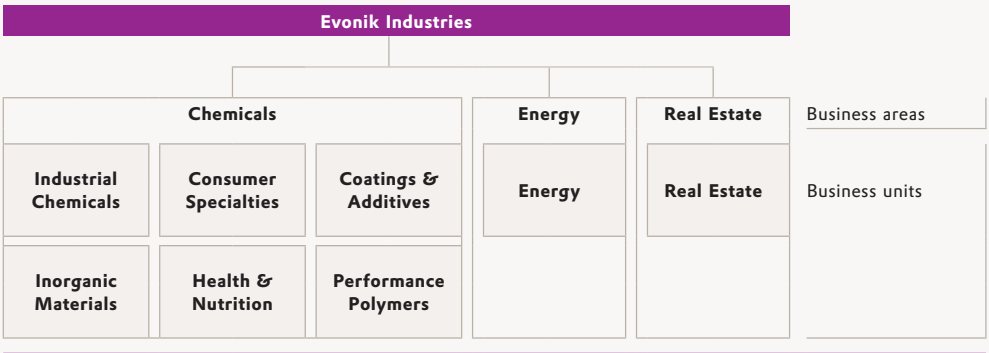
Landmarks

Reports on corporate responsibility at Evonik.

EVONIK INDUSTRIES

Business and responsibility

A clear structure



In December 2009 Evonik Industries decided to concentrate its future activities on specialty chemicals, an area where it already ranks among the world leaders. The Energy and Real Estate Business Areas will operate as largely independent entities.

Evonik's Business Areas

Chemicals

The Chemicals Business Area comes up with answers to major economic megatrends and thus secures access to the high-growth markets of the future. We see especial opportunities for long-term growth in the areas of resource efficiency, health and nutrition, and the globalization of technologies.

Energy

The core competencies of the Energy Business Area are planning, financing, building and operating highly efficient fossil-fuel power stations in Germany and abroad. In Germany we are positioned at the forefront of tomorrow's market for renewable energies with activities in the areas of mine gas, biomass and geothermal energy.

Real Estate

The Real Estate Business Area focuses on letting to private households. It manages a portfolio of around 60,000 company-owned residential units concentrated in the federal state of North Rhine-Westphalia in Germany and also has a 50 percent stake in THS GmbH, which owns more than 70,000 residential units.

Corporate Responsibility

We put corporate responsibility into practice by:

- responding to internal and external stakeholders' expectations of how we should contribute to the sustainable development of society
- developing answers to tomorrow's challenges and to megatrends of relevance for sustainability
- and in this way support the attainment of our corporate objectives

EVONIK INDUSTRIES

ESH figures

	Unit	2006	2007	2008	**2009**
Chemicals Business Area					
Production	in million metric tons	10.31	10.81	10.65	9.13
Hazardous production waste	in metric tons	214,691	201,769	189,461	140,525
Non-hazardous production waste	in metric tons	223,080	227,323	206,589	160,492
CO_2 emissions	in million metric tons CO_2 equivalents	8.89	9.06	8.80	7.61
Sulfur oxides (SO_x as SO_2)[1]	in metric tons	34,492	35,791	35,029	27,335
Nitrogen oxides (NO_x as NO_2)[1]	in metric tons	12,126	12,527	11,639	9,449
Water consumption	in million m^3	413	406	395	337
Energy inputs (net)	in terajoules	60,461	61,021	58,701	53,449
Accident frequency[2]		[3]	1.8	1.7	1.2
Energy Business Area					
Energy supply by business line					
Power	in Gigawatt hours[4]	42,881	47,554	39,492	35,720
Renewable Energies (heat)	in Gigawatt hours thermal energy	[3]	1,856	2,038	2,115
Renewable Energies (electricity)	in Gigawatt hours electricity	[3]	1,783	1,883	1,592
Coal	in million metric tons raw coal	41.2	39.2	35.7	27.2
Power plant residues	in thousand metric tons	2,652	3,004	2,528	1,989
CO_2 emissions [5]	in million metric tons CO_2 equivalents	32.55	37.50	31.50	26.72
Sulfur dioxide (SO_2)[6]	in metric tons	34,940	36,672	31,326	29,700
Nitrogen oxides (NO_x)[6]	in metric tons	30,820	36,800	30,423	28,300
Water consumption (cooling water)	in million m^3	2,580	2,930	2,790	2,484
Accident frequency[2]		[3]	8.9	7.7	6.6
Real Estate Area					
Accident frequency[2]		[3]	12.7	2.3	2.4

[1] Definition based on the European Pollutant Release and Transfer Register (PRTR).
[2] Number of accidents at work per million hours worked by Evonik employees.
[3] No data available.
[4] Energy sales comprise both electric and thermal energy (Power Business Line, excluding electricity purchased); thermal energy has been converted into the equivalent amount of electric power.
[5] From power plants for which the Energy Business Area is responsible and which are subject to EU emissions trading rules, and from foreign power plants.
[6] Definition based on the German Emissions Control Act.

HR and social data

Employees by region[1]	2006	2007	2008	**2009**
Europe	**34,493**	**32,473**	**30,796**	**28,974**
Germany	29,853	28,428	27,114	25,447
Western Europe (excl. Germany)	3,601	3,133	2,661	2,627
Eastern Europe	1,039	912	1,021	900
Americas	**5,212**	**4,453**	**4,189**	**3,935**
North America	4,743	3,988	3,723	3,471
Central and South America	469	465	466	464
Asia	**5,937**	**5,852**	**5,542**	**5,534**
Rest of world	**788**	**279**	**240**	**238**
Total	**46,430**	**43,057**	**40,767**	**38,681**

[1] As of December 31, 2009.

Economic figures

in € million	2006	2007	2008	**2009**
Sales	14,125	14,444	15,873	13,076
EBITDA[1]	2,157	2,236	2,165	2,025
EBIT[2]	1,179	1,363	1,298	1,194
Net income	1,046	876	281	240
Cash flow from operating activities	1,142	1,215	388	2,092
Total assets as of December 31	20,953	19,800	20,115	18,907

[1] EBITDA = earnings before interest, taxes, depreciation, amortization, write-downs and non-operating result.
[2] EBIT = earnings before interest, taxes and non-operating result.

NOTE

Corporate responsibility is an endless and stimulating journey for Evonik. This report invites you to visit some of the landmarks that demonstrate our corporate responsibility. It showcases both the achievements and new paths we are taking to drive forward our contribution to sustainable development in the future.

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Members of the Executive Board of Evonik Industries AG (from left):
Ralf Blauth, Chief Human Resources Officer
Dr. Klaus Engel, Chairman of the Executive Board
Dr. Wolfgang Colberg, Chief Financial Officer

Dear reader,

Corporate responsibility—known as CR for short—is an integral part of Evonik's philosophy. Our aim is to be a responsible, fair and reliable partner. We strive for excellence in CR, which we see as making a significant contribution to the future viability of the Evonik Group. Our ambitious plans for the coming years are to create value, grow responsibly and make Evonik more attractive for the capital markets. To achieve that, we need the confidence of our owners and future investors, customers, employees and, last but not least, society. That's why we stepped up our commitment to CR in 2009 and will be continuing to drive it forward in 2010. As members of the Executive Board, we bear joint responsibility for CR. In summer 2009 Evonik joined the United Nations Global Compact, which entailed giving an undertaking to support its ten principles and anchor them as a guide to our daily business activities.

Evonik is making good progress. Last year we achieved important milestones and overcame the challenges posed by what remains a difficult global economic situation. Thanks to the commitment and cost discipline achieved through the combined efforts of the management, employees and representatives of the workforce, we managed to cut costs and safeguard our earnings last year. Strong figures for the first quarter of 2010 show that we are moving in the right direction. One systematic focus of our attention is our ambitious target of cutting costs by €500 million a year from 2012. That is giving Evonik a leaner and more flexible profile, which we intend to utilize for the strategic development of the Group. By concentrating on specialty chemicals and at the same time opening up new opportunities for growth in our Energy and Real Estate Business Areas, which will basically operate as independent entities from now on, we are paving the way for secure jobs in the future.

We have an obligation to our owners to create value. That enables RAG-Stiftung to meet its public duty to cover the perpetual costs resulting from the future closure of German mines and thus reduce the burden on taxpayers. To help us make optimum use of Evonik's opportunities for growth, our new strategy is aligning our business portfolio to our strengths and to the three major global megatrends: resource efficiency, health and nutrition, and globalization of technologies.

The underlying markets offer long-term growth prospects for the Evonik Group. Moreover, our technologies make a significant contribution to climate protection and reducing pressure on resources, as well as opening up new employment opportunities. For example, our stationary power storage solutions are driving forward the use of renewable energies. Further expansion of our feed additives business is our contribution to meeting rising global demand for adequate and, above all, high-quality food. And we have a presence in new economic hubs such as the fast-growing Shanghai (China) region where we have opened a new integrated production facility for polymers, starting products for polymers and coating systems.

Our attractive, future-oriented products bring enormous benefits for our customers. We cooperate closely with them to develop custom-tailored solutions. Considering ways of utilizing energy and raw materials efficiently is integrated into the development process. Our customer relations are based on durability, trust and reliability. To ensure we can continue to offer our customers innovative products in the future, we held our research and development spending constant in 2009 and made all key investments. We regard that as the vital basis for profitable growth and lasting value creation.

Our CR strategy, which was adopted two years ago, supports our corporate strategy by integrating responsible conduct even more closely into our business. In fall 2009 we commenced work on building a CR organization and initiated CR projects for the supply chain and vocational training. We expect suppliers at all stages in the supply chain worldwide to share our understanding of CR. Similarly, we aim to instill a passion for CR in young people as the earliest possible stage. That's why we are integrating it more explicitly into our vocational training courses. Another target for this year is to draft a concept for systematically measuring and controlling our CR performance. Moreover, we are currently developing a climate strategy which will enable us to identify the business opportunities offered by climate change and its impact on our business so we can integrate these aspects into our decisions. We expect the introduction of long-term CR issues management to inject impetus for the future and encourage a dialogue with our stakeholders that fosters trust and ultimately benefits all sides.

We invite you to follow our progress. This CR report highlights stepping stones in the development of corporate responsibility at Evonik. Facts, figures and examples of our business activities provide an insight into what we have already achieved.

Yours,

Dr. Klaus Engel
(Chairman of the Executive Board)

Ralf Blauth
(Chief Human Resources Officer)

Dr. Wolfgang Colberg
(Chief Financial Officer)

SUCCESS STORIES

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“We’re talking about sustained growth for a future that offers quality of life.”

Dr. Klaus Engel, Chairman of the Executive Board of Evonik Industries AG

Evonik explicitly affirms its commitment to responsible conduct geared to sustainability. Surely that is a matter of course?

Engel: If everyone in the financial community and the corporate sector had acted responsibly, the worst crisis since the 1930s would not have happened.

Could you explain what you mean?

Engel: In the past, important decisions in the corporate sector and the financial world were driven by short-term profit maximization. Economically, that was unsustainable and at times brought the global economy to the brink of disaster. Besides, it completely ignored the interests of many stakeholder groups, for example, as a result of speculation with food and commodities.

In a few years, the global economy will have overcome the effects of the crisis. Does that mean everything will revert to how it was before the crisis?

Blauth: I doubt it. On the one hand, politicians are drafting regulations to prevent a repetition of some of the worst manifestations. Besides, people have become far more sensitive about corporate credibility and the future role of companies in society. That applies first and foremost to the financial sector, but decisions taken by industry are also scrutinized far more critically than in the past.

Can you give some examples?

Engel: There has been a general reduction in acceptance of large-scale industrial projects such as the construction of new power plants. I consider that to be a dangerous development because the future of Germany and other industrialized countries does not lie solely in the service sector. Trends in countries like the UK have made that clear. Industry and the jobs it offers are a central pillar of the economy. This is an area where we want to engage in far more intensive dialogue with our stakeholders. The links between industry, employment and prosperity need to be made clear. Trust and credibility are important for that.

Blauth: The success of projects is becoming more and more dependent on acceptance by the local community. Companies need a better understanding of people’s fears and should provide

open and transparent information. As an industrial corporation, we also need to step up our dialogue with young people. We need to instill a basic understanding of industry into the rising generation as early as possible and interest young people in technical and industrial jobs. In Germany, Evonik offers vocational training to more young people than it needs for its operations. The number of trainees is well above the sector average because we regard this as part of our corporate responsibility. And because by training young people we safeguard the future of our company.

"Evonik is moving forward with the electrification of the automobile and the development of stationary electrical storage systems."

Ralf Blauth, Chief Human Resources Officer of Evonik Industries AG

Is safeguarding the future of the company a matter of financial funding?

Blauth: To some extent. During the economic crisis we did not reduce the high level of spending on research and development and training at Evonik. As a creative industrial group, that is essential to defend and strengthen our technological leadership. It is also essential to enable us to maintain and create high-quality jobs.

Engel: Ultimately, our investment in vocational training and R&D has to pay off. In the long run, we can only compete successfully if our products are better than those marketed by our competitors and if they offer benefits to our customers and enjoy broad acceptance by society. We are on the right track. Nevertheless, we need to improve our Group-wide performance still further to permanently increase our growth momentum.

Is sustained growth in all areas feasible?

Engel: Evonik aims to grow responsibly. We are interested in sustainable growth that offers a future with a high quality of life. We therefore weigh up our decisions carefully and keep a firm focus on future generations. By a future with a high quality of life we mean supporting emerging markets and developing countries so they are able to drive forward economic development yet minimize the negative impact on people and the environment. We have the ideas and expertise to offer solutions for the major challenges of the next few years. ▸▸▸

Can you give some examples?

Engel: Evonik is aligned to three of the most significant economic and social megatrends: resource efficiency, health and nutrition, and globalization of technologies. Our competence in energy is one example. We know that coal will be the main source of power worldwide for a very long time. We are able to build and operate advanced power plants worldwide that emit less CO_2 than comparable facilities. Our expertise with lithium-ion technology is another example. Here we have an opportunity to revolutionize battery technology. Evonik is a driving force in the development of electric cars and stationary power storage technology. In future, such technologies will help stabilize fluctuations in power grids and reduce the need for conventional power plants to regulate supply. In this way, they are also making a contribution to stepping up the use of alternative energies such as solar power and wind energy. Experts estimate the long-term market volume for modern power storage systems to be over 10 billion €.

"Business success and sustainable development are mutually compatible, indeed, will be essential in the future."

Blauth: At the same time, we are creating viable new jobs for the future in Germany. Battery technology used to be one of Germany's strengths. In the past couple of decades we lost that edge completely to Asia. Now we are clawing some of it back. Around one thousand skilled jobs could be created in Kamenz near Dresden in the coming years. That is a good example of how Evonik's future-oriented projects contribute to sustainable development and enable us to assume responsibility for our employees, the environment and society.

You mention the environment. Economic and ecological interests are often considered to be mutually exclusive …

Engel: Profitable business operations and sustainable development can be achieved simultaneously and that will be a crucial factor in the future. In fact, they are often mutually dependent. Technical progress has led to breath taking developments in recent decades. In the 1960s, a blue sky over Germany's industrial heartland was unthinkable. With today's technologies we can reduce pressure on resources yet make money on the international market.

How extensively does Evonik focus on such issues?

Engel: We pay a great deal of attention to resource efficiency and CO_2. After all, we do not simply operate power plants that generate electricity and heat. We also use large quantities of energy in our chemical plants and own and manage more than 60,000 residential units. In all of our business activities we aim to utilize resources as efficiently as possible. In order to ensure an all-round approach, we are currently drawing up a climate strategy.

Blauth: Our Eco^2 Science-to-Business Center is systematically investigating the ecological impact of our products and processes. By applying a uniform valuation method—known as a Life Cycle Assessment—we aim to clarify our ecological footprint.

Engel: The results of such life cycle analyses are both surprising and encouraging. Take the amino acid methionine, for example. Thanks to this protein building block, hens digest their feed far more efficiently. For every metric ton of CO_2 resulting from the production process for this product, 23 metric tons are saved over its life cycle. Global demand for poultry is rising steadily. As the world market leader in methionine we operate in a growth market and simultaneously make a positive contribution to climate protection.

Lighthouse projects and products are only one aspect. To what extent is sustainability put into practice by every individual in the Evonik Group?

Blauth: Every employee in the Evonik Group is required to act responsibly—regardless of whether they are employed in Hanau, Shanghai or São Paulo. Our employees play a central role in global implementation of CR. We will only achieve our objectives if we succeed in raising the awareness and motivation of every single employee and turning them into advocates of CR. That is one reason why our human resources, environmental protection and procurement activities worldwide are based on uniform principles. Moreover, in the future we aim to introduce CR to employees at a very early stage, i.e. in vocational (and ongoing) training. We want to make our trainees aware that responsible conduct creates value for them, the company and society.

"Corporate responsibility is a supporting pillar that stands solidly in our corporate culture."

Engel: The best way of achieving that is through role models who set a good example in our facilities. Managers and employee representatives need to work together to achieve that. Dialogue is the key to progress. And looking beyond the company, intensive dialogue with a wide range of stakeholder groups can be extremely productive. Our close relationship with our customers is one example. In R&D we integrate them into the process of generating new ideas. After all, we can develop customer-oriented solutions faster and more precisely if we understand our customers' problems and requirements.

Where will Evonik stand on sustainability and responsibility in five years?

Engel: Corporate responsibility is a central management task at Evonik. That includes responsibility towards our employees, the environment and society. We systematically take CR into account in our decisions and expect all our employees to do the same.

Blauth: CR is a central element of our corporate culture. It defines our employees and gives us the capability to remain successful in the future. ◂◂◂

An quan di yi (安全第一) means safety first

Gridlock on the A4 highway. The chaotic traffic on the bridge over the Huang Pu river often jams for no apparent reason—even though we are heading out of the city. Our destination is Evonik's Multi User Site China (MUSC) about 40 kilometers south of Shanghai.

Here, on the edge of Hangzhou Bay, is Evonik's MATCH complex. MATCH stands for Methacrylates to China and this integrated production facility is the latest step in the company's strategic drive in Asia. Completed in record time, this is a busy world-scale chemicals production site built on what used to be a marshy polder area. When we arrive, it is just like being at any of Evonik's other sites—for example, in Germany, Belgium or the United States. We are greeted by a security check. Have you got an appointment? Please show us identification. Are you familiar with our safety regulations? Same procedure as everywhere.

Evonik has had a presence in China for about 80 years. Initially in Shanghai, the economic hub that formed a bridgehead to the rest of the country. The company's business links with China go back to the 1930s when it was involved in a range of trading activities. When the country began to emerge as a global economic power in the late 20th century, Evonik stepped up its presence there. The MATCH integrated production complex, the biggest facility at MUSC and the second biggest single investment of Evonik's Chemicals Business Area is the culmination of this strategy. MATCH has a capacity of 100,000 metric tons a year and produces a wide range of methacrylate-based starting products for key Chinese industries.

A milestone was achieved shortly before our visit: the first routine maintenance shutdown. That is no easy task at such a complex facility. Some 3,000 separate steps had to be carried out, including draining all substances, emptying every pipe and checking every space for residues prior to cleaning and restarting the facility. "More than 500 people—employees and externals—were involved, sometimes working in parallel, sometimes one above the other, without a single accident," reports production manager Dr. Wilfried Schmidt, not without pride. He knows that this excellent track record is a result of thorough preparation. "We started planning the shutdown before parts of the facility had started operating." Evonik's safety philosophy also played a part according to site manager Dr. Jinqiu Chen: "A meeting was held for all employees at seven o'clock every morning. A pep talk and safety reminders marked the start of every day during the project." And that paid off: no accidents were recorded and the overhaul was completed on schedule.

A bridge between Evonik's standards and local requirements.

"Being close to the market—following growth" is Evonik's motto. The decision to build an integrated production facility for methacrylates back in 2007 was therefore a logical step. The challenge was to bridge the gap between local requirements, and upholding Evonik's standards. The safety precautions at the facility make it quite clear that Evonik has succeeded in ensuring that its in-house standards are met. Everything is practiced dozens—if necessary hundreds—of times: from wearing personal protective equipment such as helmets and goggles to routine procedures and repairs. Every step is carefully defined and set out in checklists. And the safety standards are paying off: ▸▸▸

▸▸▸ Construction of this massive facility was completed without a single reportable accident. About 7.5 million accident-free working hours, without a single day's work lost. Even in Germany that is not always the case.

This success is partly due to a clever system of incentives for accident-free working practices that emphasize the importance of responsibility. An accident-free track record in all plants simultaneously is needed to score 150 bonus points. Moreover, that includes contractors working on site. The result is that everyone keeps an eye on the safety of others and employees ensure that external contractors do not work without protective goggles and gloves and that procedures are followed exactly. Safety is taken seriously by everyone.

Keep on striving to do more and do it better is the motto for employees' day-to-day work.

Even so, Evonik's track record in China is not entirely unblemished. In 2009 two staff employed by a contractor died when a wastewater storage tank exploded in Dalian. That was reason enough to pay even more attention to observing safety precautions. The morning meeting held for plant managers in Shanghai shows that the "safety first" principle enshrined in Evonik's strict Environment, Health & Safety philosophy really is taken seriously. Safety news is the first item on the agenda at every meeting. Almost everyone present today is Chinese. The plant was initially co-supervised by experts from Evonik in Germany but handover to the 160-member team of Chinese operatives has now started.

No cost or effort was spared in preparing the new teams for their jobs. That included training at other plants in China, Japan and, above all, Germany. Prior to start-up of the new complex, managers and key specialists divided their time between China and Germany to gain an insight into the various different sites and processes. Some had previously worked for Evonik in Germany. Chen is one example. He studied German in Shanghai, then chemistry in Germany before working in research at Evonik's sites in Marl, Germany. The members of the team therefore combine familiarity with Chinese customs with an awareness of Evonik's standards. As well as understanding the Shanghai dialect, they have a clear understanding of German regulations and international employment and plant safety standards.

In China, as in other countries, regulations and official thresholds are becoming more and more important. For instance, the government is determined to get air pollution under control. Last year it passed strict laws on environmental protection, and Chinese regulations on exhaust gas emissions from industrial facilities are now among the toughest in the world. The same goes for occupational safety, where China no longer wishes to lag behind other countries. Some of the laws on such matters have been in force for a long time. The state is becoming increasingly tough with the perpetrators of environmental damage and publicly condemns irresponsible employers. Pan Yue, China's deputy environment minister: "We no longer seem to be able to get our environmental problems under control by using conventional administrative methods and regulatory tools. In the past, I was proud to describe China as the world's workbench. Today I'm concerned to prevent it becoming the world's refuse tip."

Evonik is currently conducting a China-wide survey to find out how firmly statutory requirements, threshold limits and standards are anchored in its processes and in employees' minds. Fourteen audits are being conducted to check compliance with EHS regulations at all Evonik facilities in China. MATCH will be audited in July 2010. Does the facility meet all official requirements? Does it apply Evonik's standards? Are the processes fine or could they be optimized further? These are just some of the questions that experienced personnel from Evonik's sites around the world will be examining over

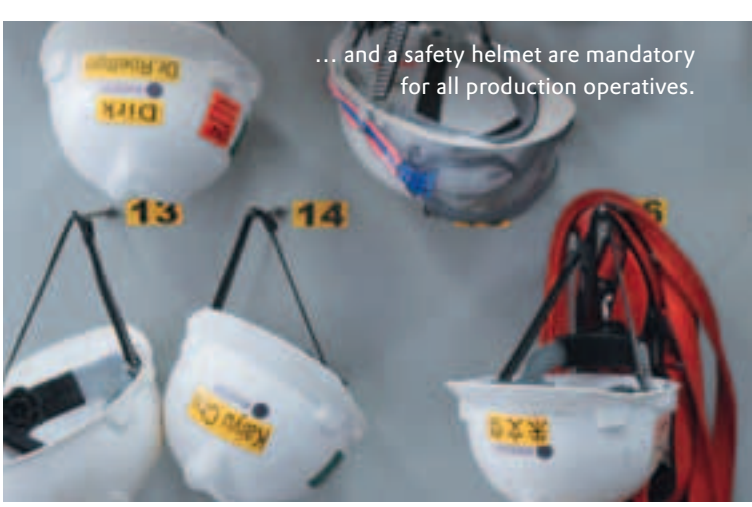
a period of several days. Chen is relaxed. After all, he often receives visits from officials. For example, the week after our visit controllers from Beijing were expected at the site to check on the implementation of ESH standards.

Evonik received three awards as a model employer in 2009 alone.

The first plants in the MATCH complex started operating in late 2008 and the last came on-stream in November 2009. However, the operatives have been part of the MATCH family for far longer. In conjunction with Shanghai Petrochemical Academy, Evonik ran a three-year technical training course for production operatives, including practical work experience at other Evonik facilities in China. Opting to take this training course was a key decision in the life of these young people. For many, it was the first time they had left their home town. Moreover, the concept of personal responsibility was completely new to many of them. These days, they appreciate the fact that they are called on to think for themselves, not simply following their supervisors' instructions. Many of them see it as an opportunity. For example Yanfei Sun, whom we meet in the laboratory at the PMMA plant where she monitors product quality. "It's an opportunity for development," she explains.

Back in Shanghai, we drive to Xinzhuang Industrial Park, where Evonik has its Chinese headquarters. Here we meet the company's regional president Dr. Dahai Yu. In 2009 he accepted three awards honoring Evonik Industries as a model employer. The company also has a good reputation when it comes to corporate responsibility. "We are perceived as making an important contribution to many significant economic and social forums in the region," says Yu. "There is no doubt that the competition has become tougher. Our task is to survive in this market and at the same time to live up to Evonik's standards." ◂◂◂

Personal protective clothing, goggles …



… and a safety helmet are mandatory for all production operatives.

What are we going to eat tomorrow?

"Feed the World" was the central message of the Band Aid project that brought together international pop stars in November 1984 to help famine victims in Ethiopia. Today, more than a quarter of a century later, that demand has still not been met. And given the steadily rising global population, it is doubtful whether it ever will be. Besides, providing enough food is only one aspect of the problem. Quality and sustainability are also important.

We are in Antwerp, in a massive chemical complex on the banks of the river Scheldt. This is one of Evonik's most important chemicals sites and home to the world's largest methionine production facility. Every year several hundred thousand tons of bulk-produced amino acids for feed additives are shipped from this facility to destinations around the world. "Most of it goes to Europe, Latin America and Asia," explains plant manager Tom de Bruycker, "because demand for poultry is rising rapidly in these regions." That is borne out by figures published by the United Nations Food and Agriculture Organization (FAO). In China alone, demand is set to rise 42 percent by 2016. Overall, the FAO expects meat consumption to rise from 37.4 kilograms per person per year in 2000 to more than 52 kilograms by 2050.

That trend raises a number of questions. For example, about whether meat is an essential food. And about how to increase output, which in turn triggers a debate about intensive farming, overfertilization of the soil and the damaging climate effects of livestock farming. These fundamental questions are so wide-ranging that they are almost impossible to answer. Yet it is clear that rising demand for food cannot be met through traditional methods of arable and livestock farming. The final declaration issued after the World Food Summit in Rome in summer 2002 contains an appeal from the FAO and other international research institutes "to advance agricultural research and research into new technologies, including biotechnology."

750,000 metric tons p.a. methionine free up 15 million hectares of arable land.

Let's return to Antwerp, and to Tom de Bruycker, manager of the methionine production plant. Industrial production of methionine could offer a solution to at least some of the problems. Tom de Bruycker explains why: ▸▸▸

▸▸▸ "The methionine produced here is not simply another product," he says, glancing out of his office window at the massive production facility. "It is an amino acid, an essential building block for proteins. And Evonik is the only company in the world that produces and markets the four most important amino acids for modern animal nutrition."

Most amino acids are produced by the body, but others have to be absorbed through food to prevent deficiencies. Although products used as animal feeds such as wheat, corn, soybeans and so on contain these essential ingredients, they have one major drawback: they contain differing amounts of the various amino acids. That means plant-based feeds are not efficient on their own. Especially if we apply Julius von Liebig's "law of the minimum," which states that the benefit of proteins in animal feeds is restricted by the scarcest resource. In other words, if one amino acid is only present in small quantities, larger amounts of other amino acids will not be digested effectively. However, selective additives can enhance digestion of all ingredients and thus act as a substitute for natural feedstuffs.

We want to find out more, so we have come to Wolfgang Industrial Park in Hanau—another site where Evonik has a major presence—to talk to Dr. Thomas Kaufmann, Senior Vice President Marketing in the Health & Nutrition Business Unit. He explains that this theory has been confirmed by life cycle assessments (LCAs). LCAs are a sort of extended carbon footprint: they analyze emissions of CO_2 and other harmful greenhouse gases over the entire life cycle of a product. A comparison between the amino acid additives in animal feeds and the same amount of essential protein building blocks obtained from natural substances (soybean or rapeseed

Methionine, a key additive for poultry feed, is mainly shipped to Asia. Demand for poultry is expected to rise by 42 percent in China alone by 2016.

Methionine from Evonik's Antwerp facility makes an important contribution to improving global nutrition.

meal) produces surprising results. "As you can see," says Kaufmann pointing to a table in a presentation on his laptop, "one kilogram of methionine and two kilograms of Biolys® can replace 54 kilograms of fishmeal and 34 kilograms of soybean meal." And that is not all: studies have shown that effective feed additives like methionine greatly reduce demand for the base products used in animal feeds. As a result, the 750,000 metric tons of methionine produced around the world every year save around 15 million hectares of arable land every year.

That's all well and good, but what about the emissions caused by feeding livestock? Although high-quality feeds reduce the impact on the soil, it nevertheless remains significant. According to the FAO, livestock farming is responsible for around 18 percent of greenhouse gas emissions caused by humans. That's why many climate protection campaigners would like to see a drastic reduction in livestock farming. However, their demands are at odds with the steadily rising demand for meat. Amino acids from Evonik offer one solution. In Hanau, we meet up with Dr. Michael Binder, Senior Manager Regulatory Affairs for the Methionine and Bioproducts Business Lines, who shows us more LCAs to illustrate the benefits of this approach. "These show that producing methionine is far more environment- and climate-friendly than feeding the same amount of natural methionine to animals." Every metric ton of CO_2 released in the synthesis of methionine saves a total of 23 metric tons over the complete product life cycle. In other words, emissions are reduced by a factor of 23. Looking at the problem of eutrophication of soil as a result of overfertilization, the corresponding factors are 26 for ammonia (NH_3) and 7 for nitrate (NO_3). "And that is a proven fact, not just wishful thinking," explains Binder in his office in Hanau. He is referring to data from ifeu, the Institute for Energy and Environmental Research, and McKinsey.

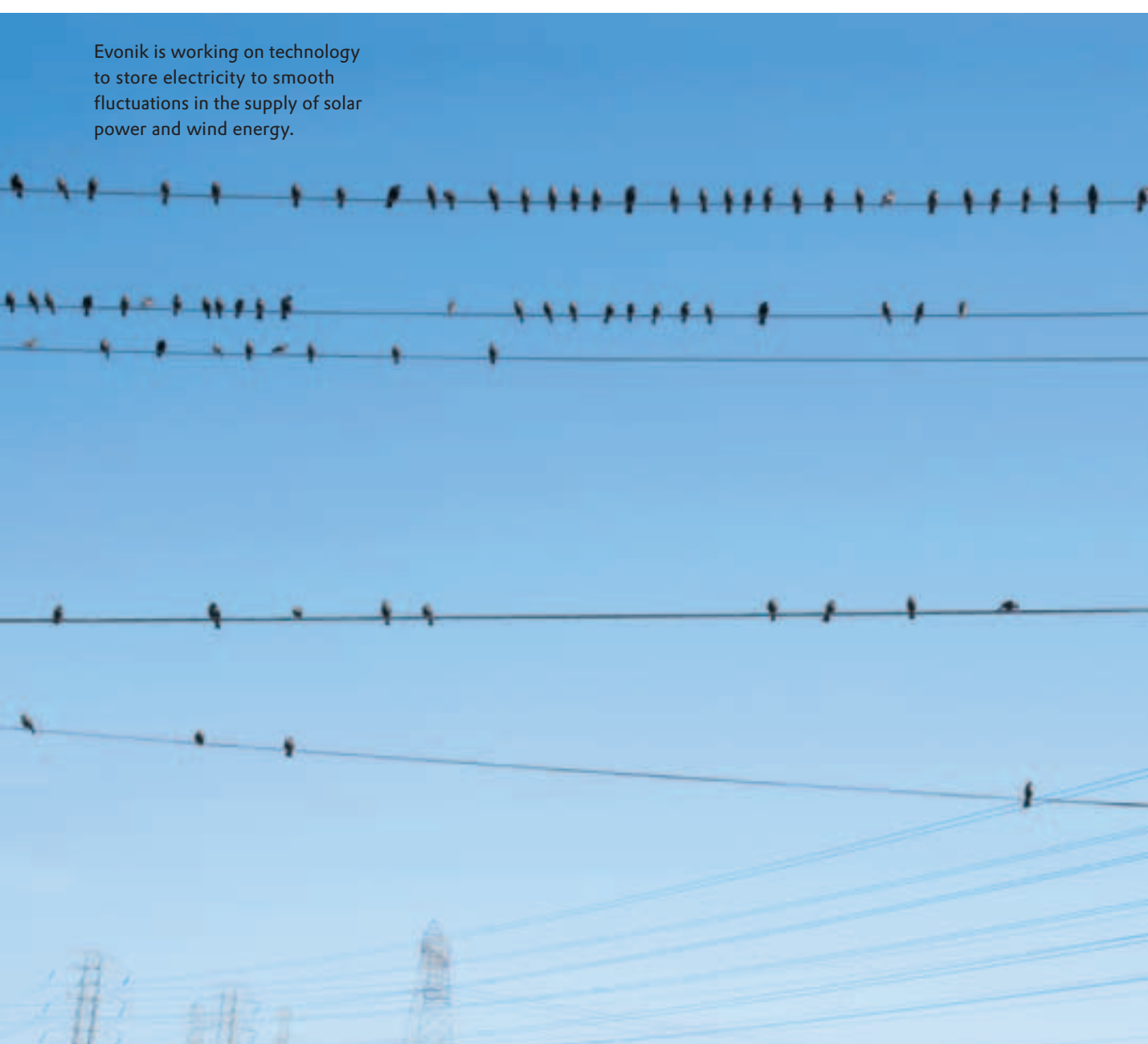
> Eliminating hunger means increasing the ability of poor people to produce food for their own consumption.

"So, are Evonik's amino acids really a patent recipe that makes animal nutrition more efficient and more environment-friendly?" asks the visitor to the Antwerp facility while the product is automatically filled into large drums. Doubtless not. After all, the quantity and quality of meat products are not the only factors affecting nutrition and food production. The problem is far more complex. The World Development Report published by the World Bank in 2003 states: "Eliminating hunger tomorrow requires the same solution as eliminating hunger today—raising the productivity and incomes of poor people. […] For the more than 70 percent of the world's poor people who live in the countryside, this means increasing their ability to produce food to consume and food to sell in markets."

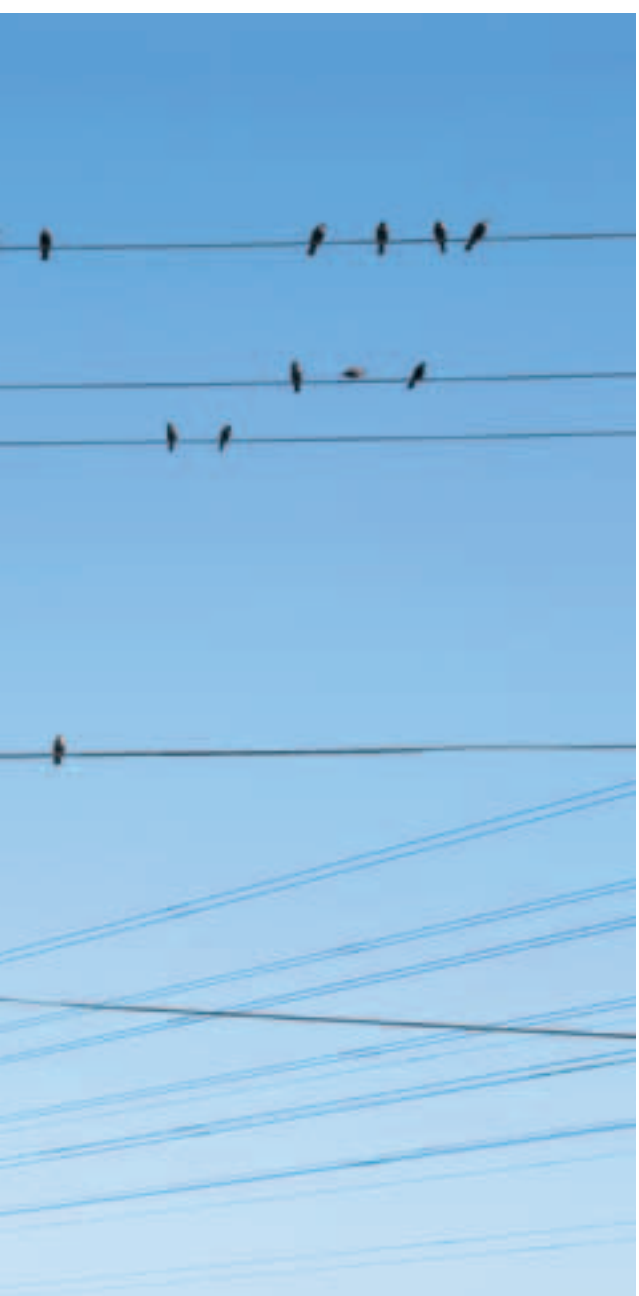
Ultimately a whole range of different measures is needed to ensure an adequate and reliable supply of high-quality food for the world population. As we leave Evonik's site in Antwerp, it is clear to us that one of these is industrial production of amino acids. Especially methionine, which is so important for poultry. This is because poultry is cheaper and least resource-intensive to produce than other types of meat, and because demand for poultry products is rising extremely fast, especially in Asia. That's why Evonik is expanding its methionine production capacity—to 430,000 metric tons a year by 2013. That will create value for Evonik and make a contribution to the health and nutrition megatrend. After all, nowhere is it written that there is an inherent conflict between ecological and economic benefits. ◂◂◂

Mission Possible

The LESSY project—LESSY stands for lithium electricity storage system—is testing the first large-scale lithium ceramic storage device. In the future, such storage systems will improve the ability to regulate power from renewable energy sources and thus reduce the load on conventional and pumped storage power plants.



Evonik is working on technology to store electricity to smooth fluctuations in the supply of solar power and wind energy.



Employees at the Marl Chemical Park are used to looking ahead to the future. At the site, scientists at the Eco² Science-to-Business Center, run by Evonik's strategic research and development unit Creavis Technologies & Innovation, are working on technologies for tomorrow's world.

"Energy storage technology is the basic precondition for increased use of renewable energies," explains Carsten Kolligs, who is in charge of the LESSY project at the Eco² Science-to-Business Center (Eco² S2B Center). The German Ministry for Education and Research (BMBF) is funding the project as part of the Lithium-Ion Battery (LIB) 2015 initiative. LESSY technology, if applied on a large scale, could help stabilize grid fluctuations, which are caused by a mismatch between supply and demand. The quality of our power supply depends on maintaining a balance between the two and is ensured by special power plants that constantly regulate supply. If this arrangement should fail, power would be disrupted, or a blackout might

Energy storage technology is the basic precondition for increased use of renewable energies.

even occur. Power produced from renewable resources is particularly challenging in this respect, as it greatly increases the need for such balancing technology. Systems like LESSY can help by storing power when supply exceeds demand and discharging it when the situation reverses. Moreover, lithium-ion storage technology allows particularly fast and efficient stabilization of current and frequency in the grid.

Like other towns, Völklingen in western Germany is used to moving with the times. ▸▸▸

▸▸▸ The former steelworks, now a UNESCO World Heritage Site, has been converted into a venue for cultural events and also houses studios where movies are made. In 1982, the Völklingen power plant was held up as a prime example of advanced power plant engineering. Eight gas motors, driven by mine gas, were installed at the heating generator in 2002 and 2003, and six more have since been added.

Evonik is poised to test tomorrow's technology at Fenne power plant.

It is here, at the Fenne power plant operated by Evonik, that the LESSY project is building a prototype storage device with an output of approximately 1 megawatt (MW) and storage capacity of around 700 kilowatt hours (kWh). The test phase is scheduled to start in January 2011. If the device was charged and discharged every quarter of an hour, the energy supplied would meet the needs of 4,000 households a year. Assuming the test phase is a success, the power generated by the Fenne plant for use as primary regulation energy could be cut by 1 MW. Exactly how much is reduced depends on whether the stored energy can be used in full and on ensuring that the device is not required to supply energy for more than 15 minutes at a time. The LESSY storage device is about the size of a standard ocean-going freight container. It comprises 12 strands of 14 blocks, with 28 cells each. In other words, the system will have a total of 4,700 battery cells.

A change of scene: 715 kilometers east of Fenne is the German town of Kamenz, where bilingual road signs point to the presence of a significant Sorb minority. German poet Gotthold Ephraim Lessing was born here 281 years ago. But it is not literature that attracts journalists and reporters from all over the world to this small town, with its ornate neo-Renaissance town hall. They are more interested in technology, sustainability, and tomorrow's world. Their destination is Li-Tec, a joint venture of Evonik and Daimler, located on the northern edge of the town. This company produces high-performance lithium-ion battery cells that will form the heart of tomorrow's electric automobiles.

This is the technology that will help power fully electric vehicles in the future. "That's E-Volution," write the journalists when they get back to their desks. These batteries will be used in serial production of an electric version of the

The LESSY technology was developed here, in the Eco² S2B Center in Marl (Germany).

Daimler Smart as early as 2012. The German government would like to see a million electric cars on the country's roads by 2020. If that goal is achieved, it will be thanks to an ultra-thin ceramic membrane, the separator that Evonik's R&D staff at Li-Tec build into the battery cells.

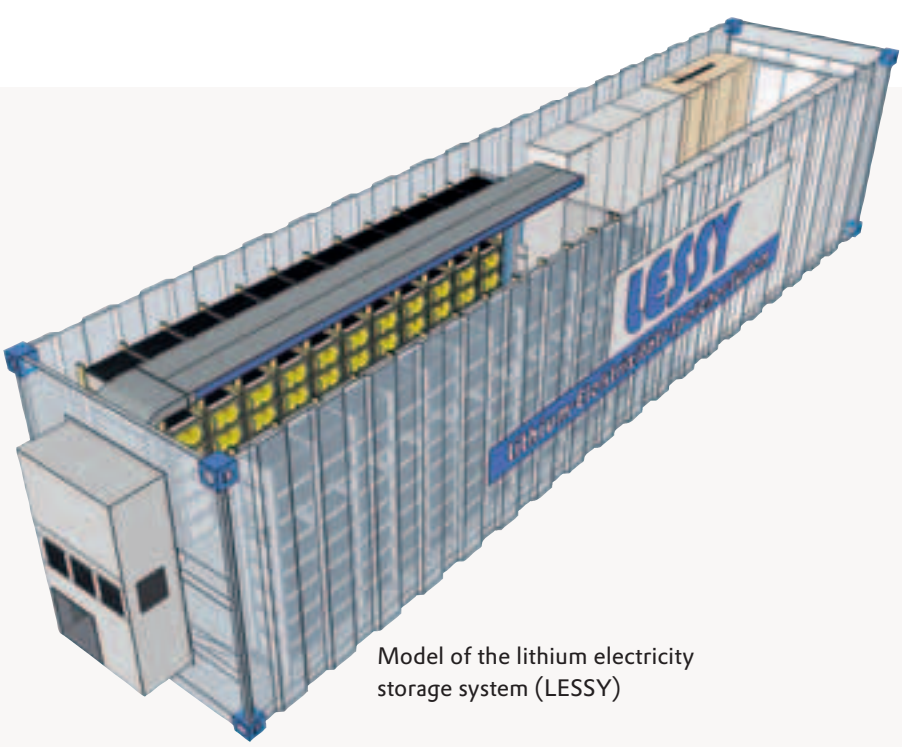
And now let's join up the two stories. The LESSY power storage system contains the same lithium-ion cells that were developed in Marl for use in electric vehicles. To be honest: Evonik's developers did not reinvent the battery; they simply optimized a key component. They developed a ceramic separator, which is placed between the anode and cathode to prevent the batteries overheating. It also reduces their dimensions and increases their life cycle. Originally developed specifically for electric vehicles, CERIO® technology—a special combination of ceramic materials and high-molecular ion conductors—is now being used in "the world's biggest lithium ceramic battery."

The energy sector needs to invest enormous sums in power storage facilities. "Investment running into double-digit billions of euros will be necessary by 2020," says Stephan Kohler, head of the German Energy Agency (dena), to the German business newspaper Handelsblatt.

"In the past, there was simply no demand for large-scale storage," explains Prof. Dr. Dirk Uwe Sauer of RWTH University in Aachen (Germany). "The size and stability of the grid, plus the integration of power supply in Germany and Europe, meant that relatively few pumped power storage plants were sufficient." The politically motivated decision to withdraw from nuclear power in Germany, the definition of climate protection targets and planned increase in the proportion of renewables in the energy mix will bring changes. Deregulation and the further integration of the European electricity market will also have an impact. Highly flexible storage technologies and the expansion of the shift from power grids to smart grids will therefore become more important.

The energy sector needs to invest enormous sums in power storage facilities.

The modular nature of lithium-ion storage technology and its flexibility are major advantages, compared to competing technologies. The type of storage device required by a private household, a cooperative mill, ▸▸▸



Model of the lithium electricity storage system (LESSY)

▸▸▸ or a group of farmers generating power from biomass differs greatly from that needed by a large offshore wind farm in the North Sea. In automobiles, the aim is to ensure that the battery discharges as slowly as possible. Large-scale LESSY storage containers for the power grid have to meet stabilized energy needs. The transmission code stipulates that 15 minutes of primary regulation energy must be available within 30 seconds. "Lithium-ceramic technology is particularly suitable for such applications," explains Carsten Kolligs.

"I'm not aware of any other technology that stores significant amounts of power and is more efficient," reports Prof. Dr. Martin Winter of the University of Münster. He believes that lithium-ion batteries have an excellent chance of establishing themselves in the competition between old and new storage technologies. His argument goes as follows: "Ninety-five percent of the power fed into a battery can be recovered for use. By contrast, if the power is converted into hydrogen and then used in a fuel cell, the yield is only 25 percent." In addition to hydrogen technology, where low efficiency is compounded by safety and logistics issues, there are also a number of other battery technologies competing for a position as the storage technology of the future. Stephan Kohler of dena regards pumped power storage plants as the most flexible, efficient, and cost-effective storage solution in the near future. Although there are plans to build new pumped power storage plants in Germany, the scope for expansion is limited. "Other technologies such as compressed air, electrochemical storage technology (batteries), and chemical storage (hydrogen) will therefore be needed as well," says Kohler.

"I am not aware of any other technology that stores significant amounts of power and is more efficient."

Prof. Dr. Martin Winter, University of Münster

Researchers in Marl see LESSY as the ideal complement for tomorrow's power supply network, with highly efficient conventional power stations forming the backbone of the generating system. Stored primary regulation energy from renewable resources will not compete with the supply of power in the mid-load range, which is serviced by thermal or coal-fired power plants, as Prof. Dr. Sauer explains: "Running conventional power plants simply to supply primary regulation energy is not economical; storage devices therefore increase efficiency."

In a few months, the LESSY container, which is just 12 meters long, will be connected to the Fenne power plant with its massive cooling towers and turbine houses, not to mention its batteries and racks, and, in the rear area, the cutting-edge electrical system and the fire extinguishing system. But the container has what it takes to do big things and is paving the way for smart grids. ◂◂◂

Sunlight is not always available. Advanced storage technologies make the supply of solar power more reliable.

CR STRATEGY

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CR Strategy

CR strategy and implementation

Challenges

Scarce resources and climate change, population growth and demographic change, globalization and social justice are issues that pose an enormous challenge for society, politicians and the corporate sector. The more far-reaching and enduring their effects, the greater their impact on public awareness. As social trends, they thus exert enormous pressure for change. At the same time, contemporary megatrends offer opportunities and open up potential. In order to utilize these opportunities, key members of society need to accept their responsibility, build trust and demonstrate their commitment to future trends.

Evonik accepts its responsibility, seeks dialogue with its stakeholders and aims to be a fair and reliable partner. We see considerable opportunities for our business in the economic megatrends resource efficiency, health and nutrition, and globalization of technologies. We have the expertise to offer pioneering products and solutions in these areas and to make a contribution to the sustainable development of society.

In the midst of the economic and financial crisis we sharpened our strategic focus, paving the way for profitable growth and sustained value creation. In future we will be concentrating on specialty chemicals, an area in which we already rank among the world leaders.

The aim is to enable our energy business to fully exploit its considerable growth potential in collaboration with one or more partners, while remaining part of the Evonik Group. At the same time, we plan to amalgamate our real estate activities with those of THS GmbH in a new legal entity, and subsequently open up new perspectives for this business on the capital market.

Stakeholders' expectations set the pace

Our strategic focus on specialty chemicals is supported by our CR strategy. It takes up the relevant economic megatrends and ecological and social challenges and thus supports the development of new business. To enhance understanding of the global challenges and the risks and opportunities they offer for Evonik, we aim to step up our dialogue with stakeholders and find out how they expect us to contribute to sustainable development.

Our most important stakeholders are our customers, employees, owners, suppliers, labor unions, investors and the legislators. Equally important are the people who live close to our sites, local communities, non-governmental organizations (NGOs), and scientists. Their claims and expectations vary greatly depending on their individual interests.

Evonik already promotes dialogue, for example with customers and scientists through our research and development (R&D) organization, through networks such as econsense, and with critical groups in the debate about nanotechnology. We are currently preparing to engage in systematic stakeholder dialogue.

See "CR issues management and materiality analysis" on page 25

Dialogue with customers and scientists

Cooperating with customers, universities and scientific institutions is vital for Evonik's goal of developing solutions for the future. In our Science-to-Business Centers (S2B Centers), scientists from a variety of disciplines, customers and suppliers work together on projects ranging from basic research and product development to pilot production. Another important example of our systematic networking is our forum "Evonik Meets Science", which is organized regularly in Europe, Asia and North America. This platform brings together in-house experts and leading research scientists to discuss topical research issues.

For more information on R&D see from page 40

Contributing to public debate

Together with econsense and other companies, since September 2007 Evonik has played a central role in the Demographic Change Laboratory set up by the European Union's CSR Alliance, which seeks to develop responses to demographic change. The results include the Demographic Risk Map Internet portal. Based on this, a Demographic Risk Atlas was published in October 2009. This contains more detailed demographic and local data on various European regions.

For more information visit www.demographic-risk-map.eu

We are committed to making the opportunities of nanotechnology transparent to the general public. For Evonik, the economic benefits are not the only factor; responsible handling of this technology is also important. For example, representatives of the Evonik Group play a part in the German government's Nano Dialogue, where experts from industry, science, authorities and industry associations discuss the opportunities and potential risks of nanotechnology. The German government's Nano Commission has agreed on five fundamental principles for responsible handling of this technology. These include recommendations on risk management and responsibility within the supply chain. We act in accordance with these principles, which form an integral part of our nanotechnology guidelines.

For more information visit www.evonik.com/nanotechnology

Main areas of action and CR issues

We have defined three dimensions for our CR strategy: the business, employees and processes. Based on this, we derived main areas of action in 2008. These show how we aim to systematically apply our corporate responsibility in conjunction with our employees, for the good of the business.

Download our CR strategy at www.evonik.com/responsibility

The business

CR issues management: We identify and respond to social challenges as they emerge.
Dialogue with stakeholders: We explore possible solutions jointly with our stakeholders.
Projects: We initiate Group-wide projects and pursue innovative ideas.

Employees

Responsible treatment of employees: We treat our employees responsibly throughout the world and our human resources work in all countries in which we operate is based on uniform principles.
Motivation and involvement: We actively involve our employees as key agents of our corporate responsibility, raise their awareness, motivate them and turn them into our advocates.

Processes

CR performance: In all areas of corporate responsibility we constantly strive to optimize our processes to achieve the best results.
Sharing experience: We foster the sharing of information and experience between our sites and companies in the interests of a broadly based improvement in our CR performance.

CR work in 2009

In summer 2008 we adopted a CR strategy which makes corporate responsibility a central element of our business. In 2009 our CR work was placed on a more systematic basis. Logical steps were joining the United Nations Global Compact and issuing a Global Social Policy. Our Group-wide Corporate Responsibility Management Policy, which took effect in summer 2009, paved the way for the establishment of a CR organization for the Evonik Group.

Building our CR organization

The Executive Board has overall responsibility for CR, while organizational responsibility is delegated to the Chief Human Resources Officer. The highest body in our CR organization is the CR Steering Committee. This comprises the heads of the Corporate Center divisions, the CR Officers named by the boards of management of the business areas and Shared Services, and a representative of the Combined Works Council. The Steering Committee meets several times a year and is chaired by the head of Corporate Human Resources. It is responsible for ongoing development of the CR strategy and for drafting recommendations on implementing the CR strategy and CR program.

The CR Coordination Committee provides input for the Steering Committee, for example, by suggesting new CR projects. It also monitors ongoing CR projects and establishes working groups to implement projects. Alongside representatives of the Corporate Center divisions, the Coordination Committee includes the CR Partners from the business units, Shared Services, Innovation Management and the Europe, Asia and North America regions. The CR Partners represent the views of the business units in the ongoing development and implementation of the CR strategy. They are the direct contacts for CR issues in the business units and ensure that CR is widely accepted in the company.

CR organization

CR report

In fall 2009 we published our first full Corporate Responsibility Report. This report on 2008 marked the start of regular annual reporting. Selected aspects of the present report on 2009 have been reviewed by the financial auditors PricewaterhouseCoopers PwC. We aim to subject the full report on 2010 to a limited assurance engagement by PwC.

See "About this report" from page 78

CR program

At the end of 2009 the CR Steering Committee adopted the major points of the future CR program and approved it in May 2010. The CR program aims to place our CR activities on an even more systematic basis. The main projects are:

- CR management
- CR issues management and a materiality analysis
- CR in vocational training
- Responsibility along the supply chain
- Defining a climate strategy

See also „CR program 2010" on page 28

CR management

We want to measure the success of our CR work. By fall 2010 we will therefore define a stepwise procedure for this. Key elements are the use of existing goals and indicators wherever possible, compatibility with systems that have already been introduced for value-driven management of the Evonik Group, and making sure that the demands of the business areas are taken into account. The long-term objective is to make CR measurable so that our CR performance can be integrated into our system of agreeing performance objectives with our employees.

CR issues management and materiality analysis

In early 2010 we began to design a materiality analysis aligned to Evonik's needs. This will form the basis for CR issues management in the future. The aim is to identify issues that are of interest to Evonik and its stakeholders or could become relevant in the future. By ensuring a timely response to emerging social challenges and using them to generate ideas for the future, we develop new business and at the same time make a contribution to sustainable development.

As the first step, we have identified issues of relevance for Evonik: climate change, utilization of resources, biodiversity, access to water, human rights, diversity and equality of opportunity, population growth, demographic change, poverty, health and urbanization. The next step is to evaluate the significance of these issues for our business units and—by the end of 2010—compare this with the specific expectations of our main stakeholder groups.

CR in vocational training

A central aim of our CR strategy is to integrate CR into vocational and ongoing training. We want to make our trainees aware that responsible conduct creates value for them and the company. The best way of doing this is by ensuring that our managers set a good example.

During their vocational training young people start to establish networks in the Group and with their colleagues. This period thus lays the foundations for the way in which employees and managers communicate and collaborate in the future, and the yardsticks for their actions and decisions.

Together with the heads of our vocational and ongoing training centers in the Rhine-Main region and Essen, we introduced "CR in vocational training" as a pilot project in 2009. The aim was to develop and test methods and content that could be used to raise awareness of sustainability and CR.

As our starting point, we systematically identified and analyzed aspects of vocational training that touch on aspects of CR. We found that while environmental protection, occupational safety and compliance have long been firmly established as part of the training program, in most cases there is no clear link between them and CR. The pilot project is therefore revising existing CR-related teaching materials to ensure that in future CR forms a clear thread linking the various training modules.

Training staff from both regions developed initial concepts for this at a joint workshop in March 2010. Their ideas are currently being tested on young people on administrative and technical training courses in all business units. The goal is to develop viable modules to integrate CR into vocational training throughout Germany from summer 2010.

Responsibility along the supply chain

Taking working conditions and social and environmental standards into account in procurement is becoming an increasingly significant aspect of responsible corporate management. Our business units are receiving increasing requests from customers for information on how they handle these issues.

In 2009, Evonik introduced the project on "Responsibility Along the Supply Chain". It was adopted by the CR Steering Committee in December 2009 and forms part of the CR program for 2010. All business areas and Shared Services are integrated into this project.

The Chemicals and Energy Business Areas source most of their raw materials from international corporations with trustworthy management systems. In the Real Estate Business Area procurement focuses on mid-sized German suppliers. In view of our procurement structure, we assume that potential CR risks are confined to a comparatively small volume of procurement in regions where the risks are higher.

To place our established procurement processes and systems on a common basis, Evonik will, probably in as early as the first half of 2010, adopt a Group-wide Procurement Policy, which sets out the demands made on our suppliers in respect of responsible conduct. We are committed to responsible and fair conduct towards our employees, customers, suppliers and the public, and we expect our suppliers to share these principles. That includes complying with recognized minimum standards as set out in the UN Global Compact and the standards issued by the International Labour Organization.

Among other aspects, our Procurement Policy states that when selecting suppliers Evonik focuses on compliance with these principles and monitors their implementation for critical products and services. It also states: "If vendors do not satisfy these requirements, Evonik expects them to work continuously towards rectifying any deficiencies that have been identified as a requirement for commencement or continuation of business relationships."

The requirements set out in our Procurement Policy will be defined in more detail and integrated into established procurement processes. The basic principles are:

1. A risk-based approach aligned to the requirements of the business areas.
2. Use of Evonik's Code of Conduct, Global Social Policy and Environment, Safety and Health Values as a guide for suppliers.
3. Developing supplier management by using a self-assessment tool to identify risks of relevance to CR.

Defining a climate strategy

Evonik is working on a climate strategy. The Chemicals Business Area strives to achieve a sustained improvement in its carbon footprint while utilizing the associated business potential. A key focus is comparing CO_2 emissions with the indirect reduction in such emissions. In other words, emissions generated during production are set against the emissions reductions made by customers as a result of using our products and technologies. Working groups are examining the necessary framework, integration into management processes, and defining targets and indicators to measure and evaluate Evonik's climate strategy.

The Energy Business Area regards greenhouse gases as a key challenge. When considering sustainable energy supply, we look at environmental protection in conjunction with reliability of supply and cost efficiency. For the Energy Business Area, climate protection means using fuel inputs highly efficiently,forge ahead with the use of renewable energies and thus limiting greenhouse gas emissions.

A major objective in the Real Estate Business Area is to optimize the energy efficiency of its residential property through modernization or demolition and replacement by buildings with low-energy requirements. The aim is to raise the long-term-attractiveness of its residential real estate by bringing it into line with modern regulatory standards and making increased use of renewable energies such as solar power and geothermal energy

CR program 2010

Main areas of action	Objectives/action	Deadline	Status 2009
CR management			
Establish and strengthen CR coordination	Hold a joint workshop to define the role of CR Partners in the business units and regions	2010	Corporate Responsibility Management Policy adopted CR Steering Committee and CR Coordination Committee established CR Partners named for the business units and regions
	Develop an Evonik-specific performance management model for CR (started in 2010)	2012	
Dimension: The business			
CR issues management as an early warning system	Develop a concept to analyze the main areas of action in all three business areas	2010	Project on demographic change in collaboration with econsense completed (Demographic Risk Map and Demographic Risk Atlas)
Systematic dialogue with stakeholders	Develop an approach for systematic, targeted stakeholder communication	2010	
	Establish a forum as a basis for a systematic dialogue with stakeholders (postponed from 2010 to 2011)	2011	
Projects	Integrate the CR perspective into R&D	Ongoing	Continuous development, evaluation and implementation of R&D projects
Dimension: Employees			
Responsible treatment of employees	Introduce uniform global principles	2010	Global Social Policy adopted
	Extend reporting processes and add further CR indicators	2010	Second survey "Responsibility for Employees and Society"
	Coaching program during parental leave ("Evonik Family and Career Program")	2010	Group-wide regulation on combining work with family life adopted "berufundfamilie" certificate awarded for the whole Group
Motivation and involvement in CR	Nationwide rollout of "CR in vocational training" in Germany	2011	Pilot project "CR in vocational training" launched at two sites
	Integrate CR into ongoing training	2012	
	Include CR in performance objectives agreed with managers and employees	2015	
Dimension: Processes			
Continuous improvement in CR performance in relevant areas of action	Achieve long-term environmental targets in the Chemicals Business Area	2014	Reduction in specific energy-related greenhouse gas emissions, specific energy consumption and specific production waste within the target range
	Achieve long-term occupational safety targets in the Chemicals, Energy and Real Estate Business Areas	2014	Chemicals: target for 2014 already achieved, aiming for low-level consolidation Energy/Real Estate: reduction in accident frequency within target range
	Develop and implement a climate strategy	2011	Estimate Evonik's carbon footprint
	Implement REACH Register approx. 180 substances by year-end 2010 and approx. 1,000 by year-end 2018	2010/ 2018	17 substances registered (more registrations followed shortly before this report went to press)
	Compliance training for the Code of Conduct and for preventing corruption, online courses on combatting corruption	Ongoing	Online anti-corruption training program launched
	Integrate CR aspects into supplier management	2010	Preparation for the project and decision by the Steering Committee
Sharing experience on CR	Regular Group-wide exchange of experience	Ongoing	Annual global meeting of ESH managers
	Extend corporate intranet presentation on CR and incorporate discussion function	2010	

Values and management systems

Evonik accepts responsibility—for its business, its employees, society and the environment. Our corporate values—"sparing no effort," "courage to innovate" and "responsible action"—provide a general guide for employees in their daily work and decisions. Employees make a key contribution to the success of the company through their core competencies: creativity, specialization, self-renewal and reliability.

In the field of corporate responsibility, we have given undertakings to respect external principles and guidelines and introduced our own extensive body of rules with appropriate management systems.

Principles, policies and guidelines

At the heart of our responsible conduct are the ten principles set out in the United Nations Global Compact, which Evonik joined in summer 2009. We are committed to doing everything we can within our area of influence to promote workers' and human rights, prevent discrimination, protect people and the environment and combat corruption. Moreover, wherever possible within our corporate framework, Evonik will not tolerate conduct that infringes the Guidelines for Multinational Enterprises issued by the Organisation for Economic Co-operation and Development. These are recommendations issued by the governments of the OECD member states and other countries to multinational companies on responsible corporate conduct.

For more information visit www.unglobalcompact.org

Evonik is a signatory to the chemical industry's Responsible Care Global Charter. This involves an undertaking to steadily improve our performance in the fields of health protection, safety, environmental protection and product stewardship.

Companies that strive for market success need reliable and responsible corporate governance. We have therefore issued our own rules on such matters. The main elements are our Code of Conduct, Global Social Policy and Environment, Safety and Health (ESH) Values.

Download our Code of Conduct, Global Social Policy and ESH Values at www.evonik.com/responsibility

Code of Conduct

Our binding Group-wide Code of Conduct sets out Evonik's main corporate principles and standards and provides a guide to fundamental ethical and legal obligations. The Code of Conduct clearly specifies that every employee is required to observe all laws and regulations. That includes a ban on all forms of corruption, a requirement to treat business partners fairly and equally, and rules on dealing with conflicts of interest. Compliance with the Code of Conduct is monitored and action is taken in the event of infringement. In regions where statutory requirements exceed those of the Code of Conduct, these are implemented through regional supplements to the Code of Conduct.

Global Social Policy

This provides a framework for effective and trustful collaboration in which performance is recognized and rights are respected. We undertake to observe basic principles, based primarily on the United Nations Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the core standards of the International Labour Organization. Their content is integrated into our personnel development programs, and observance and implementation is regularly checked. Evonik expects its suppliers to respect the principles set out in the Global Social Policy and their own corporate policy.

ESH Values

Our Environment, Safety and Health (ESH) Values set out our commitments in these areas and provide a binding framework for corporate ESH. Together with more detailed guidelines and procedures, they form a binding set of regulations. The ESH Values define protection of people and the environment, fair treatment of partners and a clear alignment to the needs of customers as fundamental elements of Evonik's activities. We observe laws and voluntary agreements and are working to improve our ESH performance and management systems.

Management tools and systems

From our Code of Conduct, Global Social Policy and ESH Values we derive further policies, together with the necessary management systems and tools. These help us live our responsibility and follow the related goals. To achieve this, we take suitable action and derive scope for improvement where relevant. That includes control and documentation of this process.

Corporate governance

Good corporate governance—in other words, responsible and targeted management and oversight—strengthens confidence in a company and enables it to create lasting value. Evonik's Executive Board and Supervisory Board base their conduct on the German Corporate Governance Code.

Acquisitions and divestments

We have defined clear procedures for preparing, analyzing and undertaking acquisitions. For example, an intensive examination of potential acquisition targets (due diligence) is undertaken before they are acquired. This involves a systematic analysis of all major opportunities and risks and an appropriate valuation. We weigh up strategic focus, management quality and development potential as well as financial, legal and environmental risks. In the process of selecting a new owner for divestments, finding a "good home" for the operations is considered to be as important as the financial conditions and ensuring that the transaction is soundly based. In other words, the operations should fit into the new owner's core business, thus opening up attractive opportunities for further development in order to offer job security for the employees affected by the transaction.

For more information see Evonik's annual report for 2009 from page 113

Compliance

Evonik attaches great importance to compliance. In view of this, we have established a global compliance structure, headed by the Chief Compliance Officer, who reports directly to the Chairman of the Executive Board but acts autonomously in the field of compliance. Since May 2009 the Compliance Officer has been a permanent observer at meetings of the Supervisory Board's Audit Committee. Compliance management at Evonik is based on our Code of Conduct. Infringements of this Code of Conduct can be reported through various channels—anonymously if required. Our employees have access to details of all compliance contacts in the Group at all times.

Export controls

Through its corporate guidelines on compliance with global trade regulations and the internal management system based on them, Evonik ensures that the applicable trade controls are observed. This ensures support for worldwide efforts to prevent the manufacture and proliferation of chemical, biological and nuclear weapons and delivery technologies for such weapons. Responsibility is held by the management of the Evonik Industries companies responsible for the transactions.

The internal trade compliance organization comprises a central department with Group-wide responsibility, a special IT system and a global network of around 80 Trade Compliance Officers, who are direct contact points in the operating units. Their role is to provide on-site support for employees and act as the extended arm of the central Trade Compliance department.

80
Trade Compliance Officers form a global in-house network

ESH management

Our ESH Values form the basis for policies and procedures which are used to manage ESH throughout the Evonik Group. The legal conformance of our ESH regulations, including our ESH Values, were validated by an external assessment in 2009. The business areas and business units are responsible for implementing the relevant regulations. Implementation is checked, for example, through regular audits at site and regional level. In addition, the ESH division in the Corporate Center conducts audits to monitor observance of the demands set out in the corporate regulations. Building on the findings of internal and external monitoring processes, site inspections, reviews and incident analysis, talks are held on the scope for improvement, and implementation of the agreed measures is monitored. In 2009, 35 audits were conducted. An annual management review gives the Executive Board an extensive picture of Evonik's ESH performance. Despite the good standard achieved, we identified further potential for improvement in 2009. This is systematically being implemented.

In the Chemicals Business Area, more than 95 percent of production is covered by environmental management systems that have been validated as conforming to ISO 14001. In 2009, the Energy Business Area continued its policy of having occupational health and safety validated externally by the responsible Employers' Liability Insurance Associations.

95%
of Evonik's chemicals production is validated as conforming to ISO 14001

Human resources management

As part of its Group-wide human resources strategy, in 2008 Evonik introduced an HR management system that defines indicators and goals for the entire Group. In addition, we have developed Plan@HR, a new method of strategic, site-specific human resources planning that takes account of the challenges of demographic change. As part of our efforts to help employees combine working with raising a family, Evonik went through an extensive audit by the Hertie Foundation, a non-profit organization that initially audited the Corporate Center in 2005, and was awarded the "berufundfamilie" certificate for its family-friendly policies in June 2009.

Data protection

The right to protection of individual privacy is a basic right enshrined in the German constitution. Data protection enjoys the highest priority at Evonik. That is essential to establish trust between our employees and business partners which is crucial for good collaboration on a day-to-day basis. Rules on data privacy, reliable processing of personal data and the related obligations to provide information are set out in a separate data protection policy. The Corporate Data Protection Officer is responsible for coordinating and supporting implementation of the relevant data protection provisions in all countries where Evonik operates. Our employees can learn about the provisions of the German Data Protection Act through fictitious case studies in an online training program.

CR PERFORMANCE

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CR Performance

Corporate governance and compliance

Good corporate governance is an integral part of our business processes. It helps enhance transparency for our stakeholders and firmly anchors responsible conduct in the company.

Evonik's Supervisory Board comprises 20 members. As set out in the German Codetermination Act, ten of these members are elected by employees, including three from the labor union. The Rules of Procedure of the Supervisory Board specify that all decisions are taken on the principle of a majority vote.

For more information see Evonik's annual report for 2009 from page 168

The Supervisory Board has set up four committees: a Conciliation Committee as required by law, an Executive Committee, a Finance and Investment Committee and an Audit Committee. The Supervisory Board meets regularly and is kept informed by the Executive Board about corporate policy, corporate planning and the Group's strategic focus. Its role is to oversee and advise the Executive Board. In December 2009, the Supervisory Board approved the strategic realignment of the Evonik Group. An Annual Shareholders' Meeting is held by the two owners—RAG-Stiftung and CVC Capital Partners—as Evonik is not a publicly listed company.

See also chapter "CR strategy and implementation" from page 22

Independence of the Supervisory Board and Executive Board

Members of the Supervisory Board may not have a seat on the Executive Board and vice versa. In a declaration submitted in conjunction with the annual financial statements, the Chairman of the Supervisory Board, all members of the Executive Board and senior executives declare that their independence is not affected by conflicts of interest.

New Executive Board members

At the start of 2009, the Executive Board of Evonik Industries AG comprised Dr. Klaus Engel, Chairman of the Executive Board, with Heinz-Joachim Wagner as Chief Financial Officer and Ulrich Weber as Chief Human Resources Officer. The planned change of the company's Chief Financial Officer took place on April 1, 2009: Dr. Wolfgang Colberg, previously a member of the Managing Board of BSH Bosch and Siemens Hausgeräte GmbH, Munich (Germany), succeeded Heinz-Joachim Wagner, who retired. Ulrich Weber left Evonik's Executive Board at his own request on June 30, 2009 to take up a position as Chief Human Resources Officer at Deutsche Bahn AG. His successor on Evonik's Executive Board is Ralf Blauth, who was a member of the Board of Management and Chief Human Resources Officer at Evonik Degussa GmbH until October 31, 2009.

Performance-oriented remuneration of senior management

Under the Rules of Procedure of the Supervisory Board, the Executive Committee is responsible for concluding employment contracts with the members of the Executive Board. This includes setting the total remuneration package for each member, comprising a fixed salary, profit participation, long-term performance-oriented components, reimbursement of expenses, insurance policies, commission payments and fringe benefits. The contracts with members of the Executive Board and all Group executives include remuneration elements based on personal performance and the overall performance of the Group.

For more information see Evonik's annual report for 2009 on page 161

Anti-corruption measures

Evonik strictly rejects all forms of corruption. In 2009 the Compliance & Corporate Governance and Corporate Audit divisions examined all areas of the Energy Business Area for indications of bribery. The investigation took the form of a special survey, backed up by random checks on business activities in the past five years. Although a few isolated incidences of corruption were detected, these had been stamped out by the time the investigation was held. In the previous year, the Compliance & Corporate Governance and Corporate Audit divisions conducted a similar investigation of the Chemicals Business Area.

Evonik advises employees to exercise restraint when giving and accepting gifts and hospitality and to examine each case to ensure it is not inappropriately high. To give them a sound basis for such judgments, a corporate policy is currently being prepared.

In November 2009, we issued a policy on concluding contracts with external agents in order to prevent corruption in dealings with agents. A core aspect of this policy is that it requires agents to sign an anti-corruption declaration. A checklist in the corporate intranet helps employees select reliable agents who have the necessary integrity.

Training in the Code of Conduct

Evonik uses a range of instruments to familiarize employees with the content of its Code of Conduct. We continued our Group-wide compliance training for employees in 2009 and further extended the programs offered in this field. Since April 2009, an interactive training program has been available in our corporate intranet. This comprises detailed information on correct conduct and enables users to apply their knowledge in simulated situations taken from daily working life. The program is now available in nine languages. So far, more than 10,000 employees have used this training program.

Trainees receive information on lawful conduct in special compliance training modules early in their training courses. Case studies and group discussions are used to present the content of the Code of Conduct to them. Almost all trainees who started their training in 2008 and most of those who joined in 2009 have now received compliance training. New employees are also given information on compliance and the regulations applicable at Evonik.

Another new module in our training offer introduced in 2009 is "Compliance Report." Short films provide an entertaining insight into compliance with the law and moral obligations. Evonik employees play a role in the films alongside professional actors. Evonik is the first company to present compliance issues to its employees in films in this way. The short films, which have already won an award, are available in the corporate intranet. They have proven so popular with employees that further episodes are to be made in 2010.

Anti-corruption training

The general training program on the Code of Conduct is supplemented by special anti-corruption training. Classroom-based training sessions are held worldwide to make employees aware of issues such as the boundaries to criminal corruption offenses when offering or accepting gifts and invitations. A special online training program on preventing corruption is to be introduced in summer 2010. As part of the review of the Energy Business Area in 2009, managers were given anti-corruption training.

The business

Business performance

The global economic crisis had a major impact on Evonik's business, especially in the first half of 2009. The significant reduction in demand from virtually all sectors of industry and systematic destocking by customers led to a dramatic drop in volumes. From the summer, demand picked up slightly from the low level at the start of the year. In these difficult market conditions, Evonik demonstrated its ability to act and took timely action to safeguard earnings and liquidity, as well as introducing extensive measures to cut costs.

In 2009 we made savings of €500 million, well in excess of our original goal of €300 million. On top of that, our objective is to achieve a sustained reduction in costs of around €500 million p.a. from 2012. All activities geared to strengthening our long-term competitiveness are bundled in the On Track efficiency enhancement program. In addition, in December 2009 we introduced a new corporate strategy to drive forward Evonik's growth-oriented development.

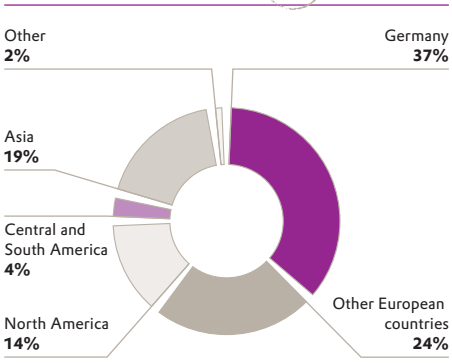
See "CR strategy and implementation" from page 22 and Evonik's annual report for 2009 from page 70

Evonik Group: key figures

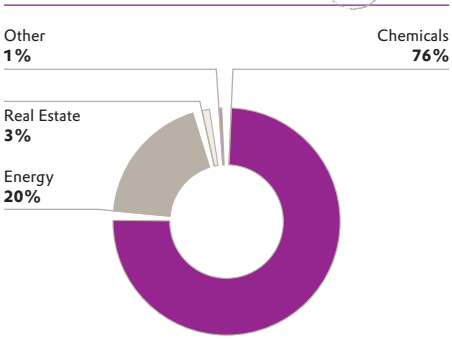
in € million	2006	2007	2008	2009
Sales	14,125	14,444	15,873	13,076
EBITDA[1)]	2,157	2,236	2,165	2,025
EBITDA margin in %	15.3	15.5	13.6	15.5
EBIT[2)]	1,179	1,363	1,298	1,194
ROCE[3)] in %	8.4	9.7	9.0	8.4
Net income	1,046	876	281	240
Total assets as of December 31	20,953	19,800	20,115	18,907
Equity ratio as of December 31 in %	20.6	25.7	25.6	27.6
Cash flow from operating activities	1,142	1,215	388	2,092
Capital expenditures[4)]	935	1,032	1,160	849
Depreciation and amortization[4)]	943	862	842	798
Net financial debt as of December 31	5,434	3,924	4,583	3,431
Employees as of December 31	46,430	43,057	40,767	38,681

Figures for 2008 restated; figures for 2007 and 2006 as reported.
[1)] EBITDA = earnings before interest, taxes, depreciation, amortization, write-downs and non-operating result.
[2)] EBIT = earnings before interest, taxes and non-operating result.
[3)] Return on capital employed.
[4)] Intangible assets, property, plant, equipment and investment property.

Sales by region[1)] 2009



Sales by business area 2009



[1)] By point of sale.

Evonik's sales contracted by 18 percent year-on-year to €13.1 billion in 2009 as a result of volume and price changes. Thanks to successful cost cutting, the Group was almost completely able to offset the decline in operating earnings registered in the first half of the year. At year-end 2009 EBITDA was €2,025 million, a decline of only 6 percent, while EBIT was €1,194 million, only 8 percent lower than in the previous year. Net income decreased by 15 percent to €240 million.

Evonik is managed in accordance with the clear principles of state-of-the-art value management. Active portfolio management, accompanied by efficient capital allocation, has high priority for the Evonik Group: we only invest in businesses with sustained and profitable growth prospects. Businesses that no longer fit our strategy or fail to meet profitability requirements on a sustained basis are divested.

Value added

Value added is calculated from sales and other revenues less the cost of materials, depreciation and amortization and other expenses. In 2009 value added declined by 8 percent to €3,652 million, principally due to lower output. The largest share of value added—73 percent (2008: 71 percent)—went to our employees. A further 14 percent (2008: 15 percent) went on interest payments: 4 percent (2008: 5 percent) was paid to the state in income and other taxes. Shareholders of Evonik Industries AG received 7 percent of value-added, as in 2008.

Breakdown of value added

in € million	2009	2008
Total value added	3,652	3,979
Split		
Employees	2,675	2,816
State	143	206
Lenders	522	606
Non-controlling interests	72	70
Net income	240	281

Selective investment in growth projects

In January 2009 Evonik revised its investment plans for the year in light of the adverse economic conditions. Capital expenditures came to nearly €850 million in 2009. That was 27 percent below the previous year's level of €1.2 billion. Despite the reduction in capital expenditures, we continued to drive forward key strategic investments in the future in 2009. As in 2008, the biggest single project, accounting for total investment of €820 million, was the construction of a 790-megawatts hard-coal power plant in Duisburg-Walsum (Germany). In Shanghai (China), we started up a new integrated production complex for polymers, starting products for polymers and coating systems at a total investment cost of around €250 million. This was Evonik's largest project in China to date and the second-largest single investment ever undertaken by the Chemicals Business Area. In 2009, 59 percent of capital expenditures went to the Chemicals Business Area and 33 percent to the Energy Business Area. The regional focus of capital expenditures was Germany, which accounted for 67 percent of the total, followed by Asia, which accounted for 18 percent.

Major projects completed or virtually completed in 2009

Business Area	Location	Project
Chemicals	Marl (Germany)	Capacity expansion at 2-propylheptanol plant
	Mobile (AL, USA)	Construction of a new facility for alcoholates
	Dossenheim (Germany)	New production facility for pharmaceutical active ingredients
	Shanghai (China)	New production plant for binders for coatings
	Shanghai (China)	New production facility for MMA, specialty monomers and PMMA molding compounds
Energy	Duisburg-Walsum (Germany)	New hard-coal power plant
	Saarforst/Warndt (Germany)	New biomass plant
Real Estate	Germany	Mainly construction of new residential units and modernization to improve energy efficiency

Good customer relations

Close and long-standing customer relations are a key element in Evonik's success. An insight into the requirements of individual customers is therefore essential.

To strengthen and enhance customer relationships, the Chemicals Business Area has been using a customer relationship management system since 2004. This is currently being upgraded to create a new platform known as "Transparency" which will allow central storage of all customer and market data. Individual customer's requirements will be available to defined Evonik employees worldwide, while respecting the need for data protection. Transparency will thus simplify future cooperation in the Coatings & Additives, Consumer Specialties and Inorganic Materials Business Units, which use the system, and optimize their sales and marketing processes.

Customer Days are organized throughout the world to give customers an opportunity to establish direct contact with our experts and find out about developments and innovative technologies. In December 2009 a Customer Day at Henkel in Düsseldorf (Germany) generated around 100 new ideas for joint growth opportunities. These events reinforce our good relationship with customers, act as a breeding ground for new projects and broaden collaboration.

The Energy Business Area mainly supplies the energy generated in its power plants to key account customers under long-term supply and offtake agreements. There is also a low fluctuation rate in the District Heating Business Line, which supplies heat to end-users in the Ruhr and Saar districts as well as to customers in industry and the public sector. Since mid-2008 Evonik Fernwärme GmbH has enabled district heating customers to enter their meter readings via an online service portal, generate their own usage history and thus control the amount of heat they use.

The Real Estate Business Area's business model focuses on North Rhine-Westphalia, giving it an excellent insight into the market there. This business area's Customer Center 2010 project is optimizing service-based activities and operating processes. At the same time, it ensures a good balance between the necessary centralized management and the need to maintain a local presence.

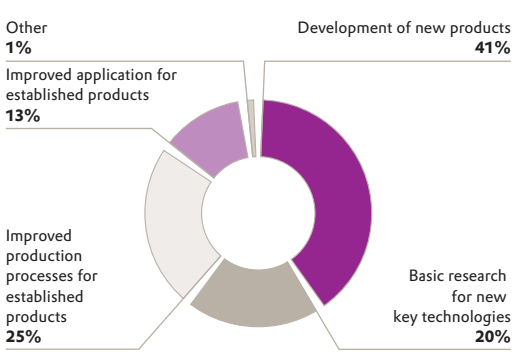
Research and development

€300 million
invested in R&D despite the economic crisis

Innovative prowess is one of Evonik's strengths

We invest consistently in research and development (R&D) so that we can continue to offer our customers innovative products and solutions in the long term. Despite the economic crisis, our R&D spending totaled €300 million in 2009 (2008: €311 million). This continued high level of expenditure underscores the especial significance that Evonik attaches to R&D as the basis for profitable future growth. Our competence in R&D and extensive experience have made us one of the technological leaders in many of our business operations. Products, processes and applications developed in the past five years account for around 20 percent of sales in the Chemicals Business Area. The Energy Business Area derives its innovative strength from the knowledge built up by its experts over decades at power plants in Germany and abroad and utilizes this expertise as a basis for new products. Through selective market-driven R&D we expand our excellent position in specialty chemicals and power plant technology.

Chemicals Business Area: R&D spending 2009



Worldwide networks

In the specialty chemicals sector, a constant stream of demanding new products and applications is indispensable to ensure lasting success in the face of global competition. The development of new products accounts for 41 percent of our R&D spending in the Chemicals Business Area, while 20 percent is allocated to the development of new technology platforms. Evonik ranks at the forefront of the specialty chemicals sector with an exceptionally large number of completely new patent applications.

The Chemicals Business Area's global R&D network comprises more than 35 locations with around 2,300 employees. Our R&D center in Shanghai (China) has proven particularly dynamic. In 2009, five years after it was opened, it was extended for the second time. So far, we have invested more than €20 million in this R&D center.

R&D in the Chemicals Business Area

R&D employees	approx. 2,300
Locations	more than 35
Total R&D projects	approx. 500
R&D projects focusing on resource efficiency	approx. 100
Cooperation with universities and scientific institutes	approx. 250
Number of new patent applications	approx. 300
Patents (granted and pending)	more than 24,000
Registered trademarks (granted and pending)	more than 7,500
Funding for innovation projects from the European Union and German government	approx. €12 million

Modern innovation structures and processes

Key success factors for the Chemicals Business Area are its excellent market insight, close relationships with customers and efficient R&D. For every €1 invested in R&D we generate sales of around €1.50 p.a. This is based on our modern innovation structures and processes, which are designed to turn ideas into profit by translating them into marketable products as quickly as possible. Eighty-five percent of Evonik's chemicals research comprises projects undertaken by the business units, which are geared specifically to their core markets and technologies. Strategic research geared to building new high-tech activities outside Evonik's present business portfolio is bundled at Creavis Technologies & Innovation (Creavis), which receives 15 percent of the R&D budget allocated to Chemicals. Through the project houses, Science-to-Business Centers (S2B Centers) and internal start-ups run by Creavis, Evonik's approaches are an optimal complement to one another.

The Group's current S2B centers are Nanotronics (development of system solutions based on nanomaterials for the electronics industry), Bio (development of new biotechnology products and processes based on renewable raw materials) and Eco^2, which runs projects that bring together all three business areas—Chemicals, Energy and Real Estate—for the first time. The research scientists at the Eco^2 S2B Center are working on carbon capture and storage, energy generation and storage, and solutions to raise energy efficiency for customers and in Evonik's own processes. We expect the activities bundled at Creavis to generate sales of around €600 million p.a. from 2015. That does not include the lithium-ion battery cells business, which was developed at Creavis and has since been spun off into separate legal entities.

For more information visit www.evonik.com and go to the section Research & Development

Research focus: electric vehicles

The CERIO® ceramic storage technology developed by the Chemicals Business Area in recent years allows serial production of large-scale lithium-ion battery cells and systems for automotive, industrial and stationary applications. Our goal is to be Europe's no. 1 manufacturer of large-scale lithium-ion battery cells and components. At the end of 2008 Evonik and Daimler entered into a strategic alliance to research, develop and produce lithium-ion battery cells and systems for the automotive industry on the basis of Evonik's technology and Daimler's expertise. For this purpose, they have established the joint ventures Li-Tec Battery GmbH (Evonik's stake: 51 percent, Daimler's stake: 49 percent) and Deutsche Accumotive GmbH & Co. KG (Evonik's stake: 10 percent, Daimler's stake: 90 percent).

Evonik is also continuing to drive forward lithium-ion technology in collaboration with partners from science and industry. For example, the company sponsors a chair at Westfälische Wilhelms-Universität in Münster which is dedicated to researching the use of large-scale lithium-ion batteries to store energy. Together with BASF, Bosch and Volkswagen, we are members of the innovation alliance Lithium Ion Battery LIB 2015 sponsored by the German Ministry for Education and Science. To develop the technology required for mass production of large-scale lithium-ion batteries for automotive applications, in summer 2009 we embarked on the ProLiEMo project with our strategic partner Daimler. Funding for this project has been made available out of the German government's second economic stimulus package (electromobility section). Evonik is also involved in ELAN 2020, a cross-sector initiative to promote electric mobility, which has commissioned scientific research into the requirements for a safe, economical and widespread infrastructure for electric vehicles.

Research focus: more efficient power plants

Research in the Energy Business Area focuses on raising the efficiency of hard-coal power plants and the related reduction in CO_2 emissions, accompanied by using power plants flexibly and efficiently in generating power from fossil and renewable resources and improving flue gas purification. While our latest power plant, Walsum 10, which is scheduled to come into service shortly, will have outstanding efficiency of over 45 percent, our research is already concentrating on the next dimension: coal-fired power plants with efficiency of 50 percent. We are driving forward the development of the necessary materials through collaborative research projects. To supplement our role in joint research projects on 700 °C technology to achieve an efficiency of 50 percent or higher, the Energy Business Area and Eco^2 S2B Center are investigating the feasibility of their own 700 °C power plant.

Focus of research: energy storage

Renewable resources such as wind and solar energy are increasingly being used to generate electricity. However, since their availability depends on the weather and time of day, it is more difficult to maintain a stable supply of power to the grid. Additional energy storage technology is needed to offset the fluctuations in generation. This is a basic precondition for the rollout of energy based on renewable resources. Modern control concepts that take account of the potential offered by process technology and process control systems, and rapid provision of reserve capacity from power storage facilities will allow far more flexible use of generating facilities in the future. Batteries based on lithium-ion technology are one option for the storage of electric power. The Chemicals and

Energy Business Areas and Eco² S2B Center are working with scientific and industrial partners on solutions through the Lithium Electricity Storage System (LESSY) project established as part of the Lithium-Ion Battery (LIB) 2015 innovation alliance which receives support from Germany's Federal Ministry for Education and Research (BMBF). In 2010 a lithium-ion storage system based on CERIO® technology is to be installed at Evonik's Fenne power plant in Völklingen (Germany). This pilot system will have power of 1 megawatt (MW) and storage capacity of roughly 700 kilowatt hours (kWh).

Utilizing resources efficiently

Our focal areas of research show the importance we attach to the megatrend resource efficiency. We also contribute to efficient use of resources by producing innovative products that enable our customers to save energy. According to a report by the International Council of Chemical Associations (ICCA), every metric ton of CO_2 emitted by chemical production processes saves more than two metric tons of CO_2 during utilization of the products by customers. Evonik took part in the ICCA study with the following products: DL-methionine, silicas, polyamide 12 and solar silicon.

For more information visit www.icca-chem.org

The Eco² S2B Center uses life cycle assessments (LCAs) to systematically examine the environmental impact of our products and processes. As well as all material substance and energy flows in the production phase, the LCAs analyze their "ecological backpack," in other words, the raw materials used and how they are produced. It also takes account of the impact of products on the climate and environment in their extended life cycle, i.e. during use and subsequent disposal. In product-based LCAs, the focus is on analyzing and quantifying CO_2 savings in our processes and in the use of our products by customers.

We also steadily improve the efficiency of our production processes. In the Chemicals Business Area we have an Operational Excellence team comprising around 30 employees dedicated to systematic optimization of our production processes. The aim is to achieve a sustained improvement in the energy efficiency of our sites, resulting in a significant reduction in energy costs and greenhouse gas emissions.

The Energy Business Area contributes to efficient use of primary energy sources and reduces CO_2 emissions through technology transfer, and by modernizing power plants and utilizing renewable energy sources and combined cycle power and heat generation. Our new Walsum 10 power plant in Germany has 45 percent efficiency. When operating at full load it needs about 20 percent less fuel than existing hard-coal power plants with the same rated power and emits about 20 percent less CO_2. Ninety percent of heat supplied to our customers comes from combined cycle plants. By using combined cycle plants, the energy efficiency of coal can be raised even further—to around 60 percent.

The Real Estate Business Area is constantly working to improve the energy efficiency of its residential units and to develop smart concepts for new residential buildings.

Product stewardship

Responsible handling of chemicals

Sale handling and use of chemicals has priority for Evonik. Our ESH Values contain a commitment to protecting people and the environment. For the Chemicals Business Area, this also includes an explicit commitment to product stewardship in line with the provisions of the chemical industry's Responsible Care initiative.

Systematic life cycle evaluation

Since 2001 the Chemicals Business Area has used a Chemicals Management System that permits a life cycle analysis of a product. This general overview is split into four phases: a risk assessment is produced on the basis of a hazard analysis of the product and an assessment of the exposure of people and the environment during handling and use of the substance. Information on the risk potential of the product can be used to determine whether present safety practice is adequate or whether improvements need to be made (risk management). In extreme cases, such analyses can result in restrictions on the use of Evonik's products.

For more information on the Chemicals Management System visit www.evonik.com/product-stewardship

Implementation of REACH

We are making rapid progress with our work on registering substances under the EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation. By the end of 2009, Evonik had successfully registered 17 substances with the European Chemicals Agency ECHA. Further substances had been registered by the editorial closing date for this publication. Synthetic amorphous silica, i.e. precipitated silica (for example, ULTRASIL® and SIPERNAT®) and fumed silica (AEROSIL®), which were registered at the start of 2009. Registration of these products took the form of a joint submission on behalf of the relevant REACH consortia. We are currently concentrating on preparing the technical dossiers and safety reports for substances for which registration has to be completed by December 1, 2010. In this phase, certain environmentally hazardous substances, substances classified as carcinogenic or mutagenic or which adversely affect the reproductive organs, and chemicals produced in volumes exceeding 1,000 metric tons a year have to be registered. Chemicals produced in quantities exceeding 1,000 metric tons a year include the power plant by-products ash and FGD gypsum. We have successfully pre-registered all so-called phase-in substances and they will be registered by the deadline of December 1, 2010. Evonik is acting as lead registrant for power plant ash. We aim to have registered around 180 substances under REACH by the end of 2010 and nearly 1,000 by 2018.

Evonik also encourages contact between science and industry. In July 2009 experts from the company gave talks on the new EU chemicals regulation REACH to more than a hundred students and other interested parties at Wuppertal University as part of a special day of lectures by experts from industry.

Evonik supports the Global Product Strategy

The aim of the Global Product Strategy (GPS) introduced by the International Council of Chemical Associations (ICCA) is to harmonize global risk evaluation and thus ensure safe handling of chemicals. That includes making information on safe handling and use of chemical substances widely available to raise confidence in the chemical industry and its products. Evonik explicitly supports the GPS initiative and has already published relevant information on the Internet in the USA. Further regions will be rolled out stepwise. In future, we will also be utilizing the data compiled in compliance with REACH to produce Product Stewardship Summaries and posting them on our Web site.

Evonik is also actively involved in driving the global implementation of the GPS at the ICCA. As a member of the Chemical Policy and Health Group, the steering committee for the GPS, we actively shape the principles and framework for the GPS. What is more, experts from Evonik give presentations on GPS around the world, for example in China and Eastern Europe. Together with the Responsible Care Global Charter, the GPS is the chemical industry's core contribution to the international community's Strategic Approach to International Chemicals Management (SAICM).

GHS: chemical labeling standard

The Global Harmonized System of classifying and labeling chemicals (GHS) came into force in Europe at the start of 2009. This EU Regulation has to be implemented for substances by December 2010 and for mixtures by June 1015. To implement the European GHS rules, Evonik has set up a central coordination committee to support the working groups in the business units. As a first step, we made the necessary changes to our hardware and software to ensure GHS-compliant classification and labeling of products. Employees are being trained to comply with the GHS Regulation through the special training module adapted to Evonik's needs in UWEB2000, an online instruction system that reaches around 18,000 employees in ten countries.

Minimizing animal testing

Evonik's Chemicals Business Area conducts tests on animals where they are necessary to comply with national and international legislation. To avoid animal testing wherever possible, we use published data or team up with other producers to carry out joint tests on identical substances.

Evonik supports and promotes the development of alternative test methods, for example through its membership of the European Partnership for Alternative Approaches to Animal Testing (EPAA). We already use a variety of in vitro methods in our laboratories, including the hen's egg test (HET-CAM), and our environmental test methods include the use of fish embryos. Moreover, for many years we have successfully used custom-tailored in vitro methods based on simulated human skin to test the efficacy of cosmetic products and active substances. In vitro analyses of this type also have a firm place in test routines for skin protection products in the Personal Care Business Line. We are also actively campaigning for the registration authorities to accept alternatives to animal tests.

Employees

Committed, well-trained and satisfied employees are the basis of Evonik's long-term success. Central challenges for our human resources management are demographic change, lifelong learning and providing employees with continuous and open information on corporate performance and planning in an increasingly complex environment.

Guidelines, tools and management systems

Our human resources strategy defines five areas of action: designing a corporate culture geared to building and sharing values, managing change, managing human resources, developing skills, and positioning Evonik as a preferred employer. A further internal goal for our human resources organization is to professionalize human resources management. To implement these goals reliably, in 2008 we started to roll out a management model that defines key performance indicators for the Group and sets targets. These include, for example, the commitment index, leadership quality, the talent retention rate, planning validity and employer ranking.

Personnel planning with Plan@HR

Through the Plan@HR project we are introducing a strategic personnel planning method based on business scenarios built on a uniform job-family concept. This Group-wide structure enables us to map strategic personnel planning processes even in changing organizational models. The scenario approach simulates the impact of human resources strategy for a planning horizon of between one and ten years. This permits a structured evaluation of potential risks in the areas of staff capacity, aging and qualifications at various organizational levels (e.g. the Group, business units, Shared Services, sites). This will allow far faster and more accurate forecasting of the impact of personnel policy decisions on a specific unit.

An overall model for Evonik in Germany was worked out in 2009 and the global rollout will be completed in 2010. Plan@HR is already established at more than half of Group sites, including our facilities in Mobile (Alabama, USA) and Shanghai (China).

Employee structure

Evonik refrained from dismissing employees on economic grounds as far as possible in the economic crisis. To achieve that, we utilized the option of short-time working and developed new solutions, for example flexible worktime models. At the peak, up to 3,500 employees in the Chemicals Business Area were affected by short-time working arrangements, mainly in the first half of 2009. Thanks to the improved economic situation, by the end of December 2009 only about 300 employees were working short-time.

The headcount was 2,086 lower than at year-end 2008. Most of the decline (2,005 employees) was in the Chemicals Business Area and was mainly due to the divestment of the AlzChem Group (around 1,200 employees).

Evonik is aware of the challenges posed by demographic change, which is having a different impact in the various regions. Using personnel policy analyses based on the Plan@HR project, we can systematically include the age structure of our workforce in personnel development measures. Plan@HR thus helps us identify areas of action to align our human resources work to demographic change.

Overview of employee structure

	2009	2008
Total headcount	38,681	40,767
of which female	8,160	8,570
of which male	30,521	32,197
of which trainees in Germany	2,105	2,312

Group-wide, the average age of employees is 41.5 years.

Employees by business area

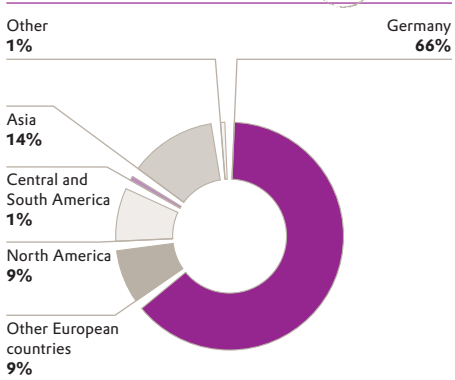
	2009	2008
Chemicals	29,723	31,728
Energy	4,820	4,702
Real Estate	479	443
Other operations	3,659	3,894
Evonik	**38,681**	**40,767**

Employees by region absolute figures 2009

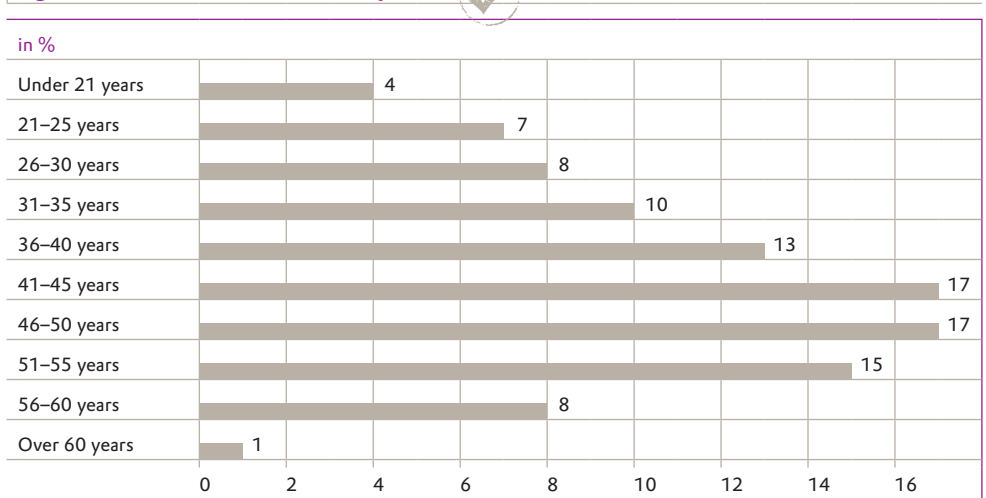
Europe	**28,974**
Germany	25,447
Western Europe (excl. Germany)	2,627
Eastern Europe	900
Americas	**3,935**
North America	3,471
Central and South America	464
Asia	**5,534**
Rest of world	**238**
	38,681

As of December 31, 2009.

Employees by region 2009



Age structure of the Evonik Group 2009



We are reporting the staff fluctuation rate for the first time for 2009. Across the entire Group it was 2.12 percent.

Personnel development

Evonik gives high priority to ongoing, high-quality vocational and ongoing training, even in periods of economic difficulty.

Vocational training

Trainees account for around 9 percent of our German workforce, which is well above the national industry average. Even during the recession in 2009, Evonik continued to offer vocational training in Germany to more young people than it requires for its operations. That ensures we have access to qualified young people and make a substantial contribution to social policy and the development of society. In 2009 we also continued our previous policy of taking on trainees at the end of the training. All young people who completed a vocational training course with us and are able and willing to work and prepared to be mobile were offered at least a temporary employment contract to smooth the transition from training to work. We invested about €57 million in vocational training in 2009.

€57 million
were invested in vocational training in 2009

Evonik adopts innovative measures to gain access to motivated youngsters as early as possible. For instance, we have our own educational centers in many parts of Germany. Our education center in the Rhineland area of Germany ran a pioneering camp for school students in 2009, offering additional practically oriented tuition to young people from grade 9 to develop their vocational training abilities.

Every year roughly 70 young people at various sites in Germany, especially in Marl and the Rhine-Main region, are offered places on a special program organized by chemical industry employers and the industry union to prepare them for a vocational training course. Since the introduction of this program in 2000, we have helped some 300 young people improve their chances of being accepted for a vocational training course.

Ongoing education and training

During periods of short-time working in last year's recession we carried out an extensive skills enhancement program at some of our sites as part of the training drive introduced in 2008. This program was developed at the Marl Chemical Park, where many Evonik employees were affected by short-time working arrangements, in collaboration with the HR management and vocational training departments, the local Works Council and the state employment agency. A total of 41 courses running for up to 120 hours provided training in a range of aspects of great benefit for the employability of staff. The offerings ranged from basic refresher courses to training in the use of computer programs. A total of 250 employees at Marl Chemical Park undertook 9,000 hours of training under this program. The project was presented to the German Chemical Industry Employers' Association, where it received a good deal of interest and triggered similar projects.

We are currently placing the compilation of data on annual investment in vocational and ongoing training of our employees on a new, uniform basis in consultation with the regions. The results will be outlined in our next report.

Talent and succession management

The role of talent and succession management at Evonik is to retain talented staff and develop good employees into excellent managers. A Group-wide review process allows early identification of talents within the Group. Depending on their experience and stage of development, they are classified as emerging, developing or advanced leaders. Talent review meetings were held in all business areas for the first time in 2009. In addition, a new interview process has been developed to place the initial assessment of emerging leaders on an objective basis and more effectively identify their strengths and areas where development is required. The first candidates were interviewed in 2009. Preparations for the international rollout have already started. As part of this, initial interviews have successfully been conducted in China and the USA.

In tough business conditions, it is particularly important to give talents opportunities for networking within the Group and to tap into their vision of the future. Our employees' competencies remain the foundation on which Evonik's innovative strength is built. To supplement our mentoring and leadership programs, we therefore invited 70 of our top talents to TalentDays in 2009 to give them an opportunity to discuss future opportunities and trends outside their normal working environment and thus look beyond the crisis.

Recruitment

In the competition to secure future employees, Evonik focuses on establishing direct contact with young people who might be interested in joining the company, for example through collaboration with student initiatives and networks, and through job fairs, site visits and presentations. In 2009 Evonik took part in 40 such events to position itself as an attractive employer. Contact with former interns and trainees is maintained through our student bonding program "Evonik Perspectives."

For more information visit the career section on www.evonik.com

Employee rights

Evonik has a long history of supporting employee rights. Our success is due in large measure to constructive cooperation between management and representatives of our workforce. All sites in Germany have Works Councils. The Combined Works Council is the highest level in this structure. It has 20 members and bears co-responsibility for agreements that are applicable for all non-managerial employees and junior management grades in Germany.

In all regions where Evonik operates employees have a right to join labor unions. Outside Germany, we have bodies representing employees at almost all European sites. We also have employee representation in North America, Brazil, China, Japan, Korea and South Africa. So far, there is no formal organization representing employees at our facilities in Russia, Singapore, India and Dubai.

In Europe, Group-wide employees' interests are represented by the Europa Forum, which brings together representatives of the management and workforce. Its meeting in 2009 was attended by 20 employee delegates from Evonik's operations in nine countries (Germany, Belgium, France, Italy, Spain, Slovakia, Sweden, Austria and Hungary). Evonik respects employees' rights worldwide. We demonstrated this in 2009 by joining the UN Global Compact and adopting our Global Social Policy.

See "Values and management systems" from page 29

Sharing in the company's success

4,100
employees purchased participation rights

In 2008 we introduced a system of participation rights for employees in Germany. Around 4,100 employees utilized this opportunity in 2009, and purchased participation rights totaling €4.3 million. These participation rights generate a basic return of 4 percent, plus a variable return linked to the Group's return on capital employed (ROCE). In 2009, purchasers were once again offered a tax-free discount of €135. Although this program is only available in Germany, not least because of the complex legal and tax situation, Evonik employees in other countries worldwide also share in the success of the company through performance or profit-based remuneration systems.

Employee survey

Evonik conducts a Group-wide employee survey every two years. The next is scheduled for late 2010. Activities initiated in response to the last survey in 2008 are grouped in three areas: transparency of strategies and business development, fostering personnel development and motivation, and improving communication. Improving communication includes continuous and structured personal communication between colleagues at all levels of the company.

The 2008 employee survey showed that staff would like greater transparency about the action to be taken. Consequently, we have introduced "Action Planner," a decentralized online tool that provides a better overview of the status of specific measures (completed, under way, not yet started). Units classify their plans in this system on the basis of core topics. More than 400 measures in various areas had been entered in the Action Planner by early March 2010.

Personnel appraisals are another important way of fostering the professional development of individual employees and raising motivation. To ensure effective appraisals, we have developed a special training program for managers. This is conducted by trainers at various sites, for example at Marl and Hanau in Germany.

An initiative to improve the information provided by line managers was established at the request of employees. The aim is to give managers regular and extensive information on business trends so they can pass it on to their employees.

Work-life balance

A good work-life balance benefits employees' health and motivation. At the same time, it helps them cope with the increasing dichotomy between the demands of work and their private lives.

Combining work with raising a family has long been a key issue in the war for talent. Evonik has a family-focused human resources policy and concluded a corporate agreement on this issue in 2009. The company offers employees support in various ways, for example assistance in finding childcare facilities and support in caring for sick and elderly relatives through a local charity. It also runs vacation programs for employees' children.

The certificate „berufundfamilie" recieved in 2009

In June 2009 the Evonik Group was awarded the "berufundfamilie" certificate by the Hertie Foundation following an audit process that lasted several months. This certificate covers all Evonik's sites in Germany and certifies its extensive family-friendly policies and ambitious activities in this field. Around 200 employees from all business units took part in various audit workshops.

Worktime models by region 2009

Percentage of employees with access to each model	Flextime	Flexible shift rosters	Part-time	Sabbaticals	Parental leave
Germany	58	29	80	82	100
Other European countries	51	2	61	66	40
North America	1)	1)	1)	100	100
Central and South America	0	0	0	100	29
Asia	10	73	<1	29	4
Other	81	0	0	0	46

Source: survey "Responsibility for Employees and Society 2009".
1) No data available .

Working hours and vacation entitlements by region 2009

	Weekly working hours		Vacation (days p.a.)	
	Statutory	Evonik	Statutory	Evonik
Germany	up to 48	37.5–42.5	20–24	30
Other European countries	35–48	34–40	20–35	20–40
North America	unlimited	36–40	not defined	varies (10–30)
Central and South America	44–48	36–44	15–30	15–30
Asia	40–48	37.5–48	5–50	5–50
Other	37.5–40	37.5–40	15–22	20–30

Source: survey "Responsibility for Employees and Society 2009".

Maximum daily working hours at Evonik worldwide range from seven hours in France to twelve in Singapore. The number of days vacation granted to employees is above the statutory minimum in almost all regions.

Diversity and equal opportunity

Diversity and equal opportunity are key success factors for an international company like Evonik. Our Code of Conduct contains clear statements on both aspects. In particular, it bans discrimination on the grounds of ethnic origin, race, religion, age, gender, sexual orientation and disability. If discrimination should nevertheless occur, employees can contact the Compliance Officer confidentially.

In Germany, severely disabled employees at Evonik account for 5.3 percent of the workforce.

Equality of men and women

In view of the shortage of specialists and managers, it is becoming increasingly important for companies to make better use of the potential of well-qualified women. Group-wide, women make up 21 percent of Evonik's workforce. This low proportion is attributable to historical employment structures, where the majority of jobs were in scientific professions or production-based. In Germany, in particular, encouraging more young women to train for a career in science or technology has been a major challenge so far. To interest young women for such opportunities, Evonik took part in Germany's "Girls'Day" for the eighth time in 2009. This is the country's largest training-oriented initiative for girls. Although many companies have special programs to foster the development of female employees, so far no company has had a special focus on fostering the advancement of mothers. From 2010 we are planning a special program in this field, which will include providing selective coaching during parental leave to empower women with children to take on managerial roles.

Foreign assignments

Evonik's human resources department offers extensive support for employees sent abroad for temporary assignments and family members who accompany them. This ranges from preparation for their foreign posting to support in the host country and reintegration when they return home. International assignments play a key role in the internationalization of the company, especially against the background of progressive globalization. Developing managers with a global focus, fostering global awareness that spans national boundaries, encouraging the establishment of international teams, sharing knowledge and technologies and entering new markets are just some examples of the reasons for international postings. Our policies on international assignments provide a framework for uniform treatment of expatriates around the world. However, they also allow adjustments to suit local or regional requirements. The aim is that the rules should be fair, competitive, transparent, understandable and just to ensure that Evonik, its employees and family members accompanying them all get the maximum benefit from foreign postings. Evonik currently has more than 300 expatriate employees in over 30 countries. Most are German employees working in the USA and China.

Personnel expenses and social security contributions

Personnel expense totaled €2.68 billion in 2009, around €140 million (5 percent) less than in 2008. The decline was due to a reduction in our headcount and action to safeguard our earnings. Wages and salaries declined by €155 million year-on-year and expenses for social security contributions were about €5 million lower than in 2008. Other personnel expenses increased by about €37 million to €55 million in 2009. The vast majority of pension provisions at year-end (94.3 percent in 2009 and 95.5 percent in 2008) were for Germany.

For more information see Evonik's annual report for 2009, page 133

As part of the program introduced in early 2009 to safeguard earnings, in March 2009 the Executive Board, Combined Works Council, Senior Staff Committee and the German labor union IG BCE agreed on short-term measures to reduce personnel expense at all consolidated companies in Germany. This included a pay freeze for executives and a 50 percent cut in bonuses for all company employees, including members of the Executive Board. In the light of the improved earnings situation in the second half of 2009, the cut in bonus payments was reduced from 50 percent to 25 percent. At the same time, it was agreed that the company could reduce bonus payments by 25 percent in 2010 if the economic situation should unexpectedly deteriorate again. In return, Evonik gave an undertaking to avoid redundancies in the period to June 30, 2010. This has since been extended to December 31, 2012 to reflect the Works Council's support for the "On Track" program introduced in 2009 to achieve sustained cost reductions of €500 million.

Personnel expense at Evonik

in € million	**2009**	2008
Wages and salaries	2,165	2,320
Social security expenses	331	336
Pension expense	124	142
Other personnel expense	55	18
	2,675	**2,816**

Voluntary social security plans depend on regional conditions and requirements. For example, there is a state health insurance system in all regions in which Evonik operates apart from North America. Evonik offers employees company health care plans based on their regional situation.

Percentage of employees with access to health care 2009

in %	Statutory health care system	Company health care plan
Germany	100	9
Other European countries	100	84
North America	0	100
Central and South America	100	100
Asia	95	58
Other	8	89

Source: survey "Responsibility for Employees and Society 2009".

Protecting and promoting health

Health is a basic precondition for creativity and performance. Evonik therefore attaches great importance to actively protecting and promoting the health of its employees. Besides, maintaining the health of the workforce is becoming increasingly important in the face of demographic trends.

Evonik has a global program to protect and promote employees' health. This covers contingency management, conventional occupational health and safety and individual health promotion measures. Occupational health and safety is concerned primarily with preventing accidents and occupational illness and avoiding work-related health impairments. During 2009 eighteen cases of occupational illnesses were registered in the Chemicals Business Area (previous year: 7), while ten were registered in the Energy Business Area (previous year: 15).

Health promotion, by contrast, focuses on maintaining and improving the employees' health. Health promotion programs are geared to the needs of specific sites or regions. Activities range from simply providing information to raise awareness of health-related issues and empower employees to take responsibility for their health through special programs to prevent diseases such as heart attacks and organizing basic medical care in some countries to overcome shortcomings in the local public health care system. Special attention is paid to sustainable measures where the impact can be evaluated.

Example: the LIFE program to promote health in the Energy Business Area

One example of all-round health promotion in the Evonik Group is the Energy Business Area's LIFE program, which aims to empower employees to take on responsibility for their long-term health. In keeping with our policy of protecting employees' health, LIFE aims to raise employees' health awareness and strengthen their ability to maintain their health by altering their lifestyle. The concept also includes site coordinators who can call on a network of internal and external partners to provide individual assistance to help employees cope with physical and/or mental disorders and other crises in their life.

Occupational safety

Accident frequency (the number of accidents per million hours worked by Evonik employees) was 2.8 in 2009, another significant year-on-year decline. We have thus already achieved our long-term goal of reducing accident frequency to 3.0 by 2014. All business areas contributed to this positive development.

In the Chemicals Business Area, accident frequency was 1.2 in 2009 so this business area has also achieved its long-term goal of reducing this indicator to 1.5 by 2014. In terms of occupational safety, Evonik's Chemicals Business Area ranks among the leaders in its sector. However, a further reduction in accident frequency in the future cannot be taken as the sole indicator of its success in occupational safety. The challenge will be to maintain it at this level. As a first step, we will be identifying and implementing further potential for improvement through technology and organizational measures. Another focus will be on the units and sites where performance is comparatively poor so that we can develop specific strategies and methods for them such as behavior-related activities.

In the Energy Business Area, accident frequency declined by a further 14 percent to 6.6. This was due to effective occupational safety management systems. The Employers' Liability Insurance Association has validated the occupational health and safety systems at all power plants operated by Evonik in the Rhine and Ruhr regions of Germany and at the refinery power plant in Leuna, providing evidence that occupational safety and health protection have systematically been integrated into the organization of these plants and are actively applied. Another key aspect of validation was the involvement of employees and managers. For instance, the validation included a survey of their awareness of potential hazards. Simultaneous validation under the international standard OHSAS 18001:2007 (Occupational Health and Safety Assessment Series) enables Evonik to offer national and international customers proof that it has an effective health and safety system. The aim now is to achieve certification of the District Heating and Renewable Energies Business Lines. The Energy Business Area is therefore making good progress towards achieving its long-term goal of reducing accident frequency to 5.5 by 2014.

The Real Estate Business Area maintained its good performance with an accident frequency rate of 2.4. The occupational safety management system introduced in 2008 had a positive impact as a basis for identifying and eliminating shortcomings. This business area's long-term goal is to reduce accident frequency to 2.0 by 2014.

Accident frequency[1] by business area

	2007	2008	**2009[2]**	2014[3]
Chemicals	1.8	1.7	1.2	1.5
Energy	8.9	7.7	6.6	5.5
Real Estate	12.7	2.3	2.4	2.0
Evonik	**3.4**	**3.3**	**2.8**	**3.0**

[1] Number of accidents at work per million hours worked by Evonik employees.
[2] Two contractors died in fatal accidents in 2009. No Evonik employees died in fatal accidents at work in 2009.
[3] Targets.

There were no fatal accidents involving Evonik employees in the workplace in 2009. Regrettably, there was a tragic accident at the site in Dalian (China), which resulted in the death of two employees of a contractor. External contractors are always given appropriate information on site- and plant-specific risks and the necessary precautions, in line with our ESH regulations. Clearly structured analyses help us understand the causes of accidents so we can take action to prevent a recurrence in the future.

The environment

The emissions and consumption data for the Chemicals and Energy Business Areas are decisive for an assessment of the environmental impact of Evonik's business activities.

Environmental targets

Evonik aims to make a contribution to climate protection, minimize the environmental impact of its business activities and steadily improve its ESH performance. Consequently, in fall 2005 the Chemicals Business Area set goals for reductions in key areas of ESH over a ten-year period (from 2004 to 2014). Monitoring fulfillment of these targets is integrated into its management processes and supported by site audits.

For details of occupational safety targets see from page 55

Progress towards the environmental targets set by the Chemicals Business Area for 2014[1)]

Change in % compared with 2004[2)]	2004	2005	2006	2007	2008	**2009**	2014[3)]
Specific energy-related CO_2 equivalents (incl. CH_4 and N_2O)	100	98	89	85	84	87	80
Specific water consumption	100	92	90	84	82	85	80
Specific production waste	100	95	91	94	86	77	80

[1)] Reference base 2004.
[2)] Continuing operations.
[3)] Targets.

The development of the environmental indicators relative to output in 2004 to 2009 is in line with the target range (90 percent with 2004 as the reference base). This indicates a declining correlation between growth and environmental impact. Technical reasons were responsible for the 3 percentage point rise in both specific energy-related emissions of greenhouse gases and specific water consumption in 2009. In view of the considerable reduction in output caused by the economic crisis, some plants had to be operated below full capacity, which reduced efficiency.

In the Real Estate Business Area our aim is to reduce heating-related CO_2 emissions (based on constant living space) by 12 percent between 2006 and 2014. Based on emissions of around 297,000 metric tons CO_2 in 2006, the target for 2014 is around 262,000 metric tons (with current living space taken as the reference base for the calculations).

Evonik regularly reviews its targets and will adjust them if necessary.

Production and energy generation

The global economic crisis led to a decline in production in almost all business units in the Chemicals Business Area in the early months of 2009. As a result, output dropped to 9.13 million metric tons, a decline of 14 percent compared with 2008. Around 9.08 million metric tons of raw materials were required for the synthesis of products. Roughly 0.65 million metric tons comprised renewable raw materials, especially dextrose, saccharose, fats, oils and bioethanol. That was more than 7 percent of our total consumption of raw materials. The majority of renewable raw materials are used in fermentation processes to produce amino acids and in cosmetic products. About 80 percent of our products for the cosmetics industry are already based on natural raw materials.

Production volumes and inputs

in million metric tons	2006	2007	2008	2009
Chemicals Business Area				
Production	10.31	10.81	10.65	9.13
Raw material inputs	9.79	10.55	10.27	9.08
of which renewable raw materials	0.68	0.71	0.79	0.65

The Energy Business Area registered lower demand for energy as a result of the economic crisis. The Power Business Line sold 10 percent less energy than in 2008. Hard coal is Evonik's most important fuel source, accounting for 90 percent of the total. The Renewable Energies Business Line also registered a 15 percent reduction in volume sales of electricity, whereas volume sales of heat increased by 4 percent. Similarly, lower demand reduced the volume of coal traded by the Coal Business Line (formerly Trading) by 24 percent.

Volume sales of energy

		2006	2007	2008	2009
Energy supply by business line					
Power	in Gigawatt hours[1)]	42,881	47,554	39,492	35,720
Renewable Energies (heat)	in Gigawatt hours thermal energy	[2)]	1,856	2,038	2,115
Renewable Energies (electricity)	in Gigawatt hours electricity	[2)]	1,783	1,883	1,592
Coal	in million metric tons raw coal	41.2	39.2	35.7	27.2

[1)] Energy sales comprise both electric and thermal energy (Power Business Line, excluding electricity purchased); thermal energy has been converted into the equivalent amount of electric power.
[2)] No data available.

Power plant residues

In 2009 the Energy Business Area generated around 2 million metric tons of power plant residues. The 21 percent year-on-year decline was principally attributable to a reduction in fuel inputs. Power plant residues comprise gypsum from flue gas desulfurization (FGD gypsum), fly ash, slag-tap granulate and furnace bottom ash. We market these as high-quality substances for many applications, for example for building materials. Almost all residues from our German power plants were returned to the economic cycle. The Evonik Group also markets power plant residues from foreign power plants where there is demand.

Power plant residues

in thousand metric tons	2006	2007	2008	2009
Energy Business Area				
Power plant residues	2,652	3,004	2,528	1,989
of which fly ash	1,465	1,764	1,471	1,260
of which FGD gypsum	607	738	658	489
of which slag-tap granulate/furnace bottom ash	580	502	399	240

Environmental protection costs and investments

To improve environmental protection we invest steadily in efficient measures integrated into production plants and processes. The Chemicals Business Area invested €43 million in environmental protection in 2009 (2008: €44 million). A high proportion of this was for the new integrated production facilities for plastics, preproducts for plastics and coating systems in Shanghai (China). Operating costs for environmental protection in the Chemicals Business Area were €259 million in 2009. While cost-cutting measures reduced the cost of operating environmental protection facilities in 2009, total operating costs for environmental protection were unchanged year-on-year as they also include projects such as implementing the EU Chemicals Regulation REACH.

In the Energy Business Area, environmental protection costs are incurred principally in the construction of new power plants and to improve the efficiency of existing power generating equipment. Flue gas desulfurization units, electric particulate filters and equipment to reduce nitrogen oxides are installed to reduce air pollution. Noise protection and wastewater treatment facilities are also classified as investment in environmental protection. Environmentally relevant measures therefore account for about 30 percent of total investment of around €820 million in Europe's most advanced hard-coal power plant in Duisburg-Walsum (Germany).

Environmental protection costs

in € million	2006	2007	2008	2009
Chemicals Business Area				
Environmental protection costs	236	252	259	259
Investment in environmental protection	56	49	44	43

Emissions of greenhouse gases

In absolute terms, total emissions of greenhouse gases by the Chemicals Business Area declined by 13,5 percent to 7.6 million metric tons CO_2 equivalents in 2009. 58 percent of greenhouse gas emissions are energy-related CO_2 emissions. These were 11 percent lower than in 2008 at 4.4 million metric tons, while process-related CO_2 emissions decreased by 17 percent to 3.1 million metric tons in the same period. The absolute decline in CO_2 emissions is principally attributable to the adverse economic conditions, especially in the first half of 2009. Other factors were unplanned shutdowns for major repair work at some coal-fired power plants at chemicals sites.

By contrast, specific greenhouse gas emissions (i.e. emissions relative to output) rose by 1 percent. Although specific process-related CO_2 emissions declined by 3,5 percent, this was offset by a rise of 4 percent in specific energy-related CO_2 emissions. Declining output does not necessarily reduce energy-related CO_2 emissions by the same amount as they are dependent on the base load, which is not related to output. Moreover, some plants are less efficient when operating below full capacity.

Evonik continued its endeavors to improve the efficiency of energy generation and consumption in 2009. For example, we optimized electric drives, replaced lighting and installed more efficient heat exchangers.

Emissions of greenhouse gases

in million metric tons CO_2 equivalents	2006	2007	2008	**2009**
Chemicals Business Area				
Emissions of greenhouse gases				
Energy-related CO_2 emissions (from energy inputs, net)[1)]	5.03	5.07	4.95	4.41
Process-related CO_2 emissions[2)]	3.80	3.92	3.76	3.11
Emissions of other Kyoto gases (CH_4, N_2O)	0.06	0.07	0.09	0.09
	8.89	**9.06**	**8.80**	**7.61**
Energy Business Area				
CO_2 emissions[3)]	**32.55**	**37.50**	**31.50**	**26.72**

[1)] Calculated from energy inputs and emissions factors for each energy source. A uniform global emissions factor was applied for power.
[2)] Updated data for 2006–2008 reflecting the inclusion of additional plants.
[3)] From power plants for which the Energy Business Area is responsible and which are subject to EU emissions trading rules, and from foreign power plants.

In the Energy Business Area CO_2 emissions were 15 percent lower in 2009 than in 2008, mainly because lower generation of electricity reduced fuel inputs in power plants.

In the Real Estate Business Area, heating-related CO_2 emissions for residential units let by Evonik were around 290,000 metric tons in 2009 (previous year: 291,000 metric tons). This is a theoretical calculation based on the assumption of constant living space (as at end of the year under review). It takes account of insulation of outdoor walls to reduce energy consumption, the demolition of older buildings and the construction of new properties. In 2009 all projects undertaken through various modernization programs since 1992 were completed and catalogued. This has further increased the reliability of the data. Between 1992 and 2009 we cut heating-related CO_2 emissions by around 12 percent through modernization, demolition and construction of new properties. Every year we modernize nearly 1,000 residential units to the standard defined in the German Energy Saving Ordinance (EnEV) 2009. The average reduction in CO_2 emissions in the units modernized last year to align them to the 2009 version of the ordinance is around 70 percent.

Emissions into the air

In the Chemicals Business Area, the majority of emissions into the air are dependent on the characteristics of the fuel mix used for energy generation, capacity utilization at generating plants, the properties of raw materials, and production volumes. Alongside measures integrated into production processes to reduce emissions, we use a wide range of end-of-pipe technologies such as adsorption, absorption, condensation, thermal and catalytic incineration and the precipitation of solids.

In 2009 emissions of sulfur oxides were 22 percent lower than in 2008, while emissions of nitrogen oxides decreased by 19 percent. Particulate emissions fell by 16 percent and emissions of volatile organic compounds, VOC (excluding methane) declined by 17 percent. This was due to a combination of measures to reduce air pollution, plant shutdowns and lower capacity utilization, especially in the production of carbon blacks.

In line with the drop in fuel inputs in power plants, there was a perceptible reduction in emissions into the air by the Energy Business Area in 2009 versus 2008. Emissions of sulfur dioxide were 5 percent lower, nitrogen oxides were 8 percent lower and particulates were 17 percent lower.

Emissions into the air

in metric tons	2006	2007	2008	**2009**
Chemicals Business Area[1)]				
Sulfur oxides (SO_x as SO_2)	34,492	35,791	35,029	27,335
Nitrogen oxides (NO_x as NO_2)	12,126	12,527	11,639	9,449
Particulates	1,311	1,328	1,273	1,064
VOC (excluding methane)	2,648	1,760	1,567	1,294
Energy Business Area[2)]				
Sulfur dioxide (SO_2)	34,940	36,672	31,326	29,700
Nitrogen oxides (NO_x)	30,820	36,800	30,423	28,300
Particulates	1,260	1,204	1,000	832

[1)] Definition based on the European Pollutant Release and Transfer Register (PRTR).
[2)] Definition based on the German Emissions Control Act.

Emissions of ozone-depleting substances

in metric tons CFC-11 equivalents	2006	2007[1)]	2008	2009
Chemicals Business Area[2)]				
Ozone-depleting substances	0.5	15.9	15.6	15.6

[1)] Increase 2007 due to acquisition.
[2)] Definition based on Regulation (EC) No 2037/2000.

Emissions of ozone-depleting substances were basically unchanged in 2009 at 15.6 metric tons CFC-11 equivalents (ozone-depleting potential based on trichlorofluoromethane).

Waste

Total waste in the Chemicals Business Area was 27 percent lower in 2009 than in 2008. That was mainly due to a reduction in production and construction work as a result of the economic crisis. 62 percent of waste is reprocessed and 38 percent is disposed of.

Hazardous production waste was 26 percent lower than in 2008 while non-hazardous production waste declined by 22 percent. Due to reclassification of a by-product in the Health & Nutrition Business Unit, the amount of production-related waste has been corrected downward compared with the figures published in the Corporate Responsibility Report for 2008.

Construction and demolition waste can fluctuate considerably because it depends on specific projects. Total hazardous and non-hazardous construction and demolition waste was 36 percent lower than in 2008.

Waste management comprised the following activities in 2009: recycling, including composting (41 percent), incineration (19 percent), incineration with recycling of heat energy (11 percent), disposal in landfills (9 percent), chemical/physical/biological treatment (5 percent), other reprocessing and disposal methods (15 percent).

Total waste in the Energy Business Area decreased by nearly 12 percent year-on-year in 2009. The reprocessing ratio was 96 percent and thus higher than in 2008. The increase in hazardous waste for reprocessing was due to a higher proportion of contaminated timber. The reduction in non-hazardous waste for reprocessing was mainly due to industrial reprocessing of fly ash from the Mindanao (Philippines) power plant.

Waste data

in metric tons	2006	2007	2008	**2009**
Chemicals Business Area				
Hazardous production waste	214,691	201,769	189,461	140,525
of which reprocessed	120,625	114,802	94,882	74,533
of which disposed of	94,066	86,967	94,579	65,992
Non-hazardous production waste	223,080	227,323	206,589	160,492
of which reprocessed	127,408	150,713	135,023	108,019
of which disposed of	95,672	76,350	71,566	52,473
Hazardous building and demolition rubble	15,842	37,177	19,613	8,580
of which reprocessed	484	6,400	6,674	713
of which disposed of	15,358	30,777	12,939	7,867
Non-hazardous building and demolition rubble	102,031	82,463	88,443	60,770
of which reprocessed	59,664	61,359	68,186	48,088
of which disposed of	42,367	21,104	20,257	12,682
	555,644	**548,732**	**504,106**	**370,367**
Energy Business Area				
Hazardous waste for reprocessing	[1]	18,100	30,300	40,843
Hazardous waste for disposal	[1]	13,640	7,560	4,617
Non-hazardous waste for reprocessing	[1]	85,840	169,500	138,020
Non-hazardous waste for disposal	[1]	6,500	3,300	2,168
	63,000[2]	**124,080**	**210,660**	**185,648**

[1] No data available.
[2] Germany only.

Waste management

in metric tons	2006	2007	2008	**2009**
Chemicals Business Area				
Incineration with recycling of heat energy	107,849	128,847	79,926	41,595
Disposal by incineration	91,265	81,798	89,527	69,720
Recycling (including composting)	200,333	175,873	194,630	150,470
Landfill	89,479	99,683	74,678	33,843
Chemical/physical/biological treatment	59,542	25,593	30,477	17,452
Other	7,176	36,938	34,868	57,287
	555,644	**548,732**	**504,106**	**370,367**

Wastewater loads

Wastewater loads in the Chemicals Business Area were far lower in 2009 than in 2008, principally because of the drop in output. In addition, we are constantly improving processes to reduce or eliminate effluent. COD, which reflects the organic load in wastewater, decreased by 24 percent, while the total nitrogen load decreased by 9 percent. The total phosphorus load (phosphates stated as phosphorus) declined by 30 percent while adsorbable organic halogen compounds (AOX) were 20 percent lower. Heavy metal loads were 7 percent lower than in the previous year, mainly because of the reduced use of corrosion inhibitors in cooling circuits.

In the Energy Business Area, wastewater loads are not generally relevant in relation to other emissions.

Wastewater loads

in metric tons	2006	2007	2008	2009
Chemicals Business Area[1)]				
COD	5,908	7,403	7,293	5,558
N	656	543	523	475
P	72	62	66	46
AOX	3.0	3.0	2.0	1.6
Heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn)	4.7	4.3	4.3	4.0

[1)] Definition based on the European PRTR.

Water consumption

At the production sites in the Chemicals Business Area water is mainly used for cooling and process purposes in production facilities, to generate steam in power plants and for sanitary requirements. For ecological and economic reasons, we constantly strive to improve efficiency, for example through integrated systems with graduated water qualities and by reusing water. Total water consumption decreased by 15 percent in 2009, roughly in line with the reduction in output.

The Energy Business Area uses water principally for cooling water. Consumption dropped 11 percent in 2009 due to a reduction in energy generation.

Water consumption

in million m^3	2006	2007	2008	2009
Chemicals Business Area				
Water consumption	413	406	395	337
of which drinking water	19	19	19	17
Energy Business Area				
Water consumption (cooling water)	2,580	2,930	2,790	2,484

Energy inputs

Energy inputs in the Chemicals Business Area were 9 percent lower in 2009 than in 2008 as a result of the economic situation, while specific energy inputs (i.e. inputs relative to output) were 6 percent higher. A decline in output does not necessarily result in a corresponding reduction in energy inputs. The reduction depends on the base load, which is not related to output. Moreover, some facilities are less efficient if they operate below full capacity. The main fuel sources are still natural gas and coal.

Energy inputs (net)

in terajoules	2006	2007	2008	**2009**
Chemicals Business Area				
Gas	31,891	32,282	31,060	29,199
Coal	26,145	26,450	26,442	23,642
Fuel oil	954	1,344	938	689
Power sourced from/supplied to third parties	8,203	8,630	9,031	8,185
Steam sourced from/supplied to third parties	–6,732	–7,685	–8,770	–8,266
	60,461	**61,021**	**58,701**	**53,449**

Biodiversity

Evonik's business is aligned to the United Nations Convention on Biological Diversity. We believe that maintaining biodiversity is a basic prerequisite for industrial production and the environment in which we live. The ongoing availability of functioning ecosystems is of fundamental importance to our society, politics and business. We therefore have specific biodiversity projects at our sites, as the following examples show.

A wide range of valuable species of animals and plants are found in woodland areas at the Chemicals Business Area's US sites in Mobile (Alabama) and Tippecanoe (Illinois). Evonik cooperates with regional universities and local communities to support environmental projects, for example through research and education programs.

In collaboration with the Wildlife Habitat Council (WHC) and The Nature Conservancy, our site in Tippecanoe (USA) maintains a habitat that has received WHC certification under the Corporate Lands for Learning (CLL) program. A variety of ecosystems (including a wildlife park, wetland area, woodland area and prairie grass plots) are maintained on a roughly 400-hectare site close to Wabash River and Wea Creek. The habitat supports a wide variety of species including leafbirds, reptiles, butterflies, coyotes and fish, and twice has been selected as a finalist for the WHC Habitat of the Year Award.

At the Mobile site roughly 16 hectares is permanently reserved as a wetland area for preservation of the natural ecosystem and sensitive flora and fauna. The area is home to various species of heron, osprey and other waterfowl, alligators and snakes. The site has a Wildlife Management Club that addresses white-tailed deer on the property. Evonik sponsors research by the Auburn University Agricultural Program into control of cogon grass, an invasive species of grass. We also support a program run by the University of South Alabama to catalogue and quantify carnivorous plants and biodiversity in the Southern Pine Savannah.

Transportation safety

The Chemicals Business Area shipped 9.15 million metric tons of goods in 2009 (previous year: 10.55 million metric tons), a year-on-year decline of 13 percent due to the economic situation. Hazardous goods accounted for 54 percent of the total, while 46 percent comprised other goods.

Outgoing shipments of hazardous goods

in thousand metric tons	**2009**	2008
Chemicals Business Area		
Air	0.6	0.5
Ocean	396	478
Inland waterway	918	1,004
Rail	897	1,094
Pipeline	1,258	1,627
Road	1,511	1,629

Outgoing shipments of other goods

in thousand metric tons	**2009**	2008
Chemicals Business Area		
Air	2	3
Ocean	871	842
Inland waterway	14	11
Rail	423	425
Pipeline	10	31
Road	2,847	3,407

Our increased efforts in the field of transportation safety had a positive effect in 2009. There were sixteen transportation incidents—ten of which were road accidents—about a third fewer than in the previous three years. Alongside the cyclically induced drop in business, this was partly due to the fact that training in 2009 focused on securing loads. Full-day training sessions and exercises on this were carried out at our production sites and loading stations.

Securing loads properly is a routine aspect of all shipments, irrespective of the product properties or whether the load might be classified as hazardous. Especially stringent requirements are placed on ocean freight. Here, loads have to be secured against movements in all four directions. The use of new systems increases safety. In-house training is used to raise employees' awareness of the consequences of shortcomings in loading processes, insecure loads and the transportation of hazardous goods.

Another focal point in 2009 was supply chain security. We passed a repeat audit by the US customs authorities at our Wesseling site in Germany as successfully as the initial audit of our Marl site in 2006. The audit comprised a thorough examination of the documented processes, policies and procedures, followed by a site inspection, which included an appraisal of some loading and dispatch processes. As a result the US customs authorities have confirmed the Green Line Status originally granted in 2006 under the Customs-Trade Partnership Against Terrorism.

Plant safety

Alongside occupational safety, the Chemicals Business Area has introduced a key performance indicator for plant safety. This tracks the impact of the accidental release of substances, fires and explosions. Thanks to this indicator, we are able to ensure timely identification of weaknesses and take action to rectify them. Evonik is one of the first chemical companies in the world to use an indicator of this type to monitor current plant safety status. The next step will be to use it as a basis for optimizing our workflows.

Society

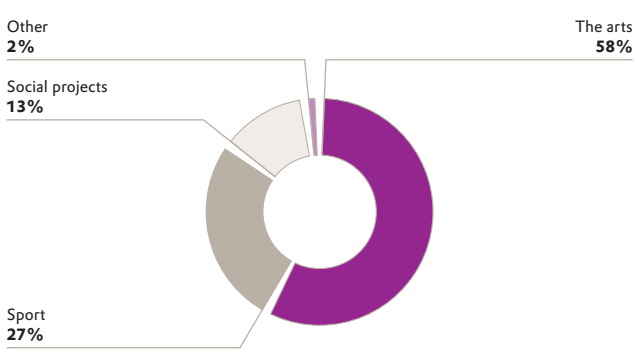
A strong regional force

Evonik regards itself as a corporate citizen, with all the related rights and obligations. The wages and salaries paid to employees, and social security and pension contributions make a major contribution to purchasing power and living standards in and around our sites. The local communities and regions benefit directly and indirectly from the value created by Evonik. Through its tax payments, Evonik also contributes to the social and economic development and infrastructure of the local area.

Cultural commitment and social responsibility

Evonik is involved in a wide range of cultural and social projects, and a reliable partner and sponsor of the arts, sport and education. We also make donations to support the work of non-profit organizations, religious and scientific institutions and political parties.

Donations and sponsorship of non-profit projects[1)] 2009



[1)] Expenditures by the Corporate Center totaling €3.3 million plus donations of more than €50,000 to political parties that have to be reported (CDU €70,000, SPD €100,000) in Germany, excluding spending on science and education.

Support for the arts

Evonik is one of the largest sponsors of the arts in the German federal state of North Rhine-Westphalia. At the heart of this commitment are two lighthouse projects, where we are the main sponsor. For many years we have sponsored the Ruhrfestspiele theater festival in Recklinghausen. We are also sponsoring the extension of the Küppersmühle museum in Duisburg to house an outstanding collection of contemporary art. A more recent alliance is with the renowned International Bach Academy in Stuttgart, which has already performed many major works in the Ruhr region. Moreover, in 2009 Evonik supported the Ruhr Piano Festival for the seventh time by sponsoring a concert by gifted children. The proceeds were donated to a children's charity in Essen.

Funding for sport

Evonik is the main sponsor of the German league soccer team Borussia Dortmund (BVB). The aim is not simply to increase awareness of the Evonik brand; we also support sport-related charitable projects. In addition, we offer charities such as Adveniat, the Catholic Church's charity for Latin America, and roterkeil.net, a network for combating child prostitution, an opportunity to promote their work in the BVB stadium.

In 2008 Evonik teamed up with a local newspaper to upgrade soccer pitches in the Ruhr region of Germany. Readers were asked to nominate dilapidated public pitches that could benefit from a facelift. In 2009 Evonik funded the upgrading of six of these pitches.

Education for the future

Fostering education and training is a key element in our commitment to society. In Germany, Evonik's training quota is well above the industrial average in Germany. We regularly support projects to encourage an interchange between schools and companies, such as the "Dialogue with Young People" initiative in the Ruhr region of Germany. Members of the Executive Board visit schools to talk about careers in the Evonik Group and give young people tips on planning their future. Traditionally, various Evonik sites have taken part in Germany's nationwide "Girls'Day", when we invite girls to our laboratories to give them a practical insight into scientific and technical careers.

In the "Young Spirit" initiative introduced in 2003, Evonik employees act as multipliers. More than 150 employees perform simple experiments in schools and kindergartens to demonstrate chemistry to children. The aim is to interest them in science at a young age and secure access to new employees in the longer term. We have been a sponsor of the regional Young Researchers competition in Marl for 45 years. Alongside these projects, we provide a range of support for schools, kindergartens and other educational institutions, from donations to joint projects.

As one of the world's leading specialty chemicals companies, we are particularly interested in identifying and fostering talent in the areas of science and research. We have engaged in such activities as a Group for many years. Since 2009 these activities have been run by the Evonik Foundation based in Essen (Germany). This foundation grants annual scholarships to young researchers who cannot fund their planned scientific training through their own means or with the assistance of their parents or third parties.

Local assistance

Evonik also provides help in the case of acute need. Following the earthquake in Haiti in January 2010 we are providing assistance for reconstruction work in collaboration with the Adveniat charity. Through our internal media, we appealed to employees worldwide to make donations. Evonik provided basic funding of €100,000 this year to rebuild a community center in Port-au-Prince that was destroyed in the quake. This has been supplemented by donations from employees. Experienced staff from the Adveniat organization are coordinating the work locally.

Dialogue with our neighbors

As a chemical company and power plant operator, Evonik is aware of its special responsibility to local inhabitants. We are a good neighbor and foster dialogue with the local community. Ultimately, we are convinced that trust can only evolve if we provide open and honest information for people living close to our sites. We strive to conduct a constructive dialogue with our critics and expect them to do the same.

Since 1990 many of Evonik's sites have taken part in the nationwide Open Day organized by the German Chemical Industry Association (VCI). We see this as a good opportunity to talk to people from the local community and with our employees and their families.

In Antwerp (Belgium) we respond to questions raised by the Antwerp Adviesgroep, a community council comprising committed citizens, members of environmental protection organizations, teachers, politicians and journalists from the local neighborhood. We also have a long history of good community relations at our site in Mobile (Alabama, USA). We support local schools, community organizations and the emergency services.

Representing our interests

Through constructive dialogue with politicians, representatives of industry associations, labor unions and non-government organizations, we play an active role in forming the opinions of public and political decision makers and raising awareness of the interests of the Evonik Group. These activities range from local and national level in Germany to European and international activities. Focal areas of our work in this field in 2009 were trading in emissions allowances, chemicals regulation, electromobility, biofuels, nanotechnology and research policy.

We have close contact to industry associations and other organizations and are active in global, European and national interest groups. We also play a role in the development of standards. Evonik is included in the European Commission's list of lobbyists as required by the European Directive on transparency in lobbying. We have our own liaison offices in Brussels and Berlin.

Evonik is a member of many different networks and initiatives. We are a member of econsense, an association of leading German companies and organizations that promotes corporate social responsibility (CSR) and sustainable development. The Chemicals Business Area belongs to the World Business Council for Sustainable Development (WBCSD). Evonik is also active in the German Energy Agency (dena), the Competence Center for Energy Efficiency and Regenerative Energies and the Forum for Future Energy, a politically independent, cross-sector institution promoting the use of renewable energy sources.

For more information visit www.wbcsd.org

In China, we sponsor the annual conference of the Boao Forum for Asia (BFA). We regard participating in this forum as an important opportunity to share knowledge and experience in one of the world's most dynamic regions. Since its establishment in 2001 the BFA has become one of the world's leading platforms for interaction between high-caliber business leaders from Asia and elsewhere in the world. Delegates include many well-known politicians, scientists and business leaders.

For more information visit www.boaoforum.org

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Profile

Evonik Industries AG is based in Essen (Germany) and is one of the world leaders in specialty chemicals. It also has attractive energy and real estate businesses. In 2009 the Group's roughly 39,000 employees generated sales of €13.1 billion and an operating result (EBITDA) of €2.0 billion. Evonik has a presence in more than 100 countries and over 60 percent of business is generated outside Germany. Evonik's shareholders are RAG-Stiftung (74.99 percent) and CVC Capital Partners (25.01 percent). Its mid-term goal is a stock-market listing.

Evonik's chemicals operations are grouped in six business units, which act as entrepreneurs within the enterprise. The Corporate Center supports the Executive Board in the strategic management of the company, while a Shared Service Center efficiently bundles internal administrative services for our sites.

Evonik's specialty chemicals operations come up with answers to economic megatrends and thus secure access to the high-growth markets of the future. We see especial opportunities in resource efficiency, health and nutrition, and the globalization of technologies. More than 80 percent of sales are generated by products where Evonik ranks among the market leaders. Our key strengths are our balanced spectrum of activities and end markets and close collaboration with customers.

The core competencies of the Energy Business Area are planning, financing, building and operating highly efficient fossil-fueled power plants. As a grid-independent power generator, Evonik operates coal-fired power plants at eight locations in Germany, refinery power plants at two locations and a variety of facilities to generate energy from renewable resources. Evonik's international successes comprise coal-fired power plants in Colombia, Turkey and the Philippines. Installed capacity totals around 9,400 MW worldwide, including around 7,700 MW in Germany where we are also positioned at the forefront of tomorrow's market for renewable energies with activities in the areas of mine gas, biomass and geothermal energy.

The Real Estate Business Area manages a portfolio of around 60,000 company-owned residential units concentrated in the federal state of North Rhine-Westphalia (NRW) in Germany. It also has a 50 percent stake in THS, which owns more than 70,000 residential units. These are also located predominantly in the federal state of NRW. Evonik is thus one of Germany's leading privately owned residential real estate companies. Business focuses on letting to private households.

Evonik's corporate strategy is aligned to profitable growth and sustained value creation. The aim is to enable the energy business to fully exploit its considerable growth potential in collaboration with one or more partners, while remaining part of the Evonik Group. In addition, we intend to combine our real estate operations with THS and then develop perspectives for these operations on the capital market.

Evonik's sites

Employees	
Germany	
Marl	6,497
Essen	3,279
Wolfgang	2,481
Darmstadt	1,508
Wesseling	1,208
Other European countries	
Antwerp	980
Zurich	267
Ham	253
Slovenská Ľupča	214
Gramatneusiedl	170
North America	
Mobile, AL	672
Parsippany, NJ	419
Greensboro, NC	273
Hopewell, VA	234
Marpleton, IL	185
Central and South America	
São Paulo	151
Sochagota	128
Mexico D.F.	76
Barra do Riacho	54
Americana	42
Paulínia	38
Asia	
Dalian	793
Shanghai	763
Yingkou	632
Nanping	353
Nanning	348
Other / rest of world	
Port Elizabeth	80
Dandenong	64
Morrinsville	27
Umbogintwini (Durban)	27
Midrand	25

As of December 12, 2009

Market positions

Chemicals Business Area

Product	Application	Global ranking	Capacity in metric tons p.a.
Industrial Chemicals			
Alcoholates	Catalysts for biodiesel, pharmaceuticals, agrochemicals and other applications	1	>150,000
Cyanuric chloride	Crop protection and industrial applications (e.g. optical brighteners)	1	132,000
Hydrogen peroxide	Bleaching of pulp and textiles, oxidation agent for the chemical industry	2	600,000
2-propylheptanol	Plasticizers	2	60,000
Butene-1	Co-monomer for polyolefins	1[1)]	200,000
Isononanol	Plasticizers	2	340,000
Inorganic Materials			
Organosilanes, chlorosilanes	Rubber, silicone rubber, paints and coatings, adhesives and sealants, building protection materials, pharmaceuticals, cosmetics, optical fibers, photovoltaics	1[2)]	270,000
Fumed silicas, fumed metal oxides	Silicone rubber, paints and coatings, adhesives, sealants and plastics, pharmaceuticals, cosmetics, high-temperature insulation, electronics	1	
Precipitated silicas	Reinforcement of rubber, consumer products	1	
Matting agents	Additives for the coatings and printing inks industry	2	470,000
Carbon blacks	Tires, rubber goods, pigments	2	1,400,000
Health & Nutrition			
Exclusive synthesis of fine chemicals	Intermediates and active substances for pharmaceutical and agrochemical applications	3	[3)]
Precious metal powder catalysts	Life sciences and fine chemicals	1	[3)]
Amino acids	Pharmaceutical intermediates and infusion solutions	3	[3)]
DL-methionine	Animal nutrition	1	350,000
Threonine	Animal nutrition	2	30,000
Tryptophan	Animal nutrition	2	[3)]
Consumer Specialties			
Superabsorbents	Diapers, feminine hygiene products, incontinence products, technical applications	1	460,000
Organically modified silicones	Additives for polyurethane foams, coatings and inks, cosmetics; radiation-cured separation coatings	1–2	80,000
Fat chemistry, quaternary derivatives	Fabric softeners	1	[3)]
Amphoteric surfactants	Shampoos, shower gels	1	[3)]
Ceramides, phytosphingosines	Cosmetics	1	[3)]
Skin cremes	Professional skin protection	2–3	[3)]
Coatings & Additives			
Colorants (pigment dispersions)	Decorative and industrial colorants	1–2	[3)]
Polyester resins	Can and coil coating	1	31,000
Isophorone chemistry	Environment-friendly coating systems, high-performance composites	1	[3)]
Pharmaceutical polymers	Coatings for drugs	2	[3)]
Oil additives	Viscosity index improvers	2	[3)]
Thermoplastic and reactive methacrylate resins	Binders for paints and coatings	1	[3)]
Performance Polymers			
Polyamide 12	High-performance specialty polymer applications (e.g. automotive, medical, sport)	1	[3)]
Methylmethacrylate (MMA)	Dispersions, coatings, plastics	2	580,000
Methacrylate specialty momomers	Dispersions, coatings, additives, adhesives, optical lenses	1	[3)]
Methacrylate polymers (PMMA molding compounds)	Construction materials for the automotive and electrical/electronics industries, medical technology	2	240,000
Acrylic glass	Construction industry, illuminated signboards, aviation/aerospace applications	1	150,000

Energy Business Area

Activity	Ranking Germany	Annual volume
Power Germany		
Energy generation from fossil fuels	5	Electricity: 17,435 GWh_{el} Heat: 11,364 TJ
thereof power generation from hard coal	2	16,284 GWh_{el}
Renewables		
Energy generation from renewable resources (biomass, geothermal energy, mine gas) and contracting	1–3	Electricity: 1,509 GWh_{el} Heat: 1,608 GWh_{th}
Power Minerals		
Disposal and reprocessing of power plant residues such as fly ash, gypsum, slag-tap granulate and furnace bottom ash	1	3,000,000 metric tons
	Ranking Other countries	
Power other countries		
Power generation in		
• Colombia	9	828 GWh
• Mindanao (Philippines)	3	1,497 GWh
• Turkey	3	10,066 GWh

Real Estate Business Area

Activity	Ranking Germany	No. of residential units
Letting of residential units, mainly to private households	7	approx. 60,000

[1] Freely traded volumes.
[2] Chlorosilanes: freely traded volumes. Overall assessment—market position differs depending on application.
[3] No data available.

Major shareholdings

	Equity[1]	Evonik's stake including shareholdings pursuant to Section 16 German Stock Corporation Act (AktG)		
	in € million	Direct %	Indirect %	Total %
I. Consolidated subsidiaries				
Chemicals Business Area				
Germany				
1. Evonik Degussa GmbH, Essen	2,739	94.90	5.10	100.00
2. Evonik Goldschmidt GmbH, Essen	127		100.00	100.00
3. Evonik Röhm GmbH, Darmstadt	168		100.00	100.00
4. Evonik Stockhausen GmbH, Krefeld	127		100.00	100.00
Other countries				
5. Evonik Amalgamation Ltd. (formerly Degussa Amalgamation Ltd.), Milton Keynes (UK)	467		100.00	100.00
6. Evonik Degussa Antwerpen N.V., Antwerp (BE)	152		99.99	99.99
7. Evonik Degussa Brasil Ltda., São Paulo (BR)	128		100.00	100.00
8. Evonik Degussa Corporation, Parsippany (NJ, US)	1,486		100.00	100.00
9. Evonik Degussa Japan Co. Ltd., Tokyo (JP)	80		100.00	100.00
10. Evonik Degussa UK Holdings Ltd., London (UK)	474		100.00	100.00
11. Evonik Speciality Organics Ltd. (formerly Laporte Speciality Organics Ltd.), Milton Keynes (UK)	356		100.00	100.00
Energy Business Area				
Germany				
12. Evonik Steag GmbH, Essen	674	5.10	94.90	100.00
13. Evonik Fernwärme GmbH, Essen	21		100.00	100.00
14. Evonik New Energies GmbH, Saarbrücken	66		100.00	100.00
15. Evonik Power Minerals GmbH, Dinslaken	34		100.00	100.00
16. Evonik Trading GmbH, Essen	35		100.00	100.00
17. Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH, Essen	123		51.00	51.00
Other countries				
18. Compañia Eléctrica de Sochagota S.A.E.S.P., Tunja (CO)	52		51.00	51.00
19. Iskenderun Enerji Üretim ve Ticaret A.S., Ankara (TR)	1,012		51.00	51.00
20. STEAG State Power Inc., Makati City (PH)	160		51.00	51.00
Real Estate Business Area				
Germany				
21. Evonik Immobilien GmbH, Essen	334	100.00		100.00
22. EBV GmbH, Hückelhoven	78		100.00	100.00
23. Rhein Lippe Wohnen GmbH, Duisburg	98		100.00	100.00
24. Siedlung Niederrhein GmbH, Dinslaken	43		100.00	100.00
25. Wohnbau Auguste Victoria GmbH, Marl	35		100.00	100.00
26. Wohnbau Westfalen GmbH, Dortmund	80		100.00	100.00
27. Wohnungsbaugesellschaft mbH "Glückauf", Moers	44		100.00	100.00
II. Joint ventures (recognized at equity)				
Real Estate Business Area, Germany				
28. THS GmbH, Essen	182		50.00	50.00
III. Associated companies (recognized at equity)				
Energy Business Area, Germany				
29. Fernwärmeversorgung Niederrhein GmbH, Dinslaken	44		26.00	26.00

[1] Foreign currency amounts are translated at the closing rate on the reporting date.

Accolades and awards 2009

Category	Accolades and awards	Presented by
Products		
Performance Polymers (Acrylic Polymers)	PLEXIGLAS®: Brand of the century	Verlag Deutsche Standards EDITIONEN
Evonik Industries AG/Daimler	ÖkoGlobe: for lithium-ion battery technology	ÖkoGlobe Institut
Employees		
Evonik Degussa (China) Co., Ltd.	China's Top Employers 2009	CRF international publishing house
Evonik Steag GmbH	For a very good vocational training performance	North Rhine-Westphalia Chamber of Industry and Commerce
Evonik Industries AG	"berufundfamilie" certificate: Group-wide commitment to family-friendly policies	Hertie Foundation
Evonik Industries AG	Employer Branding Award 2009: most striking image transformation	trendence, the leading European institute for personnel marketing
Awards from customers		
Coatings & Additives (Colorants)	Special Commendation Award for Supplier Excellence	DuluxGroup Australia and New Zealand
Consumer Specialties (Super-absorber, Household Care)	Supplier of the Year 2009: expertise, service, one of the top suppliers	Procter & Gamble
Consumer Specialties (Superabsorber)	Key Supplier Award: on-time delivery, first-class service, innovative product development, high quality standards	Kimberly Clark
Other		
Evonik Wohnen GmbH	Winner of the competition "Energy-efficient modernization of residential complexes based on integrated urban develop-ments concepts" in Duisburg	German Ministry for Construction, Transport and Urban Development
Evonik Industries AG	International Energy Efficiency Award 2009	German Energy Agency (dena) in cooperation with Deutsche Messe

Membership of networks and initiatives

Responsible Care® OUR COMMITMENT TO SUSTAINABILITY

Responsible Care Evonik is a signatory to the Responsible Care Global Charter of the International Council of Chemical Associations (ICCA). Evonik is committed to this initiative.

World Business Council for Sustainable Development

World Business Council for Sustainable Development Evonik is a member of the World Business Council for Sustainable Development (WBCSD) and supports its objectives. This business leadership forum has around 200 member companies who are committed to sustainable development.

econsense
Forum Nachhaltige Entwicklung der Deutschen Wirtschaft

econsense Evonik is a founder member of econsense, an association of leading German companies and organizations that promotes corporate social responsibility (CSR) and sustainable development.

THE GLOBAL COMPACT
WE SUPPORT

UN Global Compact Evonik joined the UN Global Compact in summer 2009. Evonik supports the principles of the Global Compact, which are geared to sustainable and ethical business management.

About this report

Evonik's Corporate Responsibility Report 2009

This is Evonik's second full Corporate Responsibility (CR) Report and continues the tradition of reporting introduced by the companies from which it was formed. The report covers the period from January 1 to December 31, 2009. Through this report we aim to give our customers, employees, owners and investors and the general public an insight into how we run our business and live our values. The CR report focuses on ecological, social and societal issues and thus supplements the annual report. The next report will be published in 2011.

Method

This report is based on the G3 guidelines issued by the Global Reporting Initiative (GRI). At the same time it comprises Evonik's progress report for the UN Global Compact. In 2010 we will be conducting a systematic analysis of the main aspects of responsible conduct of relevance to Evonik, taking our stakeholders into account. The findings will be reflected in our report on 2010.

Scope of reporting and data capture

Evonik Industries AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Alongside Evonik Industries AG, the consolidated financial statements for the Evonik Group include all significant material German and foreign subsidiaries directly or indirectly controlled by Evonik Industries AG. Significant material associated companies and joint ventures are recognized at equity if Evonik is able to exert a significant influence. Initial consolidation or deconsolidation takes place as of the date on which the company gains or loses control. In fiscal 2009 the Evonik Group comprised 116 German and 142 foreign companies.

To improve information worldwide and thus protect the interests of Group employees, since 2008 Evonik has conducted a written survey to compile relevant data on working hours, social benefits, ongoing education and training and employee rights. So far, the data cover about 94 percent of employees worldwide. Where the data reported here come from this survey, this is indicated as "Survey—Responsibility for Employees and Society 2009."

The ecological data for the Chemicals Business Area in 2009 comprise emissions and consumption at 102 production sites in 28 countries and thus cover 95 percent of this business area's total output. The occupational safety data include further small production and non-production sites, so the data here cover 140 locations in 37 countries. The corresponding data for the Energy Business Area relate to Evonik Steag GmbH, Evonik Fernwärme GmbH, RKB GmbH, Evonik Power Saar GmbH, Evonik New Energies GmbH, Evonik Power Minerals GmbH, Minegas-/Mingas-Power GmbH and the foreign power plants in Turkey, Colombia and the Philippines.

All data for the Chemicals Business Area are compiled using the SuRe sustainability reporting software developed by Evonik Degussa GmbH and TechniData. The reporting segments reflect Group and business unit interests in order to provide a detailed reflection of production activities. In some cases, data are reported at plant level to ensure this. All reporting segments are clearly coded to ensure that they are assigned to the correct organizational and business units and geographical regions. This enables consolidation at management and legal entity level as well as a detailed geographical analysis of the data.

The ecological data are updated annually without taking changes in the Group into account. The prior-year figures are not adjusted for changes in the portfolio of companies consolidated. The figures for each company are included in full, without adjustment to reflect Evonik's stake in them.

External review

Section "CR Strategy" from page 22 and the selected indicators for 2009 reported in section "CR Performance" (indicated by a symbol) have been reviewed by PricewaterhouseCoopers AG (PwC). The report on this review is printed on page 80 f. We aim to subject our full report on 2010 to a limited assurance engagement by PwC.

Reporting based on GRI Guidelines

This report is based on the current GRI Guidelines (G3). The report concentrates on the core indicators but also includes some specific additional indicators. Evonik's self-evaluation is that the report meets the requirements of GRI Application Level B+. The GRI checked our adherence to its sustainability reporting guidelines and confirmed their successful application at Level B+ throughout this report.

For more information visit www.globalreporting.org

Independent Assurance Report

For: Evonik Industries AG, Essen

We were engaged to perform a limited assurance review on selected data in the strategy section and selected data in the performance report of the Corporate Responsibility Report 2009 "Landmarks" (CR report) of Evonik Industries AG, Essen (Germany) for 2009. The selected data are indicated in the report by the symbol .

Management's responsibility

The Executive Board of Evonik Industries AG is responsible for preparing the CR report using the criteria set out in the Sustainability Reporting Guidelines Vol 3 (pages 7-17) issued by the Global Reporting Initiative (GRI):

- materiality
- stakeholder inclusiveness
- sustainability context
- completeness
- balance
- clarity
- accuracy
- timeliness
- comparability and
- reliability.

This responsibility includes the selection and application of appropriate methods to prepare the CR report and the use of assumptions and estimates for individual CR disclosures which are plausible in the circumstances. It also includes responsibility for designing, implementing and maintaining systems and processes relevant for the preparation of the CR report.

Practitioner's responsibility

Our responsibility is to express a conclusion based on our work as to whether any matters have come to our attention that cause us to believe that the data in the CR report indicated with the symbol have not been prepared in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol 3 (pages 7–17) issued by the GRI. The data selected for our review are in the strategy and performance report sections of the CR report. Further, we were engaged to provide recommendations for the further development of sustainability management and CR reporting on the basis of our findings.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standards requires that we comply with ethical requirements and plan and perform the assurance engagement such that we can express our conclusion with limited assurance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement, (for example, an audit of financial statements in accordance with article 317 of German Commercial Code/HGB); consequently, less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgement. Within the scope of our engagement, we performed, amongst others, the following procedures:

- Questioning of the management and the employees responsible for reporting CR information and preparing this CR report as well as employees from individual fields of specialization.
- Perusing documentation on the CR strategy, the CR program, and the CR management, including looking into the processes for finding reporting topics to see how these processes work.
- An examination of the relevant documentation on the implementation and suitability of the relevant systems and processes for compiling and analyzing the data in the CR report marked by the symbol ✓.
- An analysis of selected CR data.
- A visit to the Corporate Center in Essen and selected sites (Antwerp, Shanghai, Marl and Herne), including site-specific inquiries.
- Use of external findings.
- Obtaining evidence of the accuracy of the data marked with the symbol ✓ on the basis of random samples, for example, by inspecting internal documents, contracts, invoices and reports by external service-providers and by analyzing data based on IT system reports.

Conclusion

Based on our limited assurance review, nothing has come to our attention that causes us to believe that the data in the CR report indicated by the symbol ✓ have not been prepared in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol 3 (pages 7-17) issued by the GRI.

Supplementary remarks and recommendations

Without qualifying the conclusion reached in our limited assurance engagement, we make the following recommendations for the ongoing development of CR management and CR reporting:

- Rollout of the CR strategy in the business units should continue.
- The main areas of action, targets and measures to be taken by the business units and Corporate Center should be specified more clearly and where possible backed up by quantifiable metrics.
- The reporting process should be placed on a more formal basis and documented in written form.
- The control procedure for the compilation of CR data should be applied and documented more systematically at all organizational levels throughout the Group.

Düsseldorf, June 18, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Bröcher
German Public Auditor

ppa. Nina Müller
German Public Auditor

The test that PwC plans to conduct relates exclusively to the printed version of the German-language report.
The text of the certificate deals with a translation attempt by the client.

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Progress report on the Global Compact

Evonik joined the Global Compact in summer 2009 to make a contribution to global implementation of its ten principles. The Corporate Responsibility Report for 2009 is our first progress report on the Global Compact.

The table below summarizes the guidelines Evonik uses to implement the Global Compact principles in its sphere of responsibility. It provides an overview of our activities in 2009. In this first progress report, the focus is on environmental protection and preventing corruption.

For further information visit www.globalcompact.org

Principle	Policies, regulations, management systems	Examples of activities in 2009
Human rights		
Principle 1: Support for human rights	Global Social Policy (p. 29f)	
Principle 2: Exclusion of human rights abuses	Global Social Policy (p. 29f)	
Labor		
Principle 3: Freedom of association	Global Social Policy (p. 29f)	
Principle 4: Abolition of forced and compulsory labor	Global Social Policy (p. 29f)	
Principle 5: Abolition of child labor	Global Social Policy (p. 29f)	
Principle 6: Elimination of discrimination	Global Social Policy (p. 29f), Code of Conduct (p. 29, 52)	
Environment		
Principle 7: Precautionary environmental protection	Environment, Safety and Health Values (ESH Values), ESH rules (p. 30) Chemicals: Environmental management system based on ISO 14001 (p. 31) Energy: occupational health and safety status certified by Employers' Liability Insurance Associations in Germany (p. 31, 56)	Regular audits to check compliances with ESH rules (p. 31) Chemicals: reduction in specific energy-related greenhouse gas emissions, specific water consumption and specific production waste (values are in target range) (p. 57) Real Estate: modernization of around 1,000 residential units to improve energy efficiency (p. 61)
Principle 8: Initiatives to promote greater environmental responsibility	ESH Value (p. 30) ICCA Global Product Strategy (p. 45) Evonik is a co-signatory of the Responsible Care Global Charter (p. 29)	Member of the Chemical Policy and Health Group of the ICCA Global Product Strategy (p. 45)
Principle 9: Encouraging the development and diffusion of environmentally friendly technologies	Environment, Safety and Health Values (ESH Values), ESH rules (p. 30f)	Focal areas of research (p. 42): • Electromobility / lithium-ion batteries • More efficient hard-coal power plants • Storage of power from renewable energy sources Continuation of Nanotronics, Biotechnology and Eco² Science-to-Business Centers (p. 41)
Anti-corruption		
Principle 10: Anti-corruption measures	Code of Conduct (p. 29, 52) Compliance organization headed by Chief Compliance Officer (p. 31) Policy on concluding contracts with external agents (introduced in November 2009) (p. 35)	Chief Compliance Officer has had permanent observer status at meetings of the Supervisory Board's Audit Committee since May 2009 (p. 31) Examination of Energy Business Area for possible cases of active corruption by the Compliance & Corporate Governance and Corporate Audit divisions (p. 35) Anti-corruption training (p. 36) Group-wide employee training on the Code of Conduct, including trainees on vocational training courses (p. 35) Introduction of an online training program on the Code of Conduct in nine languages (10,000 participants to date) (p. 35) Introduction of short intranet film clips on compliance (p. 36)

Download our Code of Conduct, Global Social Policy and ESH Values at www.evonik.com/responsibility

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This report contains forward-looking statements based on the present expectations, assumptions and forecasts made by the Executive Board and the information available to it. These forward-looking statements do not constitute a guarantee of future developments and earnings expectations. Future performance and developments depend on a wide variety of factors which contain a number of risks and unforeseeable factors and are based on assumptions that may prove incorrect.

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