



Green Finance Framework

2023

Table of Contents

1. Introduction to Evonik	2
1.1 Overview	2
1.2 Evonik's Sustainability Strategy & Policies	4
2. Green Finance Framework.....	12
2.1 Use of Proceeds.....	14
2.2 Project Evaluation and Selection Process.....	16
2.3 Management of Proceeds.....	18
2.4 Reporting.....	19
2.5 External Reviews.....	20
Appendix.....	21

1. Introduction to Evonik

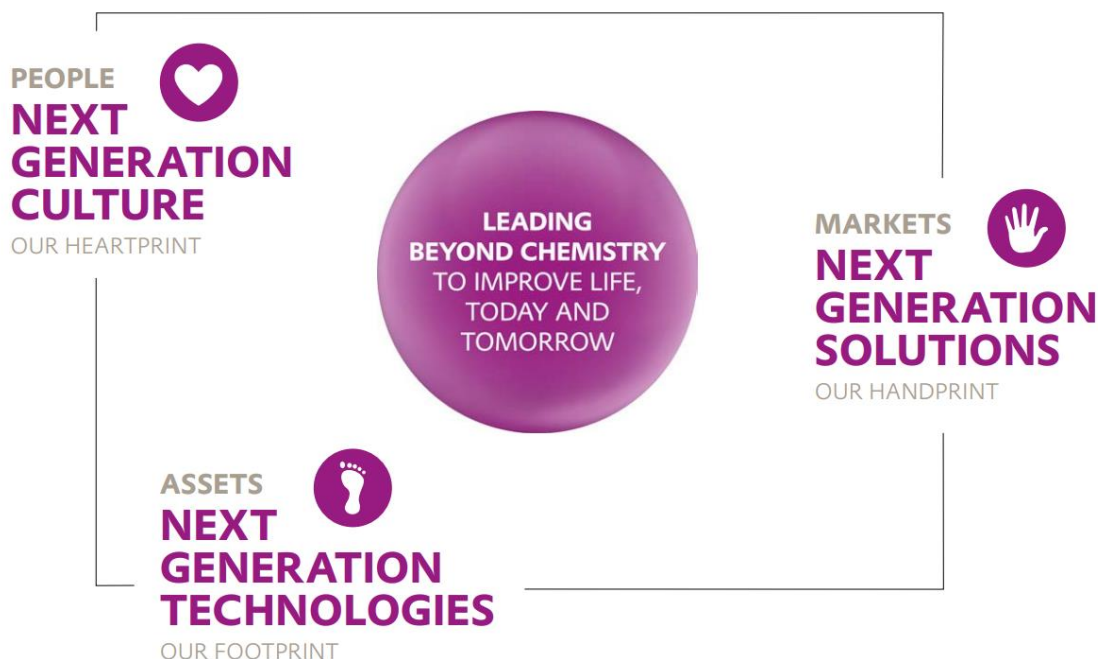
1.1 Overview

Evonik is one of the world leaders in specialty chemicals. According to our purpose “Leading beyond chemistry to improve life, today and tomorrow” we are interlinking disciplines, skills, and perspectives so that we can create value-generating and sustainable solutions for our customers. These solutions play a key role in our customers’ products and help them meet their sustainability goals and position themselves for the future. For that we rely, above all, on our innovative capability, which is based on our strong innovation culture.

Evonik embarked on the next phase of its strategic business transformation in 2022. As part of Next Generation Evonik, sustainability has become an integral element of important core processes such as portfolio and innovation management, production and technology, and human resources work. This strategic integration paves the way for us to meet our promise to be an enabler of sustainability in a wide range of markets and areas of life. Therefore, we set ourselves ambitious new sustainability targets.

Next Generation Evonik

We have integrated sustainability comprehensively into our corporate strategy - from research & development through portfolio management to our corporate culture. The core process is the sustainability analysis of our business. Research & development play a key role in the ongoing transformation of our portfolio.



Next Generation Solutions (handprint)

In 2022 we generated 43 percent of our sales with products and solutions that have a strongly positive sustainability profile. We aim to increase the proportion of sales generated with these **Next Generation Solutions** to over 50 percent by 2030.

Next Generation Technologies (footprint)

Evonik supports the objectives of the Paris Agreement on Climate Change. This is underscored by our commitment to the Science Based Targets initiative (SBTi). Between 2021 and 2030, we aim to reduce our scope 1 and 2 emissions by 25%. For the reduction of our scope 3 emissions, we are committed to a target of 11 percent¹. This has been scientifically verified and confirmed by SBTi. The company's targets related to greenhouse gas emission reduction help limit global warming to well below 2 degrees Celsius. Evonik is aiming to revalidate its climate targets in the near future so that it can also support a path that limits warming to 1.5 degrees Celsius by 2050.

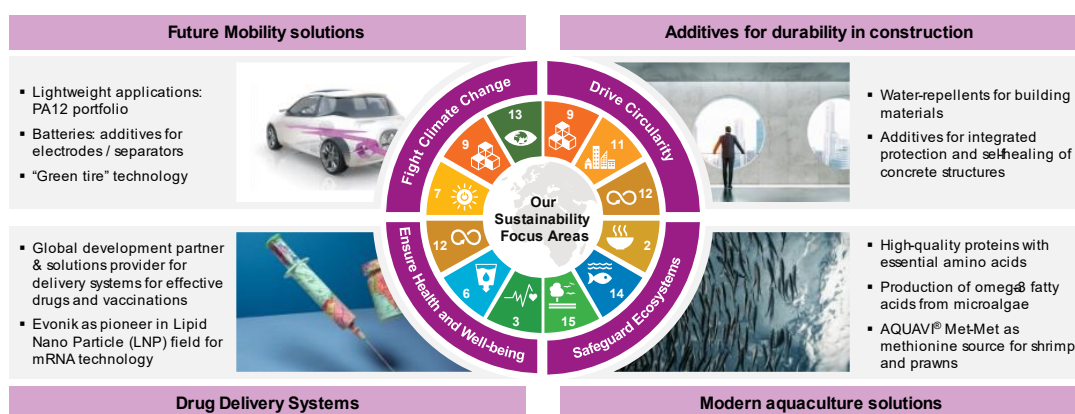
Next Generation Culture (heartprint)

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

Our contributions to a sustainable transformation are bundled in four Sustainability Focus Areas: Fight Climate Change, Drive Circularity, Safeguard Ecosystems, and Ensure Health & Well-being.

“Next Generation Solutions”

Selected examples addressing our four Sustainability Focus Areas



¹ Exact target: 11.07 percent

1.2 Evonik's Sustainability Strategy & Policies

Evonik supports the United Nations Sustainability Development Goals (SDGs) and intensively examines its own contributions to achieving them. Through our sustainability strategy, we address the SDGs of particular relevance for Evonik. The strategy comprises the following elements.

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

The SDGs of particular relevance for the Evonik Group are SDG 3 (good health and well-being), SDG 6 (clean water and sanitation), SDG 12 (responsible consumption and production) and SDG 13 (climate action)²:



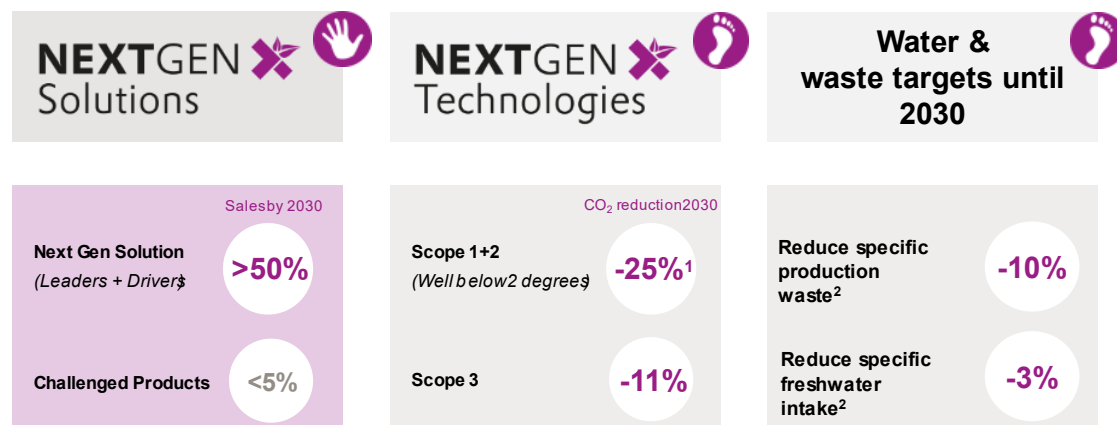
In 2022, 52 percent of sales from our chemicals businesses (2021: approx. 50 percent) contributed to SDGs 3, 6, 12, and 13.

² <https://corporate.evonik.com/en/sustainability/sustainable-development-goals/sdgs-of-relevance-for-evonik>

Our top targets on handprint and footprint:

Addressing Handprint & Footprint

Holistic and measurable set of environmental KPIs in place



1. Gross emissions in Scope 1 and 2; reference year 2021. ² Responding to the production volume; reference year 2021

Handprint: Sustainability integrated in Evonik's strategic management process – Evonik's Sustainability Analysis and Next Generation Solutions

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

Life cycle assessments are a major tool used in our Sustainability Analysis. The high expertise and extensive operational networking of our internal Life Cycle Management Group plays an important part in continually enhancing knowledge of the impact of our business activities. A broad spectrum of life cycle assessments is used for this.

The Evonik Sustainability Analysis is used to characterize the portfolio according to the PARCs³ sustainability performance, using the following performance categories: "Leader" (A++), "Driver" (A+), "Performer" (B), "Transitioner" (C-), or "Challenged" (C--).

For fiscal 2022, we examined 534 PARCs (2021: 507 PARCs), covering the total sales generated by Evonik with chemicals in the fiscal year. The number of PARCs increased year-on-year because we take an increasingly differentiated view of applications and regions. That further enhances the quality of our portfolio overview.

The most important findings are:

³ PARC – product-application-region combinations; a PARC comprises a product or a group of products used for a defined application in a specific region

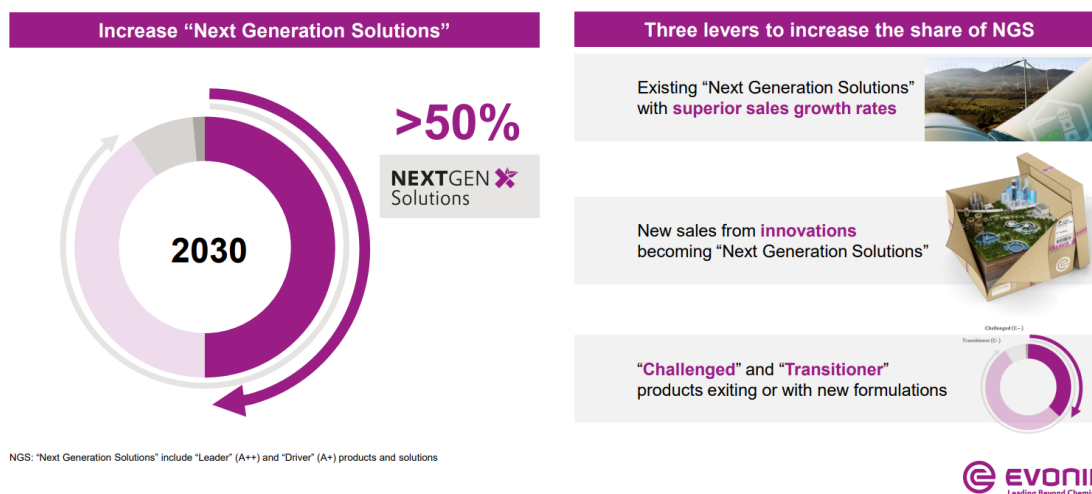
- Evonik generates 91% of sales with products and solutions whose sustainability performance is at least in line with the market reference (“Leader”, “Driver”, or “Performer” category; 2021: 91%).
- Evonik generates 43% of sales with products and solutions with a clearly positive sustainability profile that is above or even well above the market reference level (“Leader” and “Driver” categories). These are our **Next Generation Solutions**. **Next Generation Solutions** show attractive growth rates and stand out positively in their markets because of their clear sustainability benefits (2021: 41%).

Our goal is to increase the proportion of sales generated with **Next Generation Solutions** to over 50 percent by 2030.

- For “Challenged” products and solutions, Evonik addresses these in dialogue with our customers through innovation or active portfolio management. Our target here is to keep the proportion of sales from challenged products permanently <5%.

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

Ambitious new sales share target to be achieved through three levers



Footprint: Ambitious environmental targets with Next Generation Technologies as key driver

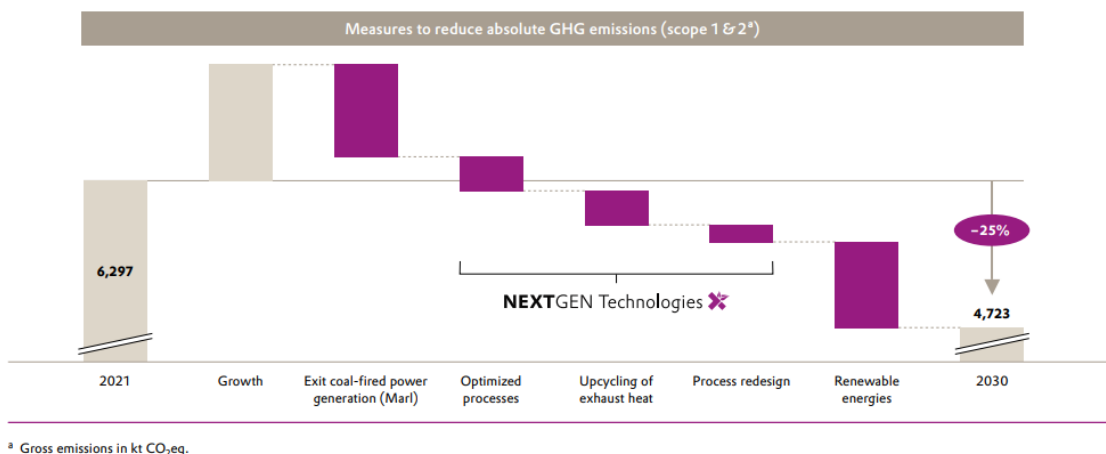
Mitigating climate change - which is one of our material topics - and the related extreme weather events are a major challenge for society and one that we are also addressing. We are driving forward the reduction of all climate-relevant emissions and other environmental impacts of our business activities. To actively mitigate the effects of climate change, we set ambitious new targets. Selective investments in **Next Generation Technologies**, measures at production plants and infrastructure, play a key role to further reduce our scope 1 and 2 emissions. We also integrated reducing our CO₂ emissions (scope 1 and 2 emissions) into the remuneration of the executive board and other executives. Carbon pricing is used as an additional planning criterion in investment decisions. In addition, compared with conventional alternatives, many of our **Next Generation Solutions** make a further contribution at the application stage.

We joined SBTi in 2022. SBTi is a partnership of CDP, the United Nations Global Compact, the World Resources Institute, and the World Wide Fund for Nature. It defines and encourages best practices for science-based target-setting and independently evaluates targets set by companies from this perspective. It has now become an internationally accepted standard. We are committed to the SBTi target “well below 2°C” and to reducing our absolute scope 1 and 2 emissions by 25 percent between 2021 and 2030. In the same period, we aim to reduce scope 3 emissions in all upstream categories and the category “downstream transportation and distribution” by 11 percent⁴. In this way, Evonik actively supports the Paris Agreement on Climate Change. Against this backdrop, we head for climate neutrality at Evonik by 2050.

To achieve our ambitious scope 1 and 2 targets, we have put in place a wide range of measures. These include exiting coal-fired power generation at our site in Marl (Germany), ongoing global development of production processes and infrastructure (**Next Generation Technologies**) and switching to renewable energy.

⁴ Exact target: 11.07 percent

Our roadmap for 2030 (scope 1 & 2)



In the first half of 2022, the Evonik Assessment for Greenhouse Gas Emission Reduction (EAGER) project identified the potential to reduce GHG emissions at our sites. A cross-functional team identified potential to reduce CO₂eq (scope 1 and 2 emissions) at the top 20 sites around the world by around 1 million metric tons (including the related costs of emissions avoidance), in accordance with the “well below 2 °C” target. The top 20 sites account for 80 percent of Evonik’s GHG emissions⁵. In the period to 2030, we plan to invest €700 million in **Next Generation Technologies**, in other words, in the ongoing development of production processes and infrastructure to reduce GHG emissions. We are continuously developing our GHG reduction path in consultation with the business lines and multi-user sites and have started to implement the first measures.

Reducing scope 3 emissions is challenging for the entire value chain because these emissions are outside our direct sphere of influence and are affected by many external factors. That necessitates intensive cooperation with partners along the value chain. We are analyzing which raw materials and suppliers offer us the greatest potential for reduction. The starting point comprises secondary data from databases but also, increasingly, primary data. To increase the proportion of primary data, we contact our key suppliers once a year. In this context, we discuss, among other things, the main ways we can leverage emissions reduction with our suppliers. That may be renewable energies, improved processes, or alternative raw materials. Taking the overview of all factors, we then discuss specific targets with our suppliers.

We use internal carbon pricing for major investments as a basis for effective management of our CO₂ reduction target. This adds another relevant indicator to the established planning parameters for investments, such as exchange rates and raw material prices. The aim is to be able to reflect the development of carbon intensive investments in a reliable and harmonized

⁵ Based on greenhouse gas emissions from our sites in 2020

manner in all investment applications worldwide. At present, we assume that the carbon pricing for the EU ETS will be €95 per metric ton CO₂ up to 2030. In all other regions of relevance to Evonik, we are retaining our forecast of €50 per metric ton CO₂ by 2030 at the latest.

In addition, Evonik intends to reduce its absolute as well as its specific energy consumption each by 5% by 2025 (reference base: 2020). At the same time, we constantly examine the use of renewable energy. Our site in Rheinfelden (Germany) sources almost half of its power supply from environmentally friendly hydroelectric facilities. We use hydroelectric power generation in Weißenstein (Austria) and solar power in Hanau (Germany), Mexico City, and Querétaro (both Mexico). Furthermore, in 2022/2023 Evonik signed two PPA agreements with EnBW for 150 megawatts in total. This will enable us to cover one third of our European electricity needs with wind energy from 2026 onwards. We are working towards a share of green sourced electricity in our overall portfolio of ~50% in 2026 and are targeting 100% green sourced electricity in 2030.

We save water wherever possible and endeavor to achieve a further reduction in our emissions. In 2022, we set a new target for water: Between 2021 and 2030, we aim to reduce specific freshwater intake relative to production volume by 3 percent. This is to be achieved by a wide range of measures at our production sites. The measures were identified in the EAGER project. At the same time, we are continuing our work on established water management topics and monitoring our sites in areas having high water risks.

In addition, our efforts to further reduce production waste are aligned with a clear principle. The first priority is to avoid waste through continuous process improvements and by extending integrated production systems, otherwise waste should be recycled or used to generate energy. As a third option, if this is not possible, it should be disposed of safely. Evonik set a new target for waste in 2022: Between 2021 and 2030, we aim to reduce specific production waste relative to production volume by 10 percent. This is to be achieved through a wide range of measures at our production sites. These measures were also identified in the EAGER project. In addition, we will be continuing our work on a waste management system. The main focus here is on circular waste streams.

Systematic focus on our impact along the value chain and on the SDGs

Alongside potential future opportunities and risks for our businesses, we highlight the cost/benefit effects of Evonik's activities for the environment and society. Our impact valuation analysis is based on the input-output-outcome-impact (IOOI) model, which takes account of the input of resources and the measurable outcomes of corporate activity. The impact valuation based on FY 2022 allows us to make, for example, the following statements: Every €1 value added by Evonik creates a total of €5.36 added value to society. 1 Evonik employee secures an average of 13.5 jobs in the value chain.

Evonik supports the realization of the SDGs and has intensively examined its own positive and negative contributions for several years. For example, we developed our own methodology to identify the SDGs that are especially relevant for the Evonik Group. This approach includes the 169 sub-targets of the 17 SDGs. Moreover, Evonik is a signatory of the UN Global Compact and is actively involved in its committees.

Continuous improvement of our sustainability reporting

Transparent and open reporting of our sustainability activities is an important element of our sustainability strategy. In 2022, we also specifically enhanced our sustainability reporting, including addressing elements of the upcoming EU reporting standard at an early stage. For instance, the process used for our new materiality analysis already included the content of the EFRAG working papers and exposure drafts and the GRI Sustainability Reporting Standards, which were revised in 2021. Furthermore, our reporting is aligned with the SASB⁶ and TCFD⁷. We therefore consider that we are well-prepared for future European and international sustainability reporting requirements. We have continuously improved our sustainability reporting over the past few years and have received numerous awards for it.

In keeping with our participation in CDP Climate Change and CDP Water Security, in 2022, we again published detailed strategies, data, and development paths on climate change. The rating for our climate reporting is again at A-. As in the previous years, Evonik was given a B rating for our water reporting. Moreover, Evonik is well positioned in renowned sustainability ratings such as MSCI ESG Research, Sustainalytics, ISS ESG or EcoVadis.⁸

⁶ SASB = Sustainability Accounting Standards Board

⁷ TCFD = Task Force on Climate-related Financial Disclosures

⁸ <https://corporate.evonik.com/en/sustainability/sustainable-investment/sustainability-ratings-rankings>

Sustainability governance

The executive board bears overall responsibility for sustainability at Evonik. Direct responsibility is assigned to the chief human resources officer. We have defined responsibility for sustainability management in a corporate policy. The most important sustainability bodies in the Group are the Sustainability Circle and the Sustainability Council. The Sustainability Circle includes functions and units relevant to sustainability. The sustainability council is responsible for the management of sustainability-related aspects and the associated decisions. It provides close interlocking with the operating business. Since September 2022, our sustainability council has met at the executive board level, chaired by the chairman of the executive board. To strengthen the alignment with our businesses, alongside the executive board, members include the heads of the divisions. The decisions taken by the sustainability council are prepared by the sustainability circle, which comprises representatives of the functions and departments of relevance for sustainability. The sustainability circle is chaired by the chief human resources officer, who is the executive board member responsible for sustainability.

Opportunity and risk management

Evonik is exposed to a range of influences that may constitute either opportunities or risks. Non-financial risks are included in our conventional risk reporting. Our established risk management system also systematically captures and monitors non-quantifiable sustainability risks over a longer time horizon. All organizational units are required to update their risk reports, including sustainability risks, every quarter and to immediately report any ad-hoc risks, even outside the regular reporting intervals.

We are following the objectives of the Task Force on Climate-related Financial Disclosures (TCFD) very closely and address them in one of our cross-functional working groups. We aggregate climate-related opportunities and risks in the categories defined by the TCFD: governance, strategy, risk management, and metrics and targets, and publish these in our financial report and sustainability report. In addition, we follow the LEAP framework recommended by the TNFD to assess our material water and nature related risks and opportunities along the value-chain.

Compensation

From this year onwards sustainability is integrated more closely into the remuneration of the executive board and other executives. This was approved for the executive board remuneration at the annual shareholder's meeting in 2022. Besides including occupational safety in short-term remuneration, we have introduced sustainability targets such as reducing scope 1 and 2 emissions, increasing the proportion of sales from **Next Generation Solutions**, and employee engagement as an additional component of long-term remuneration.

2. Green Finance Framework

The objective of issuing Green Finance Instruments is to assist in financing Evonik's initiatives to lower our own carbon footprint as well as to grow our contribution as an enabler of sustainable solutions in the value chain. Unlocking this potential can make us a key player in the transition to a low carbon economy. The issuance of Green Finance Instruments will also enable Evonik to engage with those investors who are committed to allocating capital in support of this effort.

Green Finance Instruments include green senior bonds, green hybrid bonds, green private placements, green loans and any other financial instrument where the proceeds can be exclusively allocated to finance or re-finance in part or in full new and/or existing Eligible Green Projects as defined in this Framework.

Alignment with market principles

This Framework is designed to ensure any Green Finance Instruments issued by Evonik and/or its subsidiaries are aligned with the voluntary guidelines as outlined by the International Capital Market Association ("ICMA") 2021 incl. Appendix of June 2022 Green Bond Principles⁹ and the Loan Market Association ("LMA") 2023 Green Loan Principles¹⁰, updated from time to time, and includes the following sections:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also describes the approach to External Review, as recommended by the Green Bond Principles and the Green Loan Principles.

The Framework will apply to any Green Finance Instrument issued by Evonik and/or its subsidiaries and will be applied as long as any such instrument is outstanding.

In this Framework Evonik also takes into account the EU Taxonomy on environmentally-sustainable economic activities¹¹.

⁹ Green Bond Principles 2021 (International Capital Market Association acting as secretariat to the Principles) – <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

¹⁰ LMA, APLMA, and LSTA Green Loan Principles 2023 – <https://www.lsta.org/content/green-loan-principles/>

¹¹ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

For 2022, there is a reporting obligation for the first two out of six environmental objectives – climate change mitigation and climate change adaptation. Their main focus is on economic activities that currently result in high carbon dioxide emissions, where a reduction in emissions would make the biggest contribution to achieving the EU's climate targets. The chemical products mainly affected by the delegated acts for these two environmental objectives are commodity chemicals. Evonik's portfolio of specialty chemicals is therefore affected only to a small extent by the EU taxonomy's climate change mitigation objective at present. The background to this is that for the climate change mitigation objective for chemical products, the EU taxonomy mainly addresses the carbon footprint of the products and especially their raw materials.











By contrast, it disregards the positive impacts (handprint) of many products. In view of the rising use of non-fossil raw materials and greater certification, we assume that we can increase this percentage in the coming years. Unlike the EU taxonomy, the sustainability analysis of our business covers the footprint, handprint, and further signals and market requirements. Many Evonik products are differentiated from competing products principally through their handprint. Our sustainability analysis, with its holistic approach, therefore remains the key tool for the strategic management and ongoing development of our portfolio.





This Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

2.1 Use of Proceeds

An amount equivalent to the net proceeds from Evonik's Green Finance Instruments will be used to finance or refinance, in whole or in part, existing and/or future Eligible Green Projects that meet the Eligibility Criteria as defined below and are financed by Evonik through operating and/or capital expenditure (collectively referred to as 'Expenditure'). In the case of refinancing existing Eligible Green Projects, expenditures which have been made within the 3-year period preceding the year of issuance of a Green Finance Instrument shall be considered for inclusion as Eligible Green Projects.

Eligible Green Projects

GBP/GLP Category	Eligibility Criteria	UN SDG	EU Environmental Objective
(a) Eco-efficient products acting as low carbon transition enablers and sustainability enablers in various industries	<p>Capital expenditure related to the manufacturing of "Next Generation Solutions"</p> <p>Only the highest level of sustainable products (solutions referred to as "Next Generation Solutions") is eligible. These products have a substantial sustainability contribution in the value chain and include "Leader" (A++) and "Driver" (A+) products and solutions, based on the WBCSD sector standard approach for Portfolio Sustainability Assessments.</p> <p>More details of Evonik's Sustainability Analysis based on this approach can be found in section 2.2 of this Framework</p> <p>Expenditure related to research, development and innovation (RD&I) specifically aimed at further developing and enhancing the sustainability impact of "Next Generation Solutions"</p>	         	<ul style="list-style-type: none"> • Climate Change Mitigation • Climate Change Adaptation • Sustainable Use and Protection of Water and Marine Resources • Transition to the Circular Economy • Pollution Prevention and Control • Protection and Restoration of Biodiversity and Ecosystems

(b) Energy Efficiency	<p>Capital expenditure related to “Next Generation Technologies”. These investments focus on ongoing development of production processes and infrastructure to reduce GHG emissions including heat integration, energy saving measures and electrification</p> <p>Furthermore, expenditure related to additional measures to increase energy efficiency in Evonik’s production processes including among others energy monitoring systems, lighting upgrades, smart devices to optimize energy consumption, switching to more energy-efficient units (ventilation, compressors, engines etc.), thermal energy storage systems, building refurbishment and any other sustainability-oriented construction materials</p>			<ul style="list-style-type: none"> • Climate Change Mitigation
(c) Renewable Energy	<p>Expenditure related to sourcing of renewable energy, i. e. through long-term Power Purchase Agreements, guarantees of origin for green electricity and biomethane certificates¹²</p>			<ul style="list-style-type: none"> • Climate Change Mitigation

¹² Only bundled guarantees or certificates

2.2 Project Evaluation and Selection Process

Green Finance Committee

Evonik has established a Green Finance Committee with responsibility for governing selection and monitoring of the Eligible Green Projects. The Green Finance Committee consists of senior members of the following functions: Finance, Sustainability, Controlling, Investor Relations.

Main responsibilities of the Green Finance Committee include, but are not limited to:

- The evaluation and selection of Projects in line with the eligibility criteria laid out in section 2.1 of this Green Finance Framework, as well as Evonik's Sustainability Policies and Procedures, which include Evonik's environmental management system (certified in accordance with ISO 14001) and are based on Evonik's values for environment, safety, health and quality (ESHQ)¹³ An allocation proposal is jointly prepared by Controlling, Sustainability and Finance Functions based on Evonik internal data systems and the final decision will be approved by the Green Finance Committee. Once screened the Finance and Controlling functions will track actual expenditure on the Eligible Green Projects using internal systems
- Monitoring the Eligible Green Projects and replacing those Projects that no longer comply with the eligibility criteria or for which the Committee has otherwise determined should not be funded under this Framework as soon as practicable
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Projects and appropriate mitigation measures where possible

Sustainability Analysis and Next Generation Solutions

In order to define **Next Generation Solutions**, Evonik uses its sustainability analysis¹⁴ which has been assured by an external auditor. The methodology is based on the World Business Council for Sustainable Development (WBCSD)'s framework for portfolio sustainability assessments (PSA)¹⁵, which Evonik was involved in developing from the outset. As Evonik has integrated sustainability into the strategic management process, the sustainability analysis is the key tool for the strategic management and ongoing development of our portfolio. The objective is to proactively steer Evonik's product portfolio towards improved sustainability performance and to identify strengths and weaknesses of Evonik businesses. The Sustainability Analysis is a key component to assess our businesses and selected innovations.

¹³ <https://corporate.evonik.com/en/company/environment>

¹⁴ <https://corporate.evonik.com/en/sustainability/sustainable-investment/sustainability-analysis-business>

¹⁵ World Business Council for Sustainable Development: Portfolio Sustainability Assessment <https://www.wbcSD.org/contentwbc/download/17003/240096/1>

The framework of the Sustainability Analysis is based on the following steps:

- Definition of targets, scope and process
- Definition of PARCs: a holistic sustainability analysis of all Evonik's chemicals products and solutions throughout their entire life cycle is performed at the level of PARCs (product- application-region combinations; a PARC comprises a product or group of products used for a defined application in a specific region).
- Evaluation of markets signals: The core elements of our analysis are the market signals, which are used to examine each PARC. Market signals include chemical exposure along the life cycle, anticipated regulatory trends, sustainability ambitions of stakeholders, and comparative environmental and social performance.¹⁶

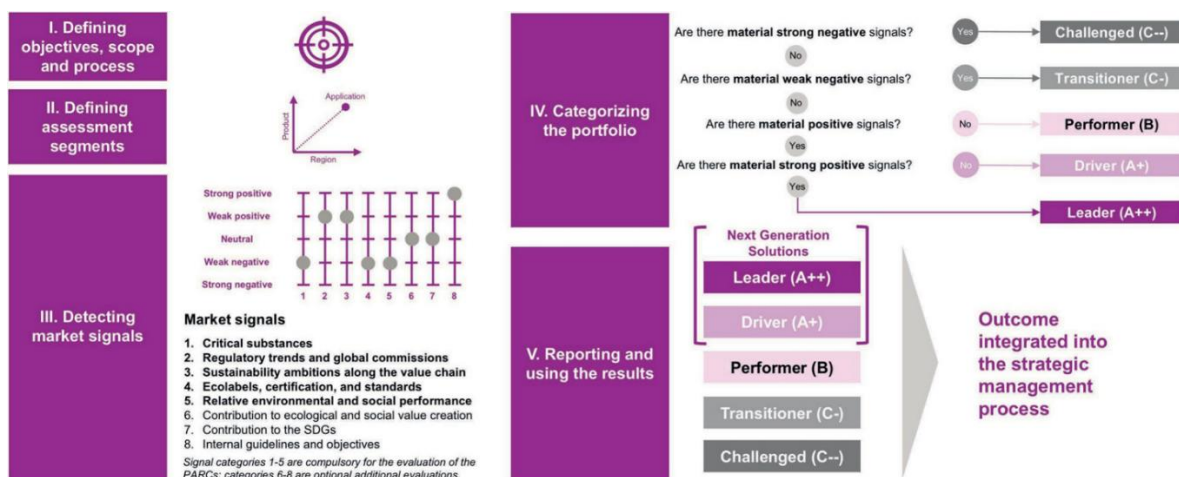
Categorization of the portfolio: the assessment results in the categorization into performance categories Leader (A++), Driver (A+), Performer (B), Transitioner (C-), or Challenged (C--).

The Next Generation Solutions are composed of Leader (A++) and Driver (A+) PARCs

- A++ indicates PARCs that have a leader position in the categories described above in the considered value chain and in comparison to available alternatives on the market. They do not show any material negative signals. Moreover, material strong positive signals have been identified in one or more signal categories.
- A+ indicates PARCs that are at an advanced stage in meeting the standards for sustainable business and in comparison to available alternatives on the market. PARCs in the A+ category meet almost all the requirements. They do not show any material negative signals. Unlike those in the A++ category, however, only material weak positive signals were identified for one or more signal categories.
- In order to qualify as an Eligible Green Project the **Next Generation Solutions** have to demonstrate a material strong positive or weak positive signal for at least one environmental category.

Through the Sustainability Analysis Evonik checks that minimum environmental and social safeguards are in place for each PARC, including those financed with the proceeds of the Green Finance Instruments.

¹⁶ See appendix for Evonik's environmental and social performance indicators



Life cycle assessments

In addition to our Sustainability Analysis, Evonik has a long-standing expertise in taking Life-Cycle considerations into account when assessing products or processes. Currently, Evonik has performed life cycle analyses for the majority of its **Next Generation Solutions** while we continue to increase coverage and certification with ISO 14040:2006 and 14044:2006 for environmental life cycle assessments.

2.3 Management of Proceeds

Evonik's Finance and Controlling functions will allocate an amount equivalent to the net proceeds of each Green Finance Instrument to a set of Eligible Green Projects (bond-by-bond approach) within 3 years of issuance of each instrument. Pending full allocation of an amount equal to the net proceeds of outstanding Green Finance Instruments, the proceeds will be held in temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Evonik's treasury management policies or used to repay portions of outstanding indebtedness.

If any Eligible Green Projects no longer comply with the eligibility criteria or for which the Green Finance Committee has otherwise determined should not be funded with Green Finance Instruments, Evonik will strive to re-allocate the proceeds to replacement Eligible Green Projects, as soon as possible.

2.4 Reporting

For each Green Finance Instrument, Evonik commits to publish an allocation and impact report annually, and until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date. The allocation and impact report will be available on Evonik's website.

Allocation reporting

Evonik provides information on the allocation of the net proceeds of its Green Finance Instruments. The information will contain at least the following details:

- a. Net proceeds of outstanding Green Finance Instruments
- b. Amount of net proceeds allocated to Eligible Project Categories as defined in the Use of Proceeds section of this Framework
- c. The proportional allocation of proceeds between existing projects (refinancing) and new projects
- d. The remaining balance of unallocated proceeds, if any.

Impact reporting

Evonik will provide impact reporting at the level of each Eligible Project Category which may include the following estimated Impact Reporting Metrics:

GBP/GLP Category	Eligibility Criteria
Eco-efficient products acting as low carbon transition enablers and sustainability enablers in various industries	<ul style="list-style-type: none"> • Amount or percentage of sales of Next Generation Solutions • CO₂ (or other greenhouse gas) emissions avoided/reduced (tons of CO₂e) through the use of Evonik's products • Other environmental and social benefits generated by Evonik's Next Generation Solutions, as appropriate, e.g. avoided resource use or avoided water use • Case studies of Next Generation Solutions and related RD&I projects
Energy Efficiency	<ul style="list-style-type: none"> • CO₂ (or other greenhouse gas) emissions avoided/reduced (tons of CO₂e) through the use of Evonik's Next Generation Technologies • Annual energy savings (MWh)
Renewable Energy	<ul style="list-style-type: none"> • CO₂ (or other greenhouse gas) emissions avoided/reduced (tons of CO₂e)

2.5 External Reviews

Evonik's Green Finance Framework is supported by the following external reviews:

Second Party Opinion ("SPO")

Evonik has retained ISS ESG to provide a Second Party opinion on Evonik's Green Finance Framework, to confirm alignment with the ICMA 2021 Green Bond Principles including 2022 Appendix 1 and the LMA 2023 Green Loan Principles. The Second Party Opinion is available at <https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/>.

Post issuance external verification on reporting

Evonik will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of the Green Finance Instrument proceeds to Eligible Green Projects, provided by an external auditor.

Appendix

Environmental and social performance indicators – sustainability criteria along the value chain used to examine each PARC.

Environmental Indicators	Social Indicators (based on WBCSD Social Life Cycle Metrics for Chemical Products)
<ul style="list-style-type: none"> • Greenhouse gas emissions • Energy consumption • Water: Water consumption and water scarcity • Waste • Photochemical ozone formation • Air acidification • Resource & abiotic depletion • Freshwater and marine eutrophication • Human toxicity and ecotoxicity • Dust & particulate matter • Land use • Species richness • Ozone depletion • Renewable electricity • Circular economy • (incl. recyclability, biodegradability, etc.) 	<ul style="list-style-type: none"> • Basic rights and needs: Workers <ul style="list-style-type: none"> ○ Fair wages ○ Appropriate working hours ○ Freedom of association, collective bargaining and labour relations ○ No child labour ○ No forced labour ○ No discrimination ○ Social/employer security and benefits • Basic rights for and needs: Local communities <ul style="list-style-type: none"> ○ Access to basic needs for human rights and dignity (healthcare, clean water & sanitation, healthy food, shelter) ○ Respect for indigenous rights • Basic rights and needs: Consumers <ul style="list-style-type: none"> ○ Direct impact on basic needs (healthcare, clean water, healthy food, shelter, education) • Employment of local communities • Health & safety: Workers <ul style="list-style-type: none"> ○ Safety management system for workers ○ Management of workers individual health • Health & safety: Consumers <ul style="list-style-type: none"> ○ Impact on consumer health and safety • Health & safety: Local communities <ul style="list-style-type: none"> ○ Health and safety of local communities living conditions

-
- Well-being: Local communities
 - Access to basic needs for sustainable development (infrastructure, ICT, modern energy)
 - Nuisance reduction
 - Developing relationship with local communities
-

Disclaimer

This Green Finance Framework (“Framework”) is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Evonik Industries AG and its group companies (“Evonik”) and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Evonik as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are forward-looking statements.

None of the future projections, expectations, estimates or prospects in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the Framework. The information and opinions contained in this Framework are provided as at the date of this document and are subject to change without notice. Evonik does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

It should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or an equivalently labelled project or as to what precise attributes are required for a particular project to be considered “green” or falling under such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Prospective investors in a Green Finance Instrument should determine for themselves the relevance of such information for the purpose of any investment in such Green Finance Instrument together with any other investigation such investors deem necessary. In particular, no assurance is given by Evonik that the use of the proceeds of such Green Finance Instrument will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws, investment policy or other governing rules or investment portfolio mandates.

This Framework is not intended to be and should not be construed as providing legal or financial advice. Furthermore, this Framework does not constitute a recommendation regarding any Green Finance Instruments of Evonik. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any Green Finance Instruments issued by Evonik. In particular, neither this Framework nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations.

This Framework is provided for information purposes only and does not constitute, or form part of, any offer or invitation to purchase, underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to purchase, underwrite, subscribe for or otherwise acquire or dispose of, any debt instruments or other securities of Evonik and is not intended to provide the basis any other third-party evaluation of securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus, prospectus supplement, an accompanying prospectus, a loan contract or other appropriate documentation. Any decision to purchase or subscribe for any Green Finance Instruments pursuant to such offer or invitation should be made solely on the basis of the before mentioned documents and not on the basis of this Framework. The distribution of this Framework and of the information it contains may be subject to legal restrictions in some countries. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them. The information in this Framework has not been independently verified. The addressee is solely liable for any use of the information contained herein and Evonik shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this Framework by the addressee.

EVONIK INDUSTRIES AG
Rellinghauser Str. 1–11
45128 Essen
Germany
www.evonik.com