

# SUPPLEMENTARY INFORMATION

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# Independent Auditor's Report

To Evonik Industries AG, Essen

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Evonik Industries AG, Essen, and its subsidiaries, which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2015.

## Executive Board's Responsibility for the Consolidated Financial Statements

The Executive Board of Evonik Industries AG, Essen, is responsible for the preparation of these consolidated financial statements. This responsibility includes ensuring that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Executive Board is also responsible for the internal controls which the Executive Board determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly,

we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Audit Opinion

According to § 322 Abs. (paragraph) 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2015 as well as the results of operations for the business year then ended, in accordance with these requirements.

### Report on the Group Management Report

We have audited the accompanying management report for the Evonik Group, which is combined with the management report of the company, Evonik Industries AG, Essen, for the business year from January 1 to December 31, 2015. The Executive Board of Evonik Industries AG, Essen, is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state that our audit of the combined management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 22, 2016

**PricewaterhouseCoopers**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

Lutz Granderath  
(German Public Auditor)

Antje Schlotter  
(German Public Auditor)

## Further information on corporate officers

### Supervisory Board of Evonik Industries AG

#### **Dr. Werner Müller, Mülheim an der Ruhr**

Chairman of the Supervisory Board  
Chairman of the Executive Board of RAG-Stiftung

a) Borussia Dortmund GmbH & Co. KGaA

RAG Aktiengesellschaft (Chair)

RAG Deutsche Steinkohle AG (Chair)

b) Contilia GmbH

Stadler Rail AG, Bussnang (Switzerland)

#### **Michael Vassiliadis, Hanover**

Deputy Chairman of the Supervisory Board

Chairman of the Mining, Chemical  
and Energy Industrial Union (IG BCE)

a) BASF SE

K+S AG

RAG Aktiengesellschaft

RAG Deutsche Steinkohle AG

STEAG GmbH

b) RAG-Stiftung

#### **Martin Albers, Dorsten**

(since October 1, 2015)

Deputy Chairman of the Works Council  
for the Essen Campus facilities

a) Pensionskasse Degussa VVaG

b) PEAG Holding GmbH

#### **Prof. Barbara Albert, Darmstadt**

Professor of Solid State Chemistry at the Eduard-Zintl Institute of Inorganic and Physical Chemistry at Darmstadt Technical University

#### **Karin Erhard, Hanover**

Board Secretary to the Pay-Scale/Finances

Division of the Mining, Chemical and  
Energy Industrial Union (IG BCE)

a) INEOS Deutschland GmbH

INEOS Köln GmbH

#### **Carmen Fuchs, Alzenau**

(since December 10, 2015)

Deputy Chairperson of the  
Works Council for the Hanau facilities

a) Pensionskasse Degussa VVaG

#### **Stephan Gemkow, Overath**

Chairman of the Management Board  
of Franz Haniel & Cie. GmbH

a) TAKKT AG (Chair)

b) JetBlue Airways Corporation, New York (USA)

#### **Prof. Barbara Grunewald, Bonn**

Chair for Civil Law and Commercial Law  
at the University of Cologne

#### **Ralf Hermann, Herten**

Chairman of the Group Works Council  
of Evonik Industries AG

b) RAG-Stiftung

#### **Prof. Wolfgang A. Herrmann, Freising**

President of Munich Technical University

b) Bayerische Forschungsallianz GmbH (Chair)

#### **Dieter Kleren, Wesseling**

Chairman of the Works Council  
for the Wesseling facilities

**Steven Koltes, St. Moritz (Switzerland)**

Co-Chairman CVC Capital Partners Group  
 b) Frontiers Media S.A. (Switzerland)  
 Kaltroco Limited (Jersey)

**Frank Löllgen, Cologne**

Regional Director North Rhine of the Mining,  
 Chemical and Energy Industrial Union (IG BCE)  
 a) Bayer AG (since November 3, 2015)  
 b) Abbott Management GmbH

**Dr. Siegfried Luther, Gütersloh**

Former CFO of Bertelsmann AG  
 a) Schaeffler AG  
 Sparkasse Gütersloh

**Norbert Pohlmann, Essen**

Chairman of the Works Council  
 for the Goldschmidtstraße facilities  
 a) BKK Novitas

**Dr. Wilfried Robers, Gescher**

Chairman of the Group Executive Staff Council  
 of Evonik Industries AG  
 a) Pensionskasse Degussa VVaG

**Michael Rüdiger, Utting am Ammersee**

Chairman of DekaBank Deutsche Girozentrale  
 a) Deka Immobilien GmbH  
 Deka Investment GmbH (Chair)  
 Landesbank Berlin Investment GmbH (Chair)  
 Liquiditäts-Konsortialbank GmbH (Chair)  
 b) DekaBank Deutsche Girozentrale  
 Luxembourg S.A. (Luxembourg) (until March 20, 2015)

**Ulrich Terbrack, Reinheim**

Deputy Chairman of the Group Works Council  
 of Evonik Industries AG

**Dr. Volker Trautz, Munich**

Former Chairman of the Management Board  
 of LyondellBasell Industries  
 a) Citigroup Global Markets Deutschland AG  
 Solar Tower Technologies AG (until July 31, 2015)  
 b) CERONA Companhia de Energia Renovável,  
 São Paulo (Brazil)  
 OSF Merchant Banking, São Paulo (Brazil)  
 Perstorp Holding AB, Malmö (Sweden)

**Dr. Christian Wildmoser, Surpierre (Switzerland)**

Managing Director of CVC Capital Partners  
 Switzerland GmbH  
 b) Sigma Group Holdings S.à r.l. (Luxembourg)

**The following gentlemen left the  
Supervisory Board in 2015:****Günter Adam, Freigericht**

(until December 10, 2015)  
 Deputy Chairman of the Group Works Council  
 of Evonik Industries AG  
 Chairman of the Works Council  
 for the Hanau facilities

**Jürgen Nöding, Duisburg**

(until September 30, 2015)  
 Chairman of the Works Council  
 for the Essen Campus facilities

a) Membership of other statutory supervisory boards.

b) Membership of comparable German and foreign supervisory bodies of business enterprises pursuant to Section 125 Paragraph 1 Sentence 5 of the German Stock Corporation Act (AktG).

## Executive Board of Evonik Industries AG

### Dr. Klaus Engel, Mülheim an der Ruhr

Chairman of the Executive Board

- a) NATIONAL-BANK AG
- b) Borussia Dortmund Geschäftsführungs-GmbH

### Dr. Ralph Sven Kaufmann, Düsseldorf

(since July 1, 2015)

Responsible for the Nutrition & Care,  
Resource Efficiency and Performance Materials segments

- a) Evonik Nutrition & Care GmbH  
(since July 1, 2015\*, Chair since September 14, 2015)
- Evonik Resource Efficiency GmbH  
(since July 1, 2015\*, Chair since September 3, 2015)
- Evonik Performance Materials GmbH  
(since July 1, 2015\*, Chair since October 16, 2015)

### Christian Kullmann, Hamminkeln

Chief Strategic Officer

- a) Borussia Dortmund GmbH & Co. KGaA  
Evonik Performance Materials GmbH  
(since July 1, 2015\*)

### Thomas Wessel, Herten

Chief Human Resources Officer

Responsible for Technology & Infrastructure

- a) Evonik Nutrition & Care GmbH (since July 1, 2015\*)  
Evonik Resource Efficiency GmbH (since July 1, 2015\*)  
Evonik Performance Materials GmbH  
(since July 1, 2015\*)  
Evonik Technology & Infrastructure GmbH  
(since July 1, 2015\*, Chair since September 3, 2015)
- Pensionskasse Degussa VVaG  
Vivawest GmbH  
Vivawest Wohnen GmbH
- b) Gesellschaft zur Sicherung von  
Bergmannswohnungen mbH

### Ute Wolf, Düsseldorf

Chief Financial Officer

- a) Deutsche AWM Investment GmbH (since July 1, 2015)  
Evonik Nutrition & Care GmbH (since July 1, 2015\*)  
Evonik Resource Efficiency GmbH (since July 1, 2015\*)  
Evonik Performance Materials GmbH (since July 1, 2015\*)  
Pensionskasse Degussa VVaG
- b) Advanced Metallurgical Group N.V., Amsterdam  
(Netherlands) (until May 7, 2015)

### The following gentleman left the Executive Board in 2015:

#### Patrik Wohlhauser, Kelkheim

(until June 30, 2015)

Responsible for the Nutrition & Care,

Resource Efficiency and Performance Materials segments

- b) Jungbunzlauer Holding AG, Basel (Switzerland)

a) Membership of statutory supervisory boards.

b) Membership of comparable German and foreign supervisory bodies of business enterprises pursuant to Section 125 Paragraph 1 Sentence 5 of the German Stock Corporation Act (AktG).

\* Until August 21, 2015 defined as a comparable supervisory body pursuant to Section 125 Paragraph 1 Sentence 5 of the German Stock Corporation Act (AktG).

# Market positions

## Market positions 2015<sup>a</sup>

Product	Application	Global ranking <sup>a</sup>	Capacity in metric tons p.a.
<b>Nutrition &amp; Care</b>			
Amphoteric surfactants	Shampoos, shower gels	1	<sup>d</sup>
Ceramides, phytosphingosines	Cosmetics	1	<sup>d</sup>
Fat chemistry, quaternary derivatives	Fabric softeners	1	<sup>d</sup>
Organically modified silicones	Additives for polyurethane foams, cosmetics, radiation-cured separation coatings	1–2	<sup>d</sup>
Superabsorbents	Diapers, feminine hygiene products, incontinence products, technical applications	1–2	570,000
Amino acids and amino acid derivatives	Pharmaceutical intermediates and infusion solutions	3	<sup>d</sup>
Exclusive synthesis	Intermediates and active substances for pharmaceuticals and specialty applications	3	<sup>d</sup>
Pharmaceutical polymers	Drug delivery systems (e.g. tablet coatings) and medical products (e.g. bioresorbable implants)	2	<sup>d</sup>
DL-methionine	Animal nutrition	1	580,000
<b>Resource Efficiency</b>			
Hydrogen peroxide	Bleaching of pulp and textiles, oxidation agent for the chemical industry, starting product for polyurethane	2	> 900,000
Activated nickel catalysts	Life sciences and fine chemicals, industrial chemicals	3	<sup>d</sup>
Precious metal powder catalysts	Life sciences and fine chemicals, industrial chemicals	1	<sup>d</sup>
Oil and fat hydrogenation catalysts	Life sciences and fine chemicals, industrial chemicals	3	<sup>d</sup>
Amorphous polyalphaolefins	Thermoplastic hot melt adhesives	1	<sup>d</sup>
Polybutadienes	Automotive manufacturing (adhesives and sealants)	2	<sup>d</sup>
Polyester resins	Can- and coil coating, reactive hot melt adhesives	1	<sup>d</sup>
Thermoplastic and reactive methacrylate resins	Binders for paints and coatings	1–2	<sup>d</sup>
Organically modified silicones	Binders for paints and printing inks	2	<sup>d</sup>
Isophorone chemistry	Environment-friendly coating systems, high-performance composites (crosslinkers)	1	<sup>d</sup>
PEEK	Special applications in the oil and gas, automotive and aviation industries, electronics/semiconductors, specialty medical technology (e.g. implants)	3	<sup>d</sup>
Polyamide 12	High-performance specialty polymer applications (e.g. automotive, medical, sport, gas and offshore oil pipelines)	1	<sup>d</sup>
Oil additives	Viscosity index improvers	1	<sup>d</sup>
Organosilanes, chlorosilanes	Rubber, silicone rubber, paints and coatings, adhesives and sealants, building protection materials, pharmaceuticals, cosmetics, optical fibers	1 <sup>b</sup>	<sup>d</sup>
Fumed silicas, fumed metal oxides, precipitated silicas, matting agents	Silicone rubber, paints and coatings, adhesives, sealants and plastics, pharmaceuticals, cosmetics, high-temperature insulation, electronics, reinforcement of rubber, consumer products, additives for the coatings and printing inks industry	1	600,000

**Market positions 2015<sup>a</sup>**

Product	Application	Global ranking <sup>a</sup>	Capacity in metric tons p.a.
<b>Performance Materials</b>			
Butene-1	Co-monomer for polyolefins	1 <sup>c</sup>	235,000
DINP	High-molecular plasticizers for use in flexible PVC	2	220,000
Isononanol	Intermediate for high-molecular plasticizers	2	400,000
Cyanuric chloride	Industrial applications and specialties (e.g. crosslinkers and optical brighteners), crop protection (especially Chinese producers)	3	31,000
Alcoholates	Catalysts for biodiesel, pharmaceuticals, agrochemicals and other applications	1	> 200,000
Methacrylate monomers	Dispersions, coatings, plastics, additives, adhesives, optical lenses	1–2	<sup>d</sup>
Methacrylate polymers (PMMA molding compounds and PMMA semi-finished products)	Construction materials for the automotive and electrical/electronics industries, specialty medical technology, architecture, design and communication applications	1–2	400,000

<sup>a</sup> Evonik's assessment based on various individual market reports/information and in-house market research.

<sup>b</sup> Chlorosilanes: freely traded volumes. Overall assessment—market position differs depending on application.

<sup>c</sup> Freely traded volumes.

<sup>d</sup> No data available.

# Glossary

## Technical terms

### Accident frequency (occupational safety indicator)

Number of accidents involving Evonik employees and contractors' employees under Evonik's direct supervision per 1 million working hours.

### Active packaging

Active packaging improves the storage conditions for food. For example, oxygen absorbers remove oxygen from the atmosphere, thereby increasing the shelf-life of packaged food through reduced oxidation and maintaining its quality (e.g. color, taste). Evonik is developing VISPARENT®, a portfolio of oxygen absorbers for a wide range of end-uses, including transparent packaging.

### Amino acids

Amino acids are building blocks for proteins that are used in animal nutrition. They are used to ensure that the amino acid content of animal feed is optimally aligned to requirements. As a result, livestock needs less feed. That also reduces excretion of nitrogen and undigested nutrients, which improves the carbon footprint of livestock farming and reduces overfertilization of the soil. Evonik markets all four major essential amino acids for animal nutrition, i.e. DL-methionine (MetAMINO®), L-lysine (Biolys®), L-threonine (ThreAMINO®) and L-tryptophan (TrypAMINO®). Evonik also produces amino acids and their derivatives in pharmaceutical quality for use in infusion solutions for parenteral nutrition, as starting products for animal cell cultures, and in the manufacture of active ingredients.

### Anti-fouling

Special paints protect ships from fouling: algae, mussels and barnacles that adhere to the vessel and greatly increase drag as they sail. Anti-fouling coatings therefore bring substantial fuel-savings. Evonik's specialty ingredients provide particularly long-lasting protection.

### Biodiesel

Biodiesel is mainly produced from renewable raw materials. In many countries, it is already mandatory to add a proportion of biodiesel to mineral diesel fuel. Higher percentages are expected to improve climate protection and reduce dependence on imports. Evonik produces alkoxides which are used as catalysts for efficient high-yield production of biodiesel. Using Evonik's catalysts, biodiesel can be manufactured in a water-free process. As a result, fewer unwanted by-products are generated, leading to less contamination, so separation and processing are facilitated.

### Butadiene

Butadiene is mainly used in synthetic rubber, for example for the manufacture of tires. It also has a wide range of applications in elastomers and plastics. For example, it enhances the resistance of rubber gloves and is an important precursor for the production of latex mattresses.

### C<sub>4</sub> chemistry

C<sub>4</sub> crack is a by-product of crude oil refining. It is produced in a steam cracker when naphtha is split into ethylene and propylene. After isolation, Evonik processes the C<sub>4</sub> hydrocarbons and places them on the market, for example as butadiene for tires and butene-1 for the plastics industry. Isobutene is processed into methyl tertiary butylether (MTBE), which is used as an anti-knock agent in fuel. In further processing steps, it manufactures high-chain alcohols and plasticizers for flexible PVC. Evonik's integrated C<sub>4</sub> technology platform ensures excellent product yields. All hydrocarbons contained in C<sub>4</sub> crack are processed cost-effectively.

### Composites

Composites are composed of at least two different materials, for example a matrix material reinforced with fibers. By combining the properties of the materials carefully, it is possible to produce components that are very light yet extremely tough.

### **Cosmetic ingredients for hair care products**

Evonik produces a wide range of cosmetic ingredients such as conditioning agents, surfactants and thickening agents for shampoos and conditioners, and active ingredients to repair damaged hair. Surfactants provide cleansing properties, while thickeners give the products the right viscosity and rheology. The conditioning additives improve the smoothness and structure of hair, making it easier to comb. They can also provide additional protection against heat, UV irradiation and static charge.

### **Diversity**

We define diversity not simply as the best possible balance between male and female employees, but also between different educational backgrounds, experience of working in different organizational units and functional areas, a broad age range and a variety of nationalities, in other words, diversity in all its facets.

### **Greenhouse Gas Protocol (GHG Protocol)**

The Greenhouse Gas Protocol is regarded as the most widespread voluntary international standard for calculating and compiling data on greenhouse gas emissions from industry. It was developed by the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI).

### **High performance polymers**

Evonik is a specialist for high performance polymers. These have particularly high strength, making them a welcome alternative to metals in many fields, for example in light-weight structures, medical implants and industrial applications. Depending on where they are used, such materials have to withstand high temperatures, aggressive chemicals and significant mechanical strain.

### **Hydrogen peroxide**

Hydrogen is one of the cleanest and most versatile chemicals. Because of its positive properties it is used in a wide range of applications. Traditionally, hydrogen peroxide has been used as an environmentally benign bleaching agent in the pulp and textile industries. It is also used for antiseptic packaging, to clean silicon wafers in the manufacture of printed circuit boards and as an active ingredient in pharmaceuticals. Thanks to the innovative Hydrogen Peroxide to Propylene Oxide (HPPO) process developed by Evonik and ThyssenKrupp Industrial Solutions, this environment-friendly oxidation agent is also used in the direct chemical synthesis of propylene oxide, which is an important starting product for polyurethanes.

### **Incident frequency (plant safety indicator)**

This indicator is based on the process safety performance indicator defined by the European Chemical Industry Council (Cefic). Analogously to the accident frequency indicator for occupational safety, it covers incidents involving the release of substances, fire or explosion, even if there is little or no damage. It is calculated from the number of incidents per 1 million working hours in the segments' production facilities.

### **Integrated technology platforms**

Integrated technology platforms allow efficient use of product streams and thus high added value by utilizing by-products from one production process as starting products for others. That saves resources, reduces CO<sub>2</sub> emissions and leverages cost-efficiency. Examples of integrated technology platforms in the Evonik Group are isophorone and silicon.

### **Isophorone/isophorone diamine/isophorone diisocyanate**

Isophorone is used as a solvent, for example in the paints and coatings industry. It is also used to produce the derivatives isophorone diamine and isophorone diisocyanate. Isophorone diamine is an important curing agent for epoxy resin systems, for example to strengthen rotor blades. Isophorone diisocyanate is used to produce light- and weather-resistant polyurethanes, for example, for coating instrument panels and other plastic components.

**Monomers**

Monomers are low-molecular-weight, reactive molecules that can build polymers.

**Oil additives**

As a leading global supplier of oil additives, Evonik develops innovative technologies that improve the operational efficiency of engines, gears and hydraulic systems. Specific and customized improvements in the flow properties of lubricants over a wide temperature range play an important role. Depending on the application, Evonik markets these technologies as DRIVON™, NUFLUX™ and DYNAVIS®.

**PEEK**

Polyetherether ketones (PEEK) are partially crystalline high-performance polymers with outstanding mechanical properties and very good temperature resistance. In view of their exceptionally high mechanical, thermal and chemical properties, they are mainly used in functional components and assemblies in automotive engineering, aviation, electronics and medical products.

**Plasticizers**

Plasticizers are chemical compounds that make PVC plastics flexible. Alongside conventional products, Evonik markets phthalate-free plasticizers.

**Plastic glazing**

Glazing made of PLEXIGLAS® is up to 50 percent lighter than glass. That makes it attractive for automotive engineering. PLEXIGLAS® also has excellent transparency, very good resistance to weathering, pleasant acoustic properties and outstanding moldability, which opens up completely new design options compared with conventional glazing.

**PMMA**

Abbreviation for polymethylmethacrylate. This is a colorless polymer (acrylic glass) that can be colored in a range of shades. Properties: high light transmittance, good moldability, exceptionally high weather resistance. Applications: automotive and aviation engineering, architecture, lighting, design, electronics and communications technology. Best-known brand: PLEXIGLAS®, which is marketed as ACRYLITE® in the Americas. Form supplied: thermoplastic molding compounds, cast or extruded semi-finished goods (sheet, film, tubes, rods).

**Polyimides**

Polyimide fibers are mainly used in filter media to remove particulates from hot flue gases in coal-fired power plants, waste incinerators and cement plants.

**Polymers**

Long-chain, short-chain or crosslinked molecules (macromolecules) produced by linking smaller molecules (monomers).

**Polyurethane (PUR)**

Polymers with excellent thermal and sound insulating properties and a very broad spectrum of applications. Flexible, foamed PUR is used for cushions, mattresses and interior trims. Applications for rigid PUR include automotive engineering, construction and refrigerators.

**REACH**

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is the European chemicals regulation.

**Responsible Care**

Responsible Care is a global initiative of the chemical industry. Its goals are a continuous improvement in health, safety and environmental performance. It therefore makes an important contribution to sustainability.

**Silanes**

Silanes are a group of chemical compounds, comprising silicon and hydrogen. Evonik produces three types of silanes:

- Organofunctional silanes have at least one functional hydrocarbon group. They are used to produce high-performance additives that improve the properties of inorganic particles, resins and polymers. For example, they enhance the bonding properties of adhesives, make plastics heat-resistant, and add flame-retardant properties to cables.
- Sulfur-functional silanes have revolutionized the production of tires, where they are used with precipitated silicas to improve key properties such as rolling resistance and wet grip.
- Chlorosilanes are important precursors, for example for the semiconductor and optical fiber sectors.

### Silicas

Evonik manufactures both precipitated silicas using a wet route and fumed silicas which are produced by a flame process. Silicas are also known as silicon dioxide. These ultra-fine particles are used in a wide range of applications, including the life sciences (pharmaceuticals and cosmetics), construction, adhesives and sealants, paints and coatings, furniture manufacture and electronics applications such as polishing computer chips and the production of toners for digital printing. They also play a key role in energy-saving tires with low rolling resistance ("green" tires).

### Silica-silane system

Silicas are used in combination with silanes to reinforce the tread of modern tires. The silica-silane system greatly reduces rolling resistance, resulting in fuel savings of up to 8 percent compared with conventional auto tires. It also improves grip on wet and wintry roads.

### Structural foams

Structural foams are popular for lightweight construction because they are light and stable. ROHACELL® is the brand name for Evonik's polymethacrylimide (PMI) structural foams, which have been used for many years in planes and helicopters. Now they are increasingly being used in sandwich structures in the automotive industry.

### Superabsorbents

Crosslinked polymers that are insoluble in water and can absorb and store large quantities of aqueous liquid through a mechanism that causes them to swell and form hydro gels. The liquid is not released even under pressure. Consequently, these polymers are mainly used in diapers. Special forms of superabsorbents are used in agriculture to regulate the moisture in soil. They can absorb large quantities of water, and release it to the plants during dry periods.

### Sustainability

Sustainability is based on the need to balance the economic, ecological and social dimensions. Sustainable development is a commitment to the perspectives for the lives of future generations, as expressed in the Vision 2050 published by the World Business Council for Sustainable Development (WBCSD) and the United Nations' 17 goals for sustainable development. At the same time, sustainable development is an opportunity to establish a successful long-term corporate strategy that combines business success with social and societal responsibility and protection of the environment.

### UN Global Compact

The United Nations Global Compact is the biggest and most important global initiative for responsible business management. Signatories are committed to align their business operations and strategies to ten universally recognized principles relating to human rights, labor, environmental protection and fighting corruption.

### VISIOMER® specialty methacrylates

Evonik markets the VISIOMER® brand of specialty methacrylates as important precursors for adhesive formulations and sealing compounds. Applications include automotive engineering and boat building as well as pressure-sensitive and anaerobic adhesives which allow application-specific optimization of bonding properties.

### Vision 2050

For the Vision 2050 project 29 corporate members of the World Business Council for Sustainable Development (WBCSD) developed a common agenda for a world geared to sustainability by 2050 and pathways to achieve this vision. Evonik was involved in this project and is committed to the Vision 2050 which is expressed as "9 billion people living well within the limits of the planet".

### World-scale facility

A large-scale production facility. World-scale facilities are often more economical because fixed costs per metric ton decline as output increases.

## Financial and economic terms

### Adjusted EBIT

Earnings before financial result and taxes, after adjustments. Earnings parameter showing Evonik's operating earnings performance irrespective of the structure of its assets.

### Adjusted EBITDA

Earnings before financial result, taxes, depreciation and amortization, after adjustments. Earnings parameter showing Evonik's operating earnings performance irrespective of the structure of its assets and its investment profile. This is a cash flow-related parameter which is used in particular in the adjusted EBITDA margin to show the relationship to sales as a basis for comparison with competitors.

### Adjustments

Evonik adjusts its operating earnings to take account of non-operating income and expense items that are one-off or by nature rare. Consequently, these items do not form part of adjusted EBIT and adjusted EBITDA. The adjustments mainly comprise income and expenses relating to the acquisition and divestment of business operations, impairment losses/reversals of impairment losses and restructuring expenses.

### Compliance

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

### Corporate governance

Corporate governance comprises all principles underlying the management and oversight of a company. As an expression of good and responsible management of the company, it is therefore a central element in a company's management philosophy. The principles of corporate governance relate mainly to collaboration within the Executive Board and Supervisory Board and between these two boards and the shareholders, especially at Shareholders' Meetings. They also relate to the company's relationship with other people and organizations with which it has business dealings.

### CTA

Abbreviation for contractual trust arrangement. This is a model used by Evonik to transfer some of its pension obligations to a trust established especially for this purpose: Evonik Pensionstreuhand e. V., Essen (Germany). The assets transferred to this trust secure employees' pensions.

### EVA®

Abbreviation for economic value added. Indicator used for value-oriented management of the Evonik Group. EVA® is calculated from the difference between adjusted EBIT and the cost of capital employed. If EVA® is positive, value is created.

### Hedge accounting

This refers to accounting for hedging transactions and the associated hedged items as a single valuation unit. The purpose of hedge accounting is to synchronize the otherwise different periods in which the hedged item and hedge impact on earnings.

### Hedging

Hedging is the strategy used to offset the exposure of business transactions to risks such as changes in exchange rates, interest rates and raw material prices. The company enters into an additional transaction whose profile is exactly opposite to the profile of the hedge transaction. Derivative financial instruments such as forward contracts, swaps and options are used as hedging instruments.

### IFRS

Abbreviation for International Financial Reporting Standards. Since 2005 companies listed on stock exchanges in the European Union have been required to prepare consolidated financial statements in accordance with IFRS.

**Rating**

In the financial community, a rating is an assessment of the creditworthiness of a debtor. Ratings are generally awarded by specialized rating agencies. The probability of default is calculated on the basis of specific criteria and debtors are assigned to rating classes that are indicated by rating codes. Ratings are also awarded for corporate and government bonds. A rating indirectly affects the debtor's business activity. Normally a better rating enables a debtor to obtain favorable terms for borrowing.

**ROCE**

The return on capital employed is a measure of the profitability of capital employed. It is calculated by dividing adjusted EBIT by the average capital employed in the reporting period.

**Stakeholders**

In a corporate context, the term stakeholders refers to all natural or legal persons with an interest in the development of an enterprise. Stakeholders range from owners and employees through customers and suppliers to the state and general public.

**Swaps (currency swaps, interest rate swaps)**

Derivative financial instruments used to hedge currency or interest rate risks by swapping cash flows. Currency swaps entail swapping payments in different currencies, while interest rate swaps comprise swapping fixed interest rates for variable rates.

**Venture capital**

Venture capital is risk capital that is made available to fund innovative concepts and ideas, generally at high-growth small and mid-sized enterprises. Through Evonik Venture Capital GmbH, Evonik aims to invest up to €100 million in promising start-ups and leading specialized venture capital in the mid term.

**Volatility**

Volatility is a measure of the fluctuation in the price of traded goods, e.g. shares, currencies, interest rates, in a given period. It expresses the standard deviation of relative changes in prices over a given period (e.g. a year). The term is often used to denote the fluctuation in prices or interest rates on entire markets.