

## UK Modern Slavery Statement for 2023

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015 (the Act) and sets out the measures Evonik Group has taken during the financial year ending on 31 December 2023 to fulfil its policies and commitments and ensure that human rights violations including modern slavery and human trafficking are not taking place in its own operations and its supply chains.

This statement is published on behalf of Evonik Industries AG and the entire Evonik Group (hereafter referred to as “Evonik” / “we”). Evonik takes a group-wide approach to its human rights commitments, including modern slavery.

We understand modern slavery as an overarching term including forced labour, forced child labour, bonded labour or debt bondage, and human trafficking.

### Organizational structure and supply chains of Evonik

Evonik is a specialty chemicals company group with headquarters in Germany. We have activities in more than 100 countries, productions plants in 27 countries on six continents and about 33,000 employees worldwide. Major sites are in Western Europe, USA, China, Singapore, India and Brazil. Our specialty chemicals operations are divided into four chemical manufacturing divisions: Specialty Additives, Nutrition & Care, Smart Materials and Performance Materials. They are supported by our Technology & Infrastructure Division. In 2023, Evonik generated sales of €15.3 billion.

Evonik’s procurement department is organized globally and comprises direct procurement (raw materials, logistics, and packaging) and indirect procurement (general and technical goods and services). Both are subdivided into strategic and operational procurement activities. Global procurement is managed from Germany, with the support of regional units in Asia and North and South America. In 2023, Evonik worldwide sourced raw materials and supplies, technical goods, services, energy, and other operating supplies with a total value of around €11.3 billion from around 34,000 suppliers in about 100 countries. Evonik has the highest purchase volume in Europe, followed by North America, Asia and Central & South America.

July 8<sup>th</sup>, 2024

Christian Kullmann  
Chairman of the Executive Board  
Phone +49 201 177-3899  
christian.kullmann@evonik.com

Evonik Industries AG  
Rellinghauser Straße 1-11  
45128 Essen  
Germany  
Phone +49 201 177-01  
Fax +49 201 177-3475  
www.evonik.com

Supervisory Board  
Bernd Tönjes, Chairman  
Executive Board  
Christian Kullmann, Chairman  
Dr. Harald Schwager, Deputy Chairman  
Maike Schuh  
Thomas Wessel

Registered Office: Essen  
Register Court: Local Court Essen  
Commercial Registry B 19474

## Policies and governance on human rights including modern slavery

Evonik has clearly defined standards of conduct in place. Our policies are based on internationally recognized standards and principles like the:

- International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles and Rights at Work (ILO Core Labour Standards)

We comply with applicable laws or go beyond them everywhere we operate. In countries where local laws differ from internationally accepted human rights, we look for ways to implement the above international standards without coming into conflict with local legislation.

Our most relevant policies<sup>1</sup> are:

- Evonik Code of Conduct (2020)
- Evonik Policy Statement on Human Rights (revised in the reporting period)
- Evonik Code of Conduct for Suppliers (revised in the reporting period)

Our Code of Conduct sets out Evonik's most important principles and standards, which all employees must be aware of. It includes requirements around internationally recognized human rights, labour and social standards, including a prohibition of all forms of forced labour and modern slavery.

Our Human Rights Policy Statement applies to Evonik Industries AG, Evonik Operations GmbH and all companies over which these entities exercise a controlling influence (Evonik Group). At all other companies in which we are invested, we work to ensure that the above internationally recognized standards are observed. We

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<sup>1</sup> All policies can be found on our website:

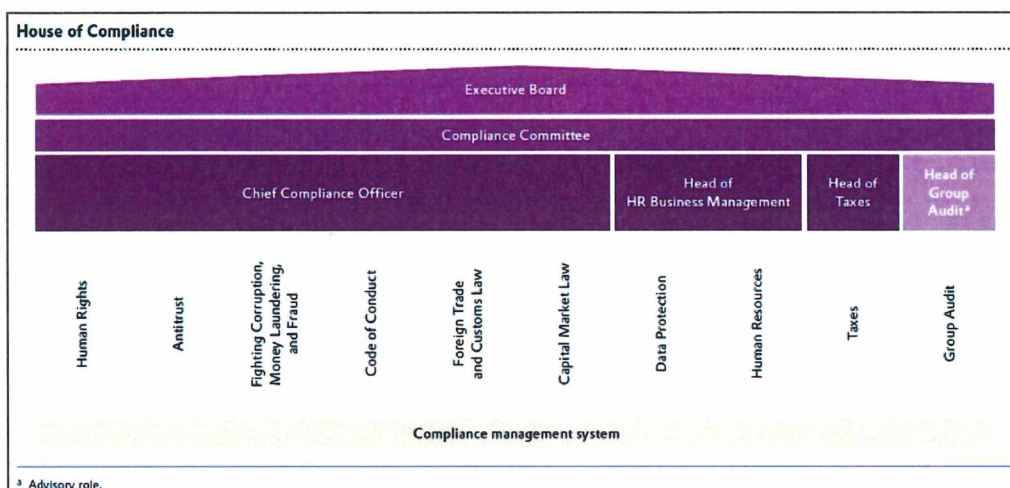
<https://corporate.evonik.com/en/sustainability/commitments/commitments-of-evonik-237314.html>

expect our employees to be familiar with this policy and statement and to respect and actively support it in their daily work.

As a basis for successful cooperation, we expect our suppliers and other business partners to comply with our standards and to implement appropriate processes to respect human rights. The Evonik Code of Conduct for Suppliers specifies our expectations in this regard. It is communicated to all suppliers in our general terms and conditions of purchase, as well as via contractual compliance clauses.

Since 2022, human rights have been part of the “House of Compliance”, which covers the most relevant compliance areas for Evonik (see chart below). The Chief Compliance Officer sets and monitors the rules relevant to human rights and the voluntary commitments Evonik has made. In 2022 and 2023, we developed and implemented a comprehensive Compliance Management System (CMS) for human rights. Its implementation and continuous development are the responsibility of the Group Human Rights Officer. Additional responsibilities regarding human rights, including of other relevant functions, are set out in a RASCI (Responsible, Accountable, Supporting, Consulted, Informed) matrix. The objectives of the CMS Human Rights are a timely identification of human right risks in our own operations and supply chains and the establishment of preventive and remedial action to avoid and/or mitigate violations of human rights, including modern slavery.





## Due diligence processes in relation to human rights

### Risk assessment: Own operations and supply chains

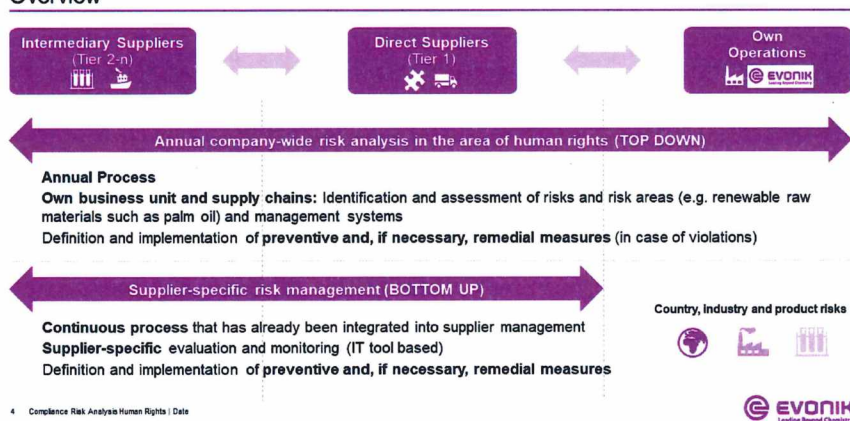
The annual Group-wide human rights risk assessment covers Evonik's own business operations as well as our management of direct and indirect suppliers. In 2023, human rights risks and possible violations were identified by a standardized questionnaire using the task management tool IMPERO. Group-wide, we asked more than 350 employees with potential information on relevant human rights and environmental issues to answer the questionnaire. The survey included questions concerning human rights and the associated presence of vulnerable groups as well as on existing processes for identifying and managing human rights risks in our own operations and at suppliers. In a further step we prioritized the identified risks. Subsequently we conducted risk-based interviews and workshops, where the identified risks were examined in more detail and appropriate mitigation measures were defined. As the next steps, the measures are or will be implemented and effectiveness checks are defined. The complete process is documented within our task management tool.

In addition to the annual Group-wide human rights risk assessment, we also implement an ongoing supplier-specific risk management process. We use the EcoVadis IQplus tool to identify abstract human right risks – country and industry risks – related to direct suppliers. We then identify specific, supplier-related risks with the help of assessments and other tools from our partners EcoVadis/Together for Sustainability, IntegrityNext, and SIGNUM Consulting.

The results of the annual Group-wide risk analysis and the supplier specific risk management are linked to each other in our task management tool IMPERO as well as through regular exchange between the purchasing department and the Group Human Rights Officer. In this way, we achieve effective human rights and environmental risk management for our own business operations as well as direct and indirect suppliers. The chart below gives an overview of the two processes for the compliance risk analysis on human rights.

### Compliance Risk Analysis Human Rights

#### Overview



4 Compliance Risk Analysis Human Rights | Date

[Internal]

### Prequalification process of suppliers

We expect our suppliers and business partners to share our principles and act correctly in all respects, which means accepting responsibility towards their employees, business partners, society, and the environment. For this purpose, we use a self-developed supplier validation process based on the values defined in our Code of Conduct for Suppliers. Alongside quality, environmental protection, safety, health, and energy management, the assessment of potential risk factors includes corruption prevention, cybersecurity, labour and social standards (the right to freedom of association and collective bargaining), human rights (compulsory, forced, or child labour), conflict minerals, and responsibility within the supply chain. All details are entered online and evaluated using a validation matrix. The initial validation is a country-based process and does not include a separate review of the location of operations. In 2023, we evaluated 1,440 new suppliers. That was over 85.2 percent of our new suppliers.

Successfully completed Together for Sustainability 2 (TfS) assessments can also be used as evidence of validation. Overall, suppliers are evaluated using a method that identifies and quantifies risk factors as a basis for risk mitigation.

The evaluation of the TfS assessments also includes the 360 degree watch findings, through which we also gain insights into possible human rights violations at our suppliers.

We also assess business partners other than suppliers regarding human rights risks. In 2023, we substantially revised and further defined the human rights and environmental assessment processes as part of mergers and acquisitions (M&A) and investment projects. We also redesigned our processes regarding compliance checks for intermediaries (e.g. agents and distributors) to strengthen human rights related requirements.

#### **Risk assessment results: Own operations**

We are aware of certain general risks in terms of modern slavery in some countries where we operate, but we didn't identify any specific violations in our own operations.

#### **Risk assessment results: Suppliers and business partners**

As a company group in the chemical industry, we are confronted with the typical risks of this sector in our supply chains. These include human rights and environmental risks associated with:

- Metallic and mineral raw materials, particularly at the extraction stage, but also in the processing of these materials;
- Renewable raw materials, especially in the production of certain raw materials;
- Services, especially arising in connection with low-skilled and/or low-wage work and the use of subcontractors; and

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<sup>2</sup> The chemical industry founded the Together for Sustainability (TfS) initiative to foster sustainability in supply chains via the joint development and implementation of a global assessment and audit program for responsible procurement of goods and services.



- Logistics, particularly associated with certain shipping modes such as ocean freight and transportation of goods by road.

#### **Preventive measures, training and awareness-raising: Own operations**

In our own operations, we have a range of measures in place to address human rights risks, including risks of modern slavery and human trafficking. We are expanding these based on the results of the human rights risk analysis. In this, we can build on measures already in place, for example, in HR and ESHQE, and gradually extend and improve them. That includes taking a more global view of human rights and environment-related risks.

We know that awareness is key for recognizing and acting on actual or potential human rights risks and violations. In 2023, we therefore implemented a human rights training concept for our own operations. Employees who are able to identify or could even commit a violation of human rights because of their field of work are required to take a mandatory e-learning training, followed by a mandatory face-to-face training course. In addition, the e-learning module is open to all other employees on a voluntary basis. It is available in 13 languages, so about 96 percent of our employees subject to mandatory training can complete the module in their mother tongue.

In 2023, we developed and started to implement face-to-face training on human rights. The focal areas are dealing with human rights dilemmas (e.g. child labour) and the application of the principles in day-to-day work situations. By year-end 2023, 11 face-to-face training sessions had been held in Germany.

We also developed a train-the-trainer concept on the basis of the face-to-face sessions. This is used to train Regional Compliance Officers and empower them to conduct face-to-face human rights training sessions in their region.

#### **Preventive measures, training and awareness-raising: Suppliers and business partners**

To address human rights and environmental risks – including modern slavery risks – identified in our supply chains, we implement and continue to develop preventive measures, training and awareness-raising activities. Our ongoing supplier-specific

risk management process contains a set of mandatory and additional preventive measures which are assigned depending on a supplier's risk level. These include for example Joint Improvement

Plans following up on assessments or audits, awareness-raising and training, further analysis of suppliers' deeper value chain and joint measures with other purchasing companies or via sector/issue initiatives or standards, particularly for systemic issues.

Our general terms and conditions of purchase, which are referred to with every order, contain specific obligations for suppliers with regard to human rights due diligence processes. These are also part of individually negotiated contracts. If there are specific risks, we obtain separate assurances from suppliers or exclude the relevant sourcing countries from the outset. In the case of high-risk suppliers, we carry out special due diligences and/or audit measures prior to contract negotiations. In some procurement categories, Evonik undertakes to purchase raw materials only if relevant certifications are available, e.g. Roundtable on Sustainable Palm Oil (RSPO) for renewable raw materials.

### **Grievance mechanisms and remedial measures**

Possible violations of human rights at or in connection with Evonik can be reported via internal channels and a generally accessible electronic whistle-blower system operated by an external service provider. Both employees and external stakeholders, such as business partners, supplier employees and local inhabitants near Evonik sites, can use this system, which is available in 20 languages, to report non-compliance or potential non-compliance to Evonik. The system has a separate category for human rights, including forced labour/modern slavery and reports on this topic are channelled directly to the Group Human Rights Officer.

Alongside the electronic whistleblower system, (suspected) violations of regulations or policies can be reported to the responsible compliance officers by phone, email or letter.

We are working continuously to improve the effectiveness of our grievance channels.



## **Effectiveness**

### **Compliance Management System Human Rights**

The Chief Compliance Officer is responsible for reviewing the effectiveness of the Compliance Management System for human rights. Regarding the CMS Human Rights, KPMG initially confirmed in January 2023 as part of a so-called readiness check that Evonik meets the requirements of the German Supply Chain Due Diligence Act, taking into account the expected implementation dates.

### **Grievance channels**

The number of complaints and grievances raised via our various grievance channels helps us to assess whether our prevention measures regarding human rights, modern slavery and human trafficking are appropriate and effective. However, this is only the case if (potentially) affected groups know and trust the grievance system. In the 2023 reporting year, we received few reports on human rights and environmental issues. None of these related to modern slavery or human trafficking. We are therefore continuously working to further improve the accessibility of our grievance procedures. In addition, we will continue to raise awareness of how to spot signs of modern slavery, as well as of our grievance mechanisms, with our own employees and potentially affected third parties. Our training and awareness-raising activities serve this purpose.

### **Human rights trainings**

All participants of the face-to-face human rights trainings receive a questionnaire with questions about the use of the training for their daily work. Among other aspects, 80% see a good or very good relationship between the trainings and everyday working life. We will successively develop and implement further indicators to measure the effectiveness of the training measures.

### **Targets and objectives**

For Evonik, identifying and addressing human rights and modern slavery risks and impacts is a continuous process. To strengthen our approach in the future, we plan to:

- Continue to implement appropriate preventive measures arising from the annual Group-wide human rights risk analysis.
- Continue to implement processes for remedial measures.
- Raise awareness in our own operations by conducting human rights trainings, including trainings outside of Germany.
- Establish further processes to measure the effectiveness of our human rights trainings as well as other preventive and remedial measures within our own operations and supply chains.
- Continue to strengthen our measurement and reporting on the effectiveness of our efforts to combat modern slavery.

Endorsed by the executive board (signed 8<sup>th</sup> July 2024)

