

Environmental and Social Data Sheet

Overview

Project Name:	EVONIK NEXT GENERATION INNOVATION RDI
Project Number:	2023-0717
Country:	Germany
Project Description:	The project concerns the promoter's Research, Development and Innovation (RDI) investments, covering operational expenditures for the period of 2024-2027. The project activities will focus on the innovative and sustainable solutions in the field of specialty chemicals and advanced materials with the objective to maximise the development of product and process technologies with reduced carbon and environmental footprint.
EIA required:	no

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The project activities concern RDI operational expenditures, covering a large number of various research themes. The project activities will be carried out in already existing and authorised R&D facilities with no need for additional permits. The project is not listed under any of the Annexes of the Environmental Impact Assessment Directive (EIAD) – Directive 2014/52/EU amending Directive 2011/92/EU and therefore it does not require a screening or an EIA Report.

Evonik sees RDI as the key accelerator to deliver its 2030 sustainability and climate strategic targets. More specifically, the RDI project supported by EIB will be focused on developing innovative and sustainable products and process technologies, leading to GHGs emissions reduction (e.g., membranes for water electrolysis to produce green hydrogen, biobased and/or biodegradable chemicals, use of alternative fossil-free materials) and to more resource-efficient, more durable and circular solutions (e.g., plastics recycling, toxic-free and non-hazardous chemicals, improved battery materials, etc.). With these innovations the climate and environmental benefits will radiate throughout the promoter's suppliers and wide clientele base.

Furthermore, the promoter applies its Portfolio Sustainability Assessment methodology to assess and track the RDI product portfolio with the objective to reduce the ecological, climate and social footprints from its product applications. Four main sustainability focus areas include Fight Climate Change, Drive Circularity, Safeguard Ecosystems and Ensure Health & Wellbeing.

Overall, the results of the project activities are expected to contribute to the chemical industry transformation towards safer and more sustainable production through bringing to the market solutions with better climate, environmental and social impacts. The potential residual negative

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.



Luxembourg, 19/02/2024 environmental effects are assessed as non-significant, in respect to both environment and climate.

The project to be financed is therefore considered to be aligned both against low carbon and resilience goals set out in the Climate Bank Roadmap, and it is sector aligned under Industry and RDI. A part of the project cost meets the Bank's Climate Action and Environmental Sustainability criteria, contributing to the Bank's corresponding policy objective.

EIB Paris Alignment for Counterparties (PATH) Framework

Evonik is in scope and screened in for the PATH assessment, because it is classified as a chemical company (high-emitting sector) and assessed as having high vulnerability to physical climate risks.

Evonik has a public decarbonisation plan that includes a 25% reduction target of scope 1 and 2 CO2 emissions and a 11% reduction of scope 3 by 2030 compared to 2021. Evonik has a clear plan to reduce its emissions through a number of measures, including wider use of renewable energies, process re-design, advanced process control, waste heat utilisation and other technologies. Evonik aims to reach climate neutrality in all emission scopes by 2050.

In addition, Evonik demonstrates sufficient assurance that it is aligned with the PATH framework requirements for physical climate risk and vulnerability. Evonik has identified short, mid- and long-term physical climate risks at asset level and measures to mitigate them.

Therefore, the counterparty is assessed as meeting the Bank's PATH low-carbon and resilience requirements.

Other Environmental and Social Aspects

- The project's RDI activities are a central part of Evonik's operations and, as such, are embedded in its existing organisational and management structure. Evonik has an integrated ESHQE² management system, which applies to the entire company. Evonik implements the ESHQE policy in accordance with the internationally accepted ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 50001 (Energy Management) standards. The implementation of the management system is controlled by a central audit system.
- Evonik performs the assessments of avoided greenhouse gas emissions of products and their applications following the recommendations given in the "Avoiding Greenhouse Gas Emissions" guidelines, performed in accordance with the requirements of DIN ISO 14040 (Environment Management – Life Cycle Assessment).
- Evonik is regularly assessed by several ESG ratings and benchmarks (e.g., Ecovadis, CDP, ISS ESG, MSCI, Sustainalytics ESG and others) with consistent ratings well above the industry average, hence demonstrating one of the best-in-class examples within the chemical industry.

Conclusions and Recommendations

The RDI activities will be carried out in already existing and authorised R&D facilities with no need for additional permits. The project is not listed under any of the Annexes of the Environmental Impact Assessment Directive (EIAD) – Directive 2014/52/EU amending Directive 2011/92/EU and therefore it does not require a screening or an EIA Report.

The results of the project activities are expected to contribute to the chemical industry transformation towards safer and more sustainable production as the R&D activities are geared to develop products and production technologies with better climate and environmental impact, thus contributing to reduction of raw material consumption, waste generation and emissions and to wider use of non-fossil feedstock and circular solutions. The benefits of the projects are expected to radiate throughout the promoter's suppliers and wide clientele base. The potential

² The abbreviation ESHQE corresponds to Environment, Safety, Health, Quality and Energy.

Public



Luxembourg, 19/02/2024 residual negative environmental effects are assessed as non-significant, in respect to both environment and climate.

Overall, the project is considered acceptable for the Bank financing in environmental and social terms.