reduction p.a.)
- Increasing electrification of processes e.g. by heat pumps leading to increasing demand of green electricity

Other renewable energy sources

Other options for renewable energy include:

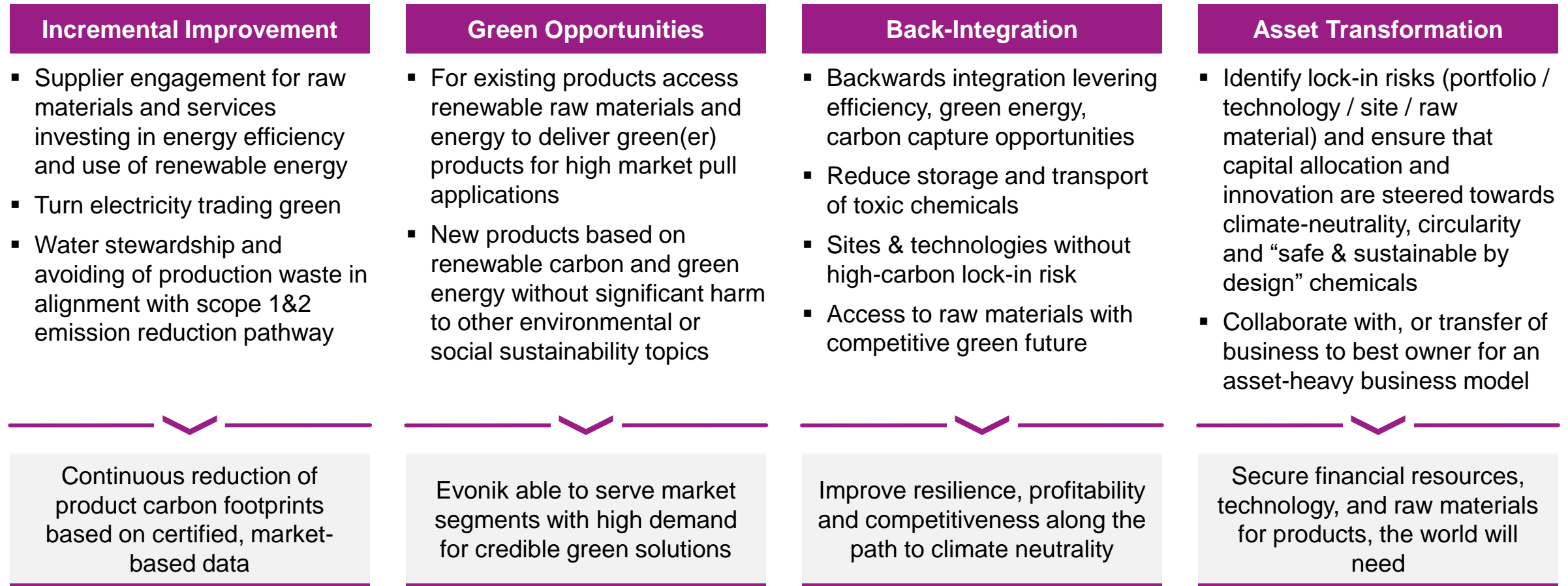
- Biomethane or biomass for self-generation of steam and electricity¹
- Green hydrogen supplementing or replacing natural gas



1. CO₂ reduction occurs in GHG protocol scope 1 or 3, dependent on selected accounting methodology (incl. or excl. biogenic carbon removals and emissions)

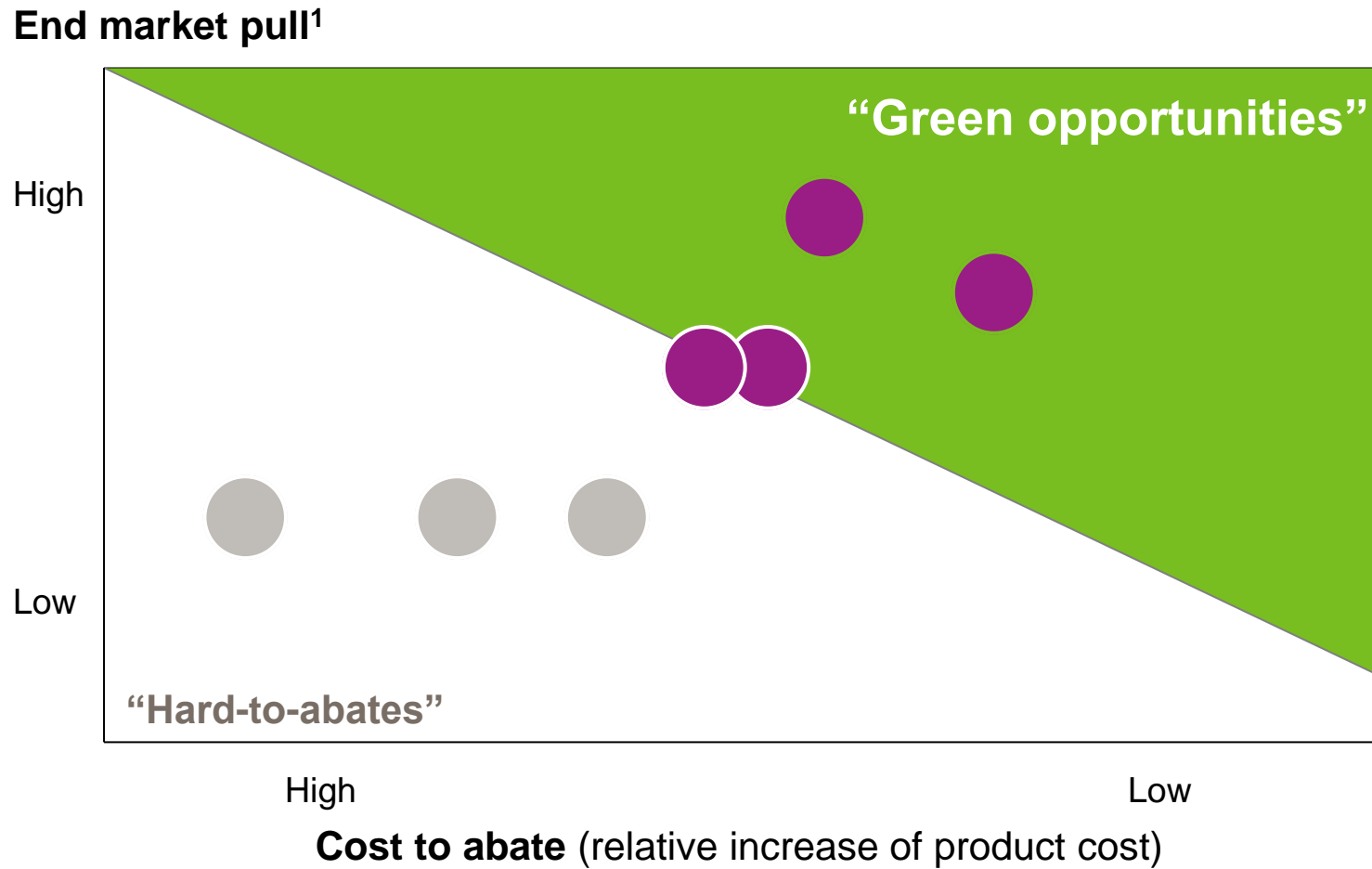
Evonik's Scope 3 approach

Different levers to deliver outcome that matters to our customers



Evonik's Scope 3 approach

Take a selective approach on GHG reductions



1) Reflecting willingness –to-pay and relevance of products

Sustainable use of palm oil

- Evonik member of *Roundtable on Sustainable Palm Oil (RSPO)* and cross-industry industry platform *Action for Sustainable Derivatives (ASD)*
- Our annual **demand** for palm-based derivatives is approx. 100 kilo tons, primarily used by Business Lines Care Solutions and Oil Additives
- For Evonik employees, we developed **recommendations for action** for the responsible handling of palm oil, palm kernel oil and their derivatives
- **Target:** By 2025, Evonik aims to ensure only RSPO-certified palm oil and palm kernel oil are used in its products.

TEGO® Betain P 50 C

The cost-efficient, concentrated Cocamidopropyl Betaine based on RSPO certified palm kernel oil.



Evonik's Personal Care Business

- ~60% of our cosmetic ingredients are made up of at least 50% renewable feedstocks
- Palm oil raw materials basket contains 65% RSPO-MB palm-based feedstocks
- Production of >40 cosmetic ingredients using CO₂-optimized processes

Promotion of sustainable palm oil production in Malaysia

Evonik and Beiersdorf support WWF project

- Beiersdorf and Evonik committed to a sustainable palm oil economy for many years, being both members of RSPO¹⁾ and ASD²⁾
- Conservation and sustainable development project launched in Sabah's Tabin landscape in late 2020
- Goal is to certify local palm-oil farmers for sustainable production (RSPO), restore ecological connectivity and protect wildlife habitats
- Tabin's wildlife reserve safeguards many threatened species such as orangutans or Borneo elephants

Tabin's ecosystem faces enormous challenges



1) RSPO = Roundtable on Sustainable Palm Oil 2) ASD = Action for Sustainable Derivatives

Highlight – Water

Methodology

- Distinction between water Scarcity Sites and Water Intensive Sites
- Development of Contextual Water Targets
- Introduction of the Sustainable Baseline Water Stress methodology in addition to AWARE¹
- Assessment according to Physical, Regulatory and Reputational Risks

Understand water as a place dependent and shared resource
(Basin risks)

Understand Evonik's impact on local basins
(Operational risks)

Assess and prioritize water-related risks

Optimize water governance, improve water efficiency and reduce pollution and footprint

Reduce water demand in water-stress areas to a sustainable level

Example

Multi-User Site Shanghai (MUSC) – Implementation for 2022



- Demineralization of purge water from a cooling unit
- Usage in chemical processes
- Replacement of 250.000m³ freshwater

Potential targets depending on the results of the EAGER analysis

water-stress sites

- Minimize freshwater intake in water-stress production sites

water-intensive sites

- Reduce water intake in water-intensive sites

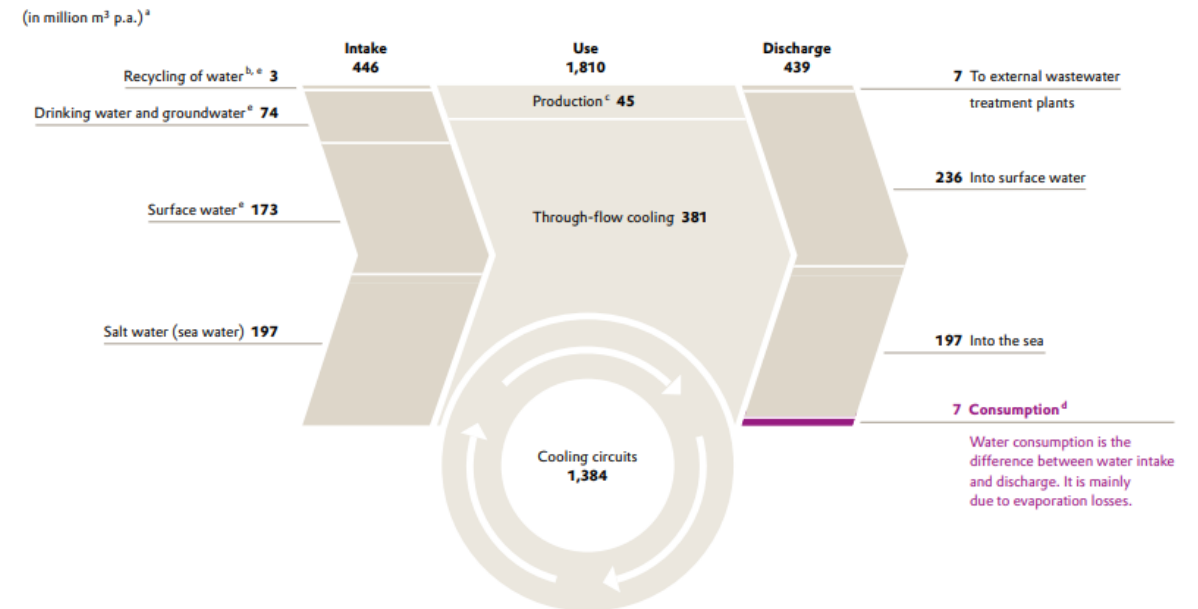
1. AWARE: available water remaining

Water data 2022

Only 2% used for production

- Total water intake was 446 m m3 in 2022, while discharges amounted to 439 million m3
 - Difference of 7 m m3 mainly comprises water used to replace evaporation losses
- ~98% of our total water use (including water consumption) was for cooling purposes in energy generation and production
- Only ~2% used for production purposes

Evonik's water data 2022



Highlight – Waste

Methodology

- Alignment with two of our sustainability focus areas

DRIVE CIRCULARITY



ENSURE HEALTH & WELL-BEING



Goal for waste management:

- Promote the environmentally sound treatment of waste generated by Evonik

Goal for waste reduction:

- Reduction of waste generated at Evonik

Example

Hanau-Wolfgang



- Recycling of solvent from a chemical process
- Usage in other chemical processes
- Adapted by other Evonik site in China

Potential targets depending on the results of the EAGER analysis

Non-hazardous waste

- Reduce amount of non-hazardous waste sent to landfill

Hazardous-waste

- Minimize hazardous production waste

Agenda

Sustainability fully integrated into all three strategic levers

1

Portfolio

- Handprint: “Next Generation Solutions”
- Footprint: CO₂ emission reduction as key KPI

2

Innovation

- Sustainability fully integrated into innovation portfolio steering
- Clear alignment with our four Sustainability Focus Areas

3

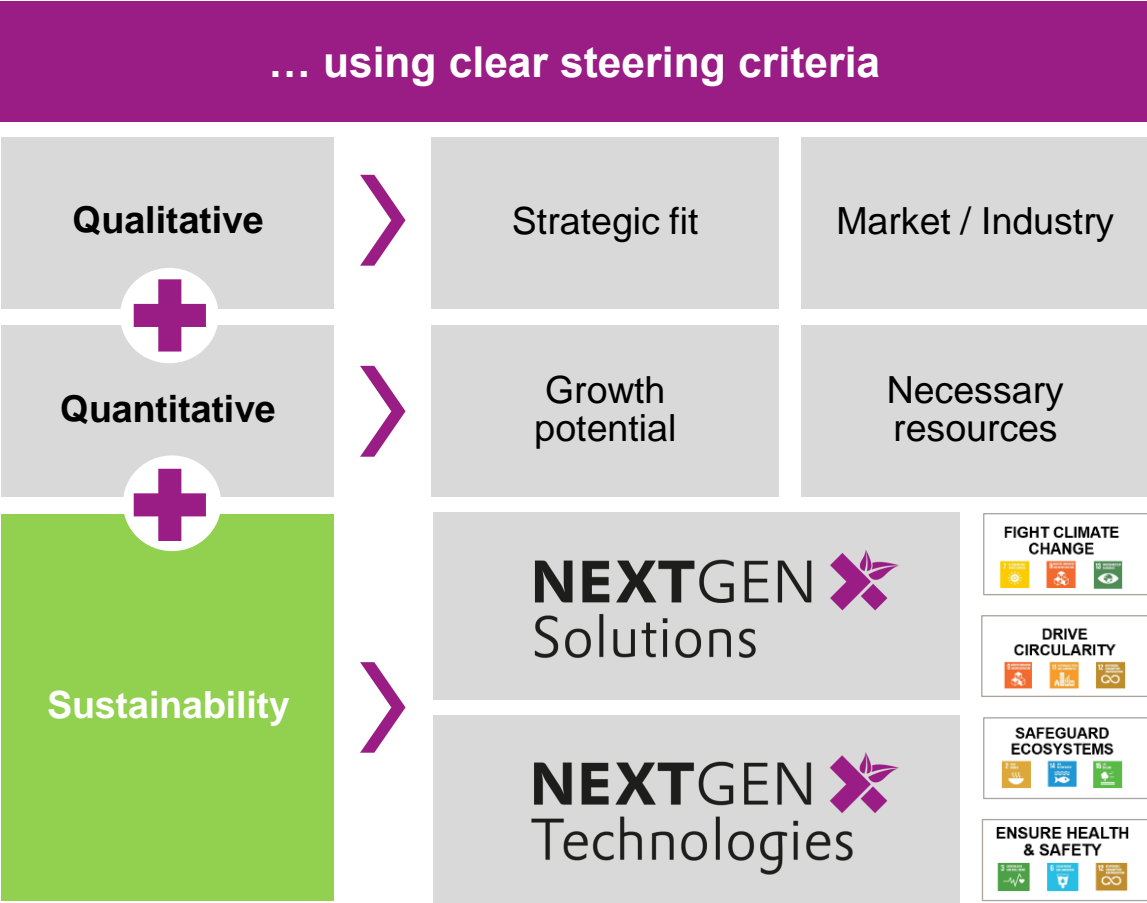
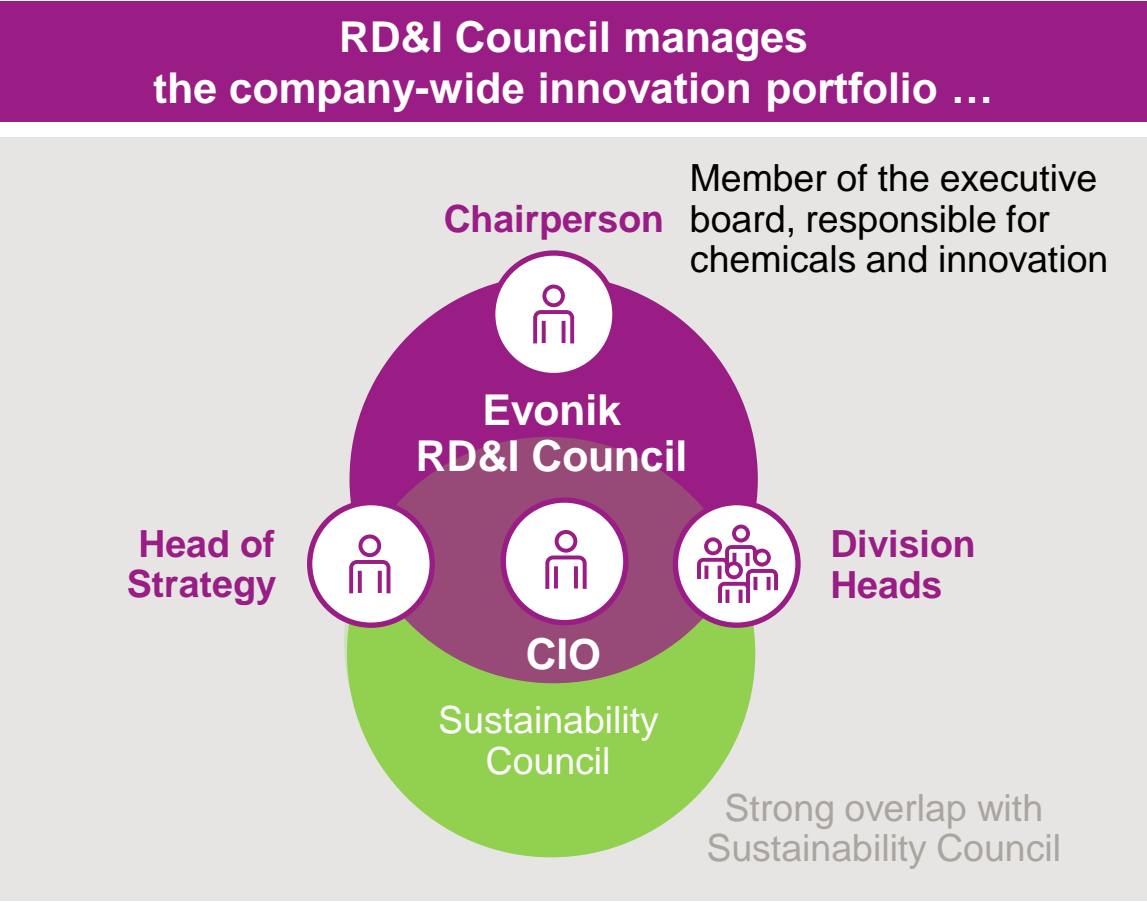
Culture

- Safety and health protection are top of our agenda
- Strengthen diversity to lead in a complex world

Social & Governance

- Social commitments & responsible supply-chain management
- Sustainability KPIs as integral part of management compensation

Sustainability is fully integrated into innovation portfolio steering



RD&I at a glance

Facts & Figures

RD&I AT EVONIK

>€460 m SPENT

>€600 M SALES IN 2022 FROM
INNOVATION GROWTH FIELDS

~24,000 PATENTS¹

>€2,700 EMPLOYEES

100% SUSTAINABILITY-INTEGRATED

FIGHT CLIMATE CHANGE



DRIVE CIRCULARITY



SAFEGUARD ECOSYSTEMS



ENSURE HEALTH & SAFETY



1. Patents and patents pending

Leading in Innovation – Growth fields and sales target

On track to achieve target of >€1 bn sales from innovation

Innovation Growth Fields



Advanced Food
Ingredients



Additive Manufacturing



Sustainable Nutrition



Cosmetic
Solutions



Membranes



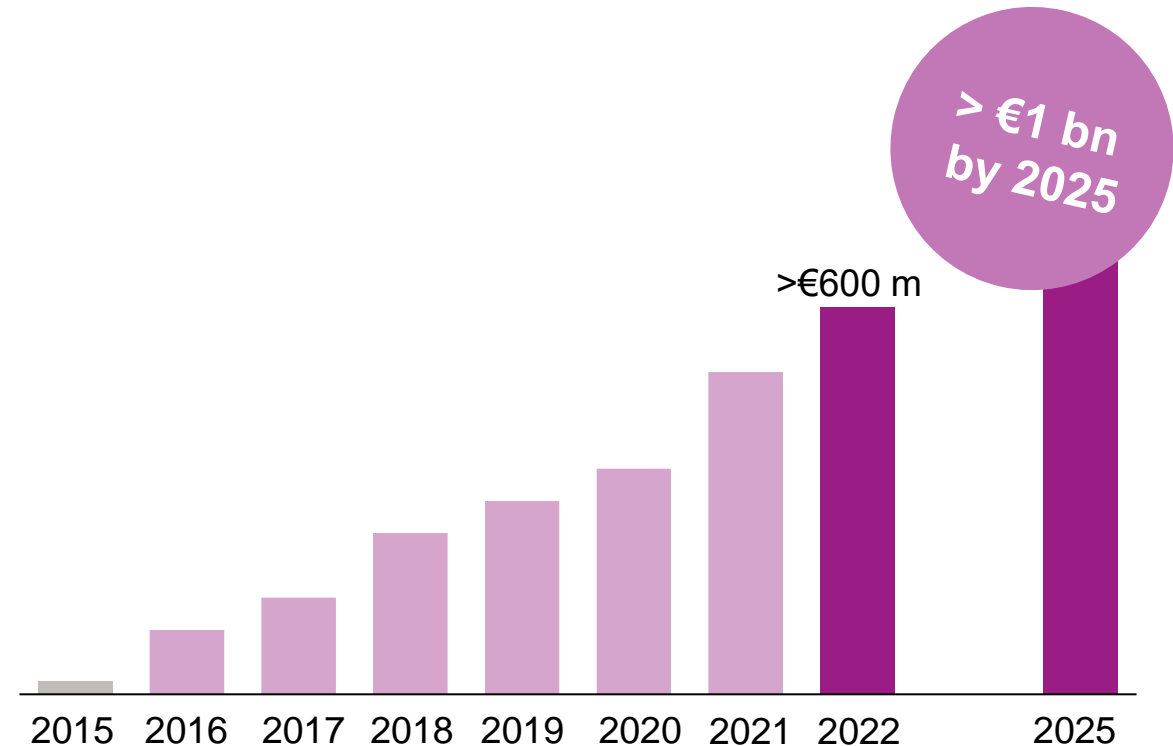
Healthcare
Solutions



Sizeable sales base established
in all growth fields

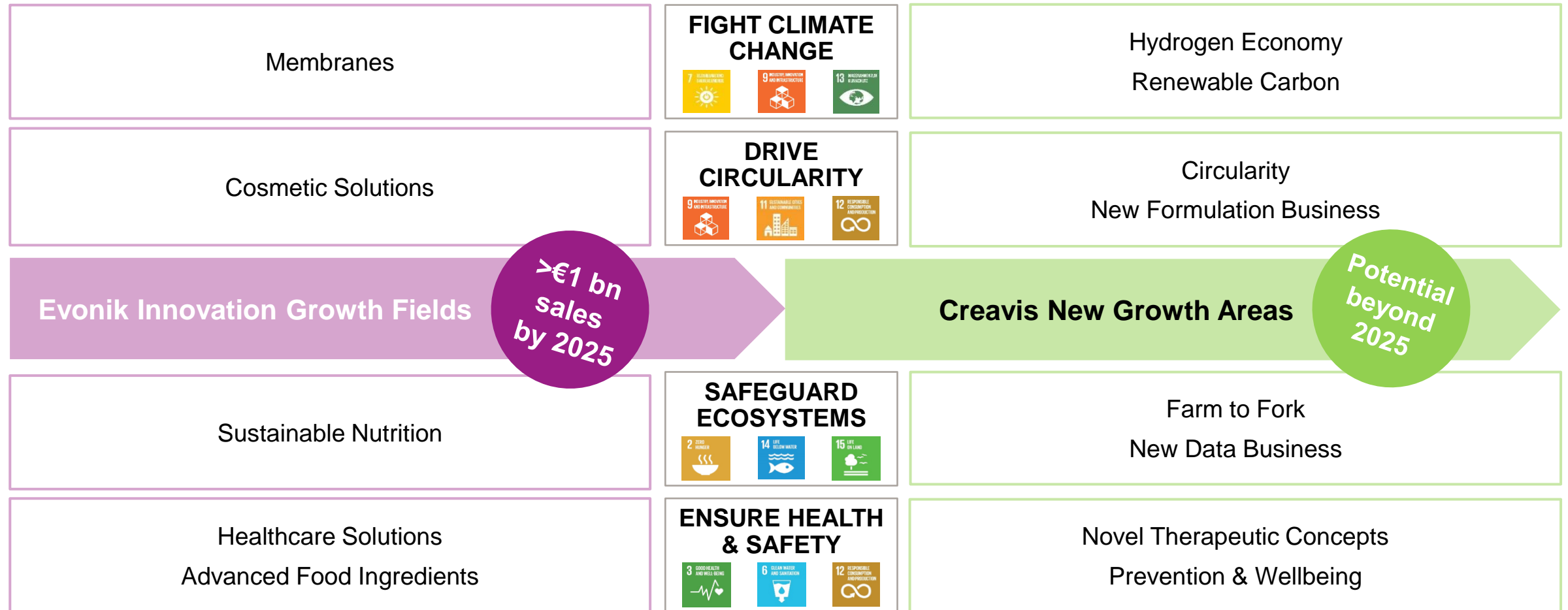
Above-average margin contribution

Sales contribution Innovation Growth Fields



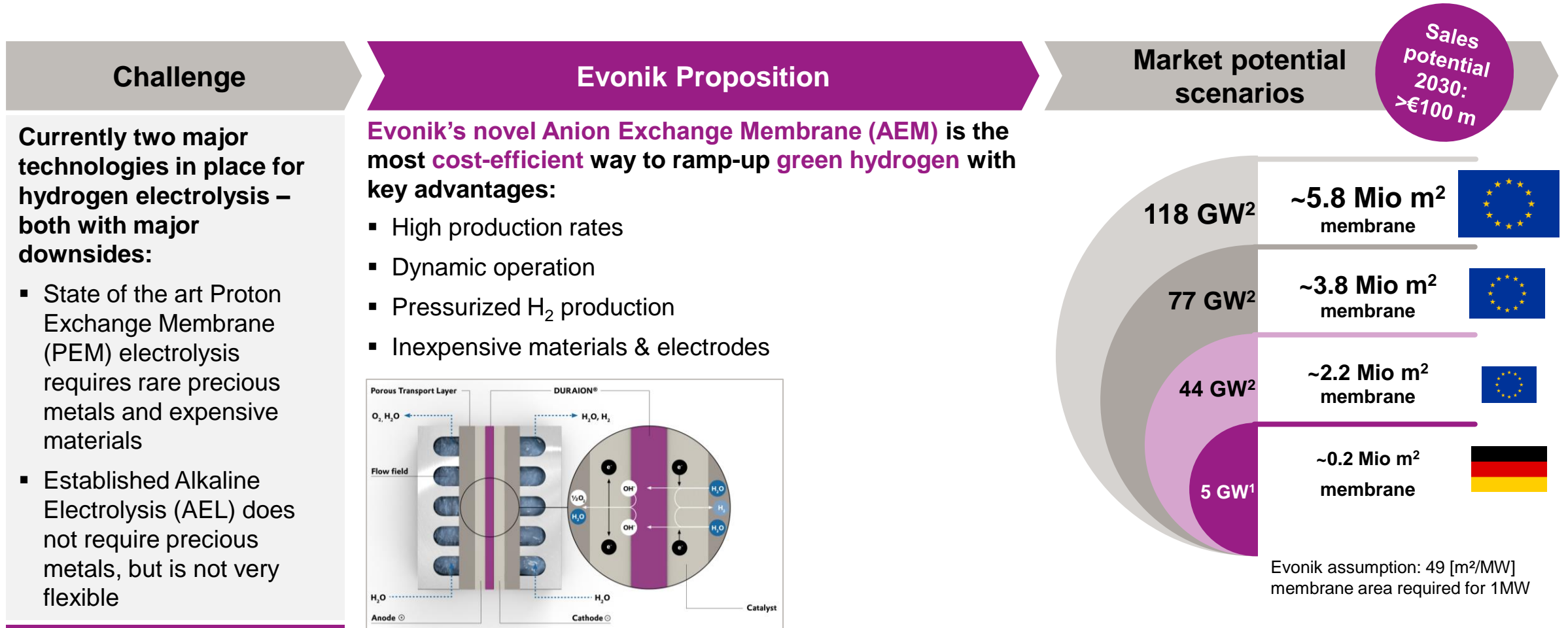
New sales from innovations becoming “Next Generation Solutions”

Innovation with clear focus on Sustainability Focus Areas



Example for New Growth Area: Hydrogen Economy

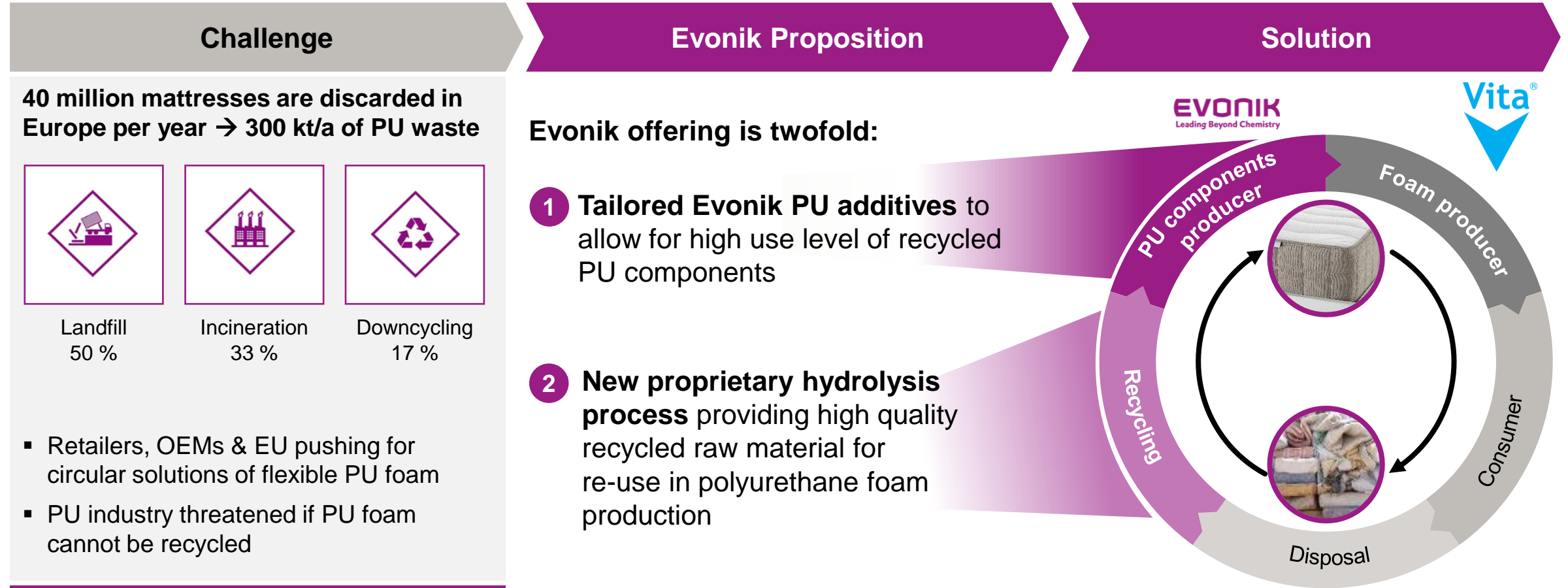
Tapping into a major opportunity with our DURAION® membrane



1. Study IndWEde– NOW GmbH, 2018 2 Green Hydrogen for a European Green Deal A 2 x 40 GW Initiative, Hydrogen Europe; Translation with internal assumptions (Creavis)

Example for New Growth Area: Circularity

Novel PU additives enabling chemical recycling of flexible foam



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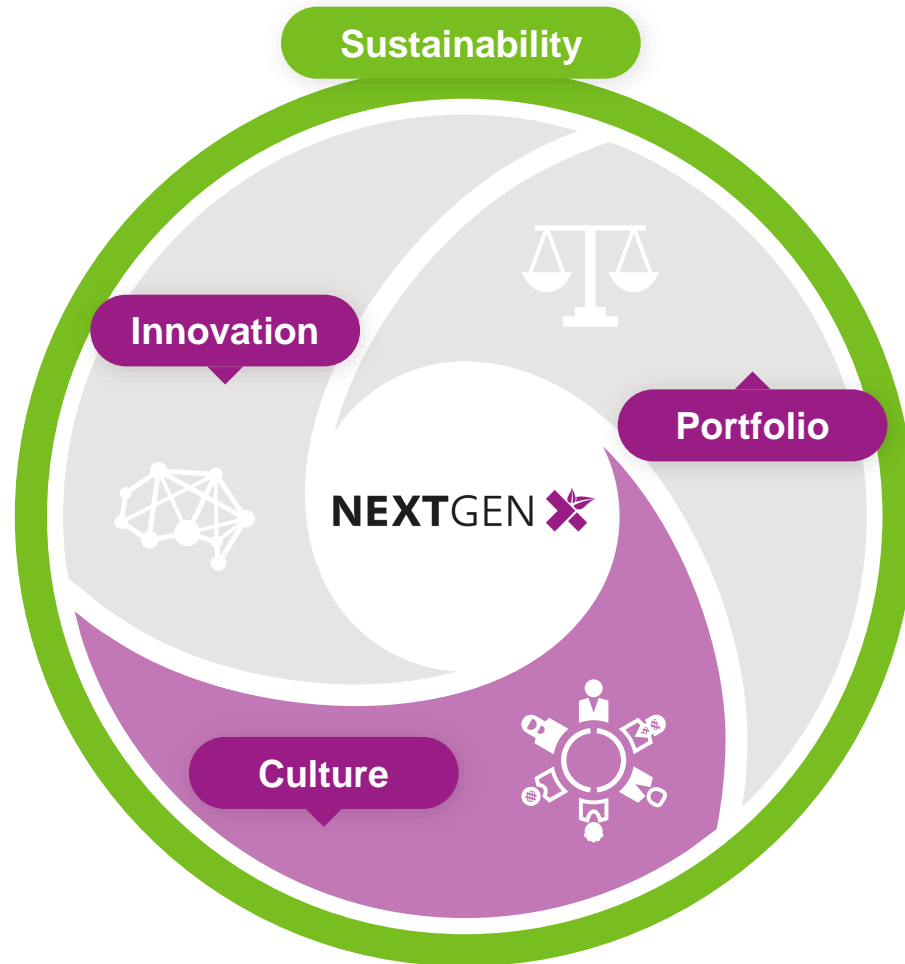
- Safety and health protection are top of our agenda
- Strengthen diversity to lead in a complex world

Social & Governance

- Social commitments & responsible supply-chain management
- Sustainability KPIs as integral part of management compensation

Driving “Next Generation Culture“

Shifting mindset in the entire organization



Safety first as foundation:

- Accident frequency as part of management compensation
- Low level secured over the last years¹

Diversity as basis of our economic success:

- Ambitious targets defined
- Inclusive mindset and behavior foster diversity

Attractive employer:

- Employee commitment with increase of 5pp in latest employee survey
- Integrating sustainability stronger into HR core processes

1. below upper limit of 0.26 (number of accidents per 200,000 working hours)

Our sustainability commitments

External



UN Global Compact

Aligning companies' operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption



Responsible Care

The global chemical industry's initiative to improve health, environmental performance, enhance security, and to communicate with stakeholders about products and processes



Chemie³

An alliance of VCI, IG BCE and BAVC underpinning sustainability as a guiding principle of the chemical industry in Germany and providing inspiration for the international community

Internal



Global Social Policy

Evonik's internal commitment to human rights, core labor standards, international standards and principles of conduct



ESHQ Values

Protecting people and the environment, treating partners fairly, and focusing on the needs of customers as core beliefs for everyone at Evonik



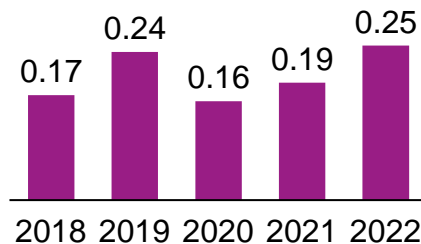
Code of Conduct

Containing corporate values and principles, governing conduct of all Evonik employees; externally operated whistleblower system

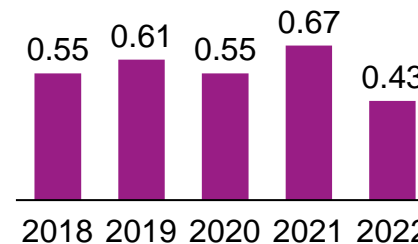
Safety is at the top of our agenda



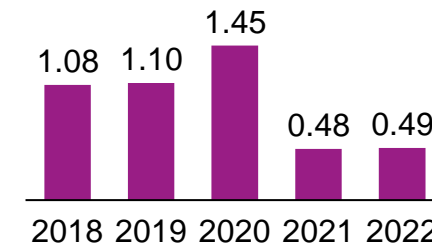
Occupational safety & plant safety



Lost time injury rate¹ for Evonik employees
low level helped by home office;
no fatal accident.
Upper limit: ≤ 0.26



Lost time injury rate¹ for contractors
above previous year level;
caused by workers tripping, slipping, or falling;
no fatal accident.



Process safety incident rate²
increased due to incidents involving the release of substances.
Target: ≤ 0.40

Incorporation of safety performance in remuneration systems. Culture initiative “Safety at Evonik” firmly established. Roll-out of new global server-based platform ESTER³

1) This indicator contains all work-related accidents (excluding traffic accidents) resulting in absences of at least one full shift per 200,000 working hours.

2) Number of incidents per 1 million working hours up to 2020, Number of incidents per 200,000 working hours as from 2021 in acc. with Cefic 2016 3) ESTER = Evonik Standard Tool ESHQ and Reporting

Diversity goes far beyond quantitative targets

We approach diversity with diversity



Diversity is key to economic success

- Evonik ranks among **top European companies** in terms of diversity
- We address **diversity** strategically, culturally and with an eye toward our business processes
- **Top management** as prominent **role model** in embracing diversity, e.g. in Diversity Council



Specific goals with highest priority (by 2023)

- **Gender diversity:** e.g. **23%** of executive & senior management positions and **30%** on manager level (2022: 20%/17%/29%)
- **Intercultural mix:** e.g. **20%** of executive and **35%** of senior management positions (2022: 15.8%/25.5%)

Diversity goes far beyond quantitative targets!

- Diversity is not only a numeric game but a **matter of culture**
- An **inclusive mindset and behavior** ultimately determine if we can utilize diversity successfully

Diversity creates growth

Diversity creates innovation

Diversity brings us closer to our customers

Diversity is our future

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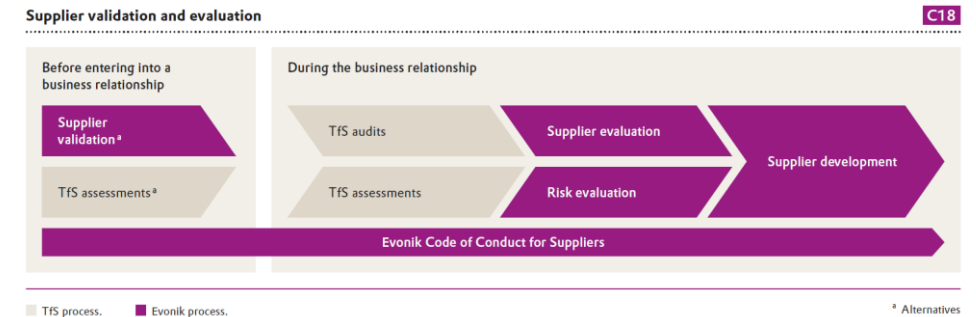
- Safety and health protection are top of our agenda
- Strengthen diversity to lead in a complex world

Social & Governance

- Social commitments & responsible supply-chain management
- Sustainability KPIs as integral part of management compensation

Taking a broad view on human rights throughout our value chains

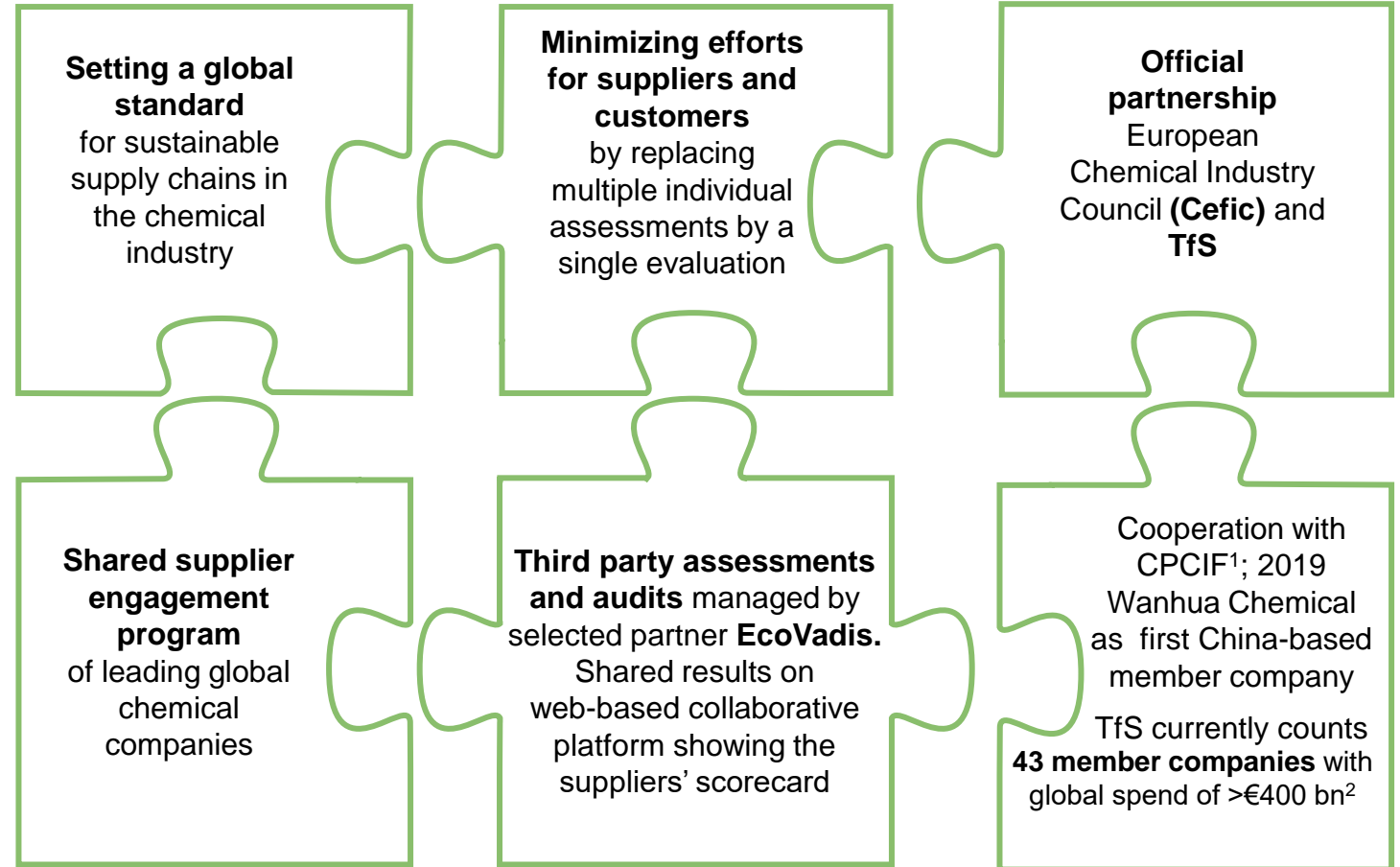
- Evonik commits to respecting human rights in line with the “Guiding Principles on Business and Human Rights” of the United Nations across its complete value chain.
- Our policy statement on human rights is based on
 - the International Bill of Human Rights,
 - the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work
 - the ten principles of the United Nations Global Compact.
- We also respect the OECD Guidelines for Multinational Enterprises.
- Evonik complies with applicable laws and regulations wherever it operates. In countries where local laws and regulations conflict with internationally recognized human rights, we seek ways to honor the above-mentioned international standards while not violating local law.



Responsible supply chain management

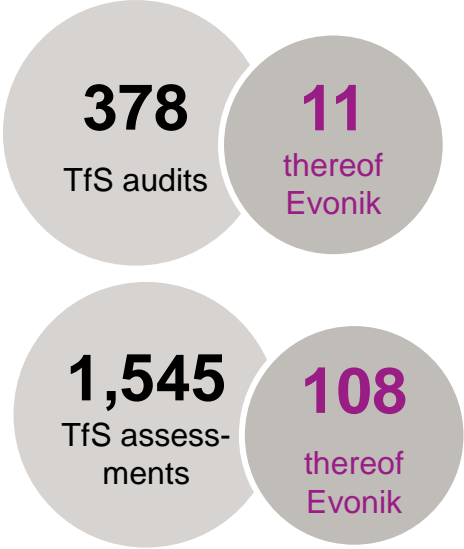
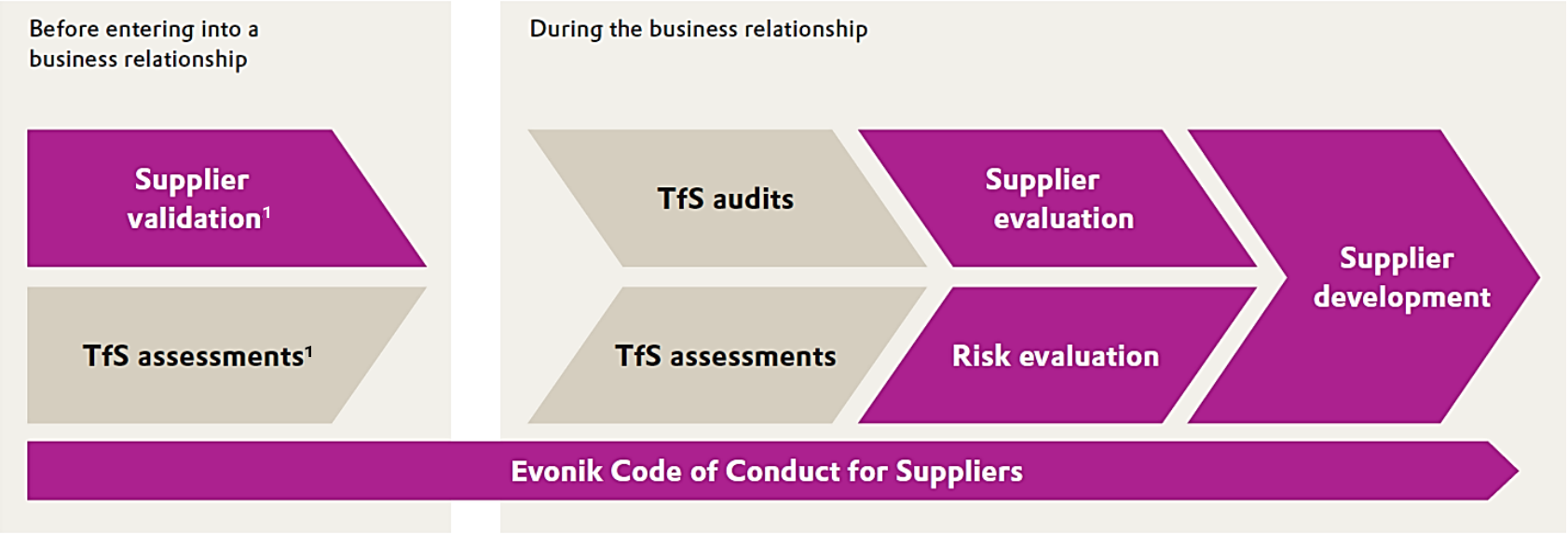


Evonik **founding member** of “Together for Sustainability” (TfS) initiative of chemical industry driving transparency and sustainability along the supply chain.



1) CPCIF = Chinese Petroleum and Chemical Industry Federation 2) estimated figure for the chemical industry

Responsible supply chain management



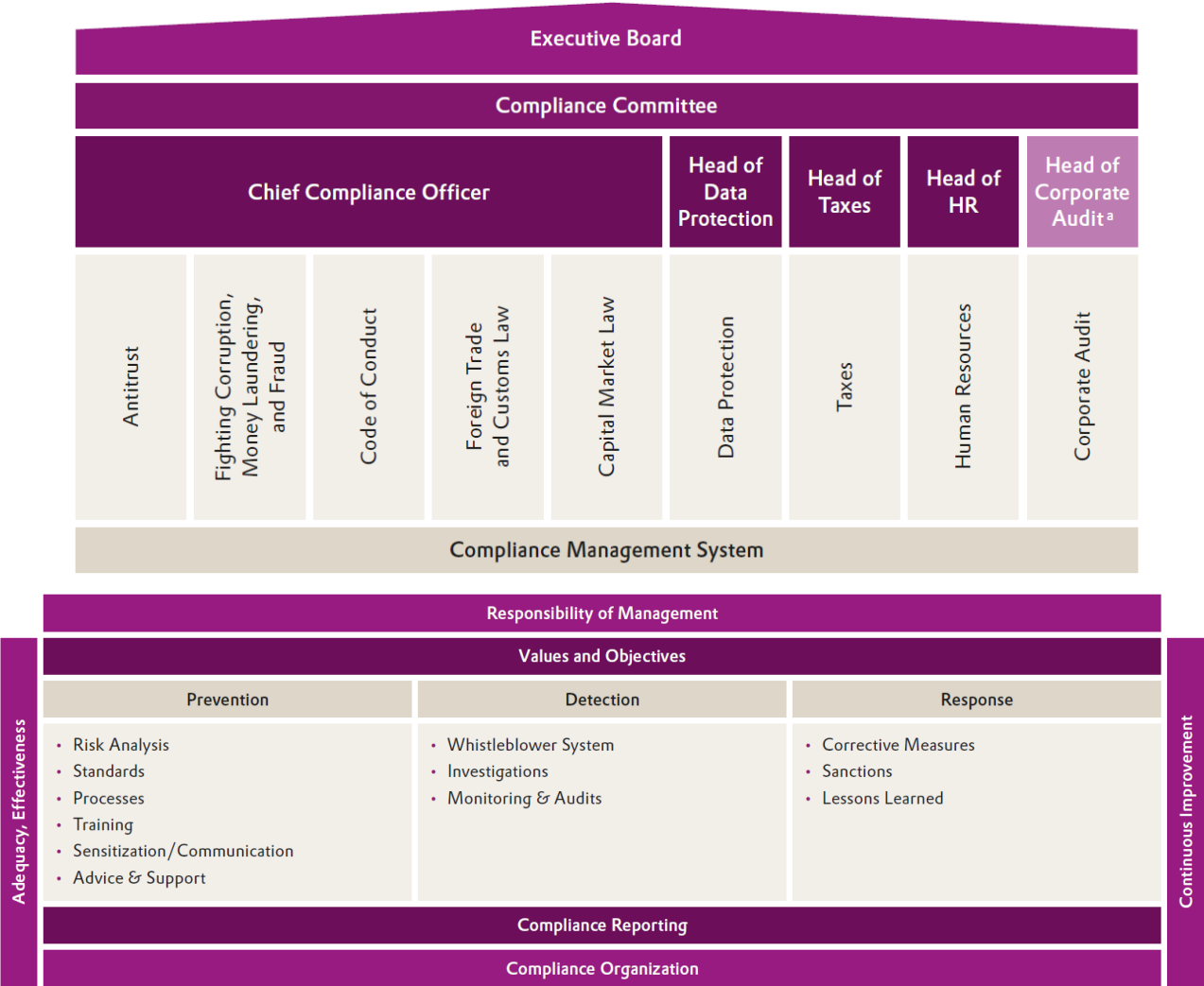
Our target

100% of raw materials suppliers² to be covered by TfS assessments by 2025 (2022: 66%)

~90% (~80%) of Evonik's direct (indirect) purchasing volume covered by TfS assessments

FY 2022 | 1. Alternatives; 2. with annual procurement volume of >€100k

Compliance: Watching responsible business practices



House of compliance

- The House of Compliance has been established to define minimum Group-wide standards for the relevant compliance management systems in relation to the topics specified above and to ensure that these standards are implemented
- Decision-making, exchange of experience, and coordination of the joint activities all take place in the Compliance Committee, which is comprised of the heads of the individual departments, who are independently responsible for their subject area, and the head of Corporate Audit

Compliance management system

- The compliance management system comprises, on the basis of defined values and objectives, the instruments shown in the chart and any measures to be taken accordingly

Compliance. Whistleblower hotline.

- All employees are required to report possible or actual violations of the code of conduct to the responsible department or compliance officer without delay
- In addition to internal reporting channels, electronic whistleblower hotlines operated by independent external providers are available group-wide
- Both employees and external stakeholders such as business partners and their employees, local residents near our sites, and employees' families can report suspected compliance violations
- Reports are possible on all key compliance issues and are automatically forwarded to the department responsible for the relevant compliance topic
- The whistleblower hotline is certified as conforming with European data protection legislation
- Evonik takes up all allegations and investigates them
- To protect whistleblowers, the general principles set out in the policy on internal investigations include security measures such as forbidding putting them at any disadvantage



▪ External Whistleblower System. Guarantees anonymity, if desired by whistleblower.

Sustainability integrated into management compensation scheme

20% of long-term incentive based on strategic ESG KPI's

Fixed salary ~1/3	To be paid in cash for each financial year	
Bonus ~1/3	KPIs aligned to mid-term strategic targets 1. Progression towards EBITDA margin target 2. EBITDA growth (yoy) 3. Contribution to FCF target	... and integrating Safety First mindset: 4. Accident performance
Long-term incentive plan ~1/3	 <ul style="list-style-type: none">▪ Granted LTI target amount calculated in virtual shares (4-year lock-up)▪ Absolute performance: Real price of the Evonik share▪ Relative performance against external index benchmark (MSCI Chemicals)	 <p>LTI based on strategic ESG KPI's, e.g.:</p> <ul style="list-style-type: none">▪ Sales share of “Next Generation Solutions”▪ CO₂ emission reduction

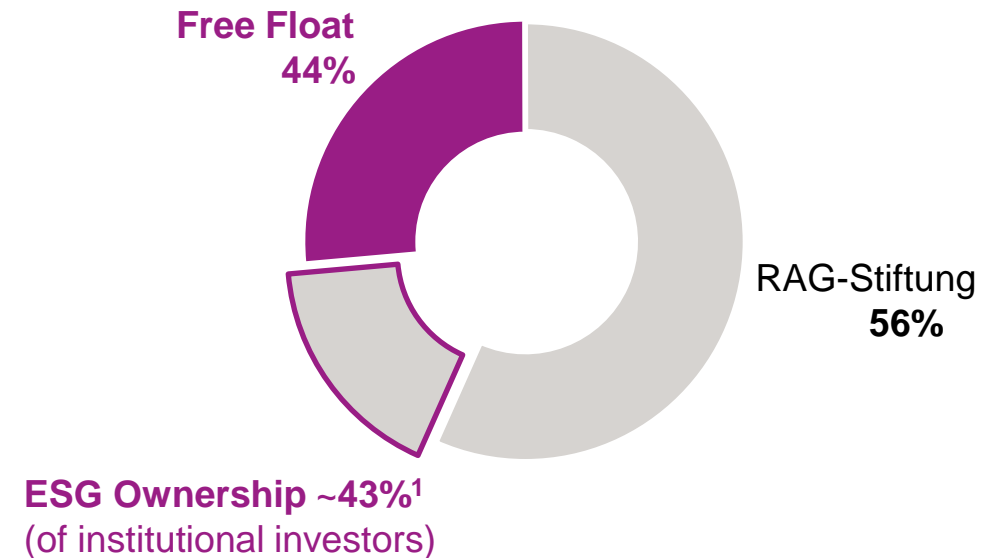
Shareholder structure

“RAG-Stiftung”, long-term shareholder with focus on total shareholder return

RAG Stiftung

- RAG-Stiftung manages a portfolio of ~€19 bn assets under management, one of the biggest foundations in Europe
- Portfolio consists of publicly traded securities, private equity, direct holdings, real estate and bonds of various types
- RAG-Stiftung focuses on investments with high total shareholder return and strong cash/distribution profiles
- Underlying goal is to finance/cover the perpetual liabilities arising from hard-coal mining in Germany
- >60% of total portfolio invested in assets other than Evonik
- RAG-Stiftung with strong interest in Evonik's profitable growth, resulting in significant shareholder returns
- Clear intention to remain significant shareholder

Ownership structure



1. as of August 2022

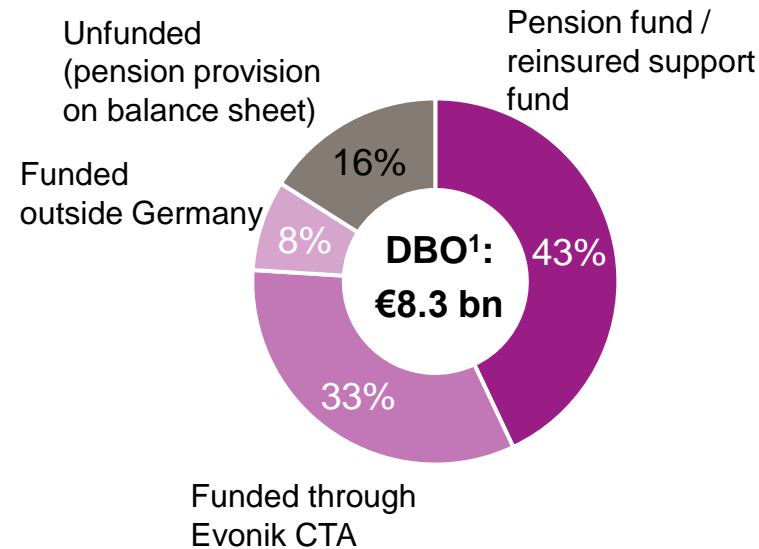
Sustainability embedded in pension asset management

Evonik Pensionstreuhand e.V. (CTA)

Sustainability process initially developed for portfolio held directly by Evonik Industries AG and thus directly under Corporate control (Contractual Trust Agreement, **CTA**)

- CTA: **>80%** of total plan assets under management supervised by managers committed to UN Principles for Responsible Investment (UN PRI)
- CTA: **>50%** of liquid assets overlapping with renowned sustainability indices such as FTSE4Good etc.

Funding level at ~85%



Pensionskasse Degussa VVaG (Pension fund)

As one of the first pension funds in Germany, Pensionskasse Degussa VVaG (**PKD**) with own **ESG strategy** since April 2019

- Main focus on Governance requirements (compliance, audits, risk management, cyber security etc.)
- From 2020 on, 50% women in PKD Board of Management
- Investment criteria: managers required to have signed UN PRI; focus on democratic countries, respect for human rights, anti-corruption etc.
- Asset Class Specific: Suitable ESG factors taken into account in investment process

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EVONIK

Leading Beyond Chemistry