Looking at our progress in **digitalization**, we further increased our digital sales across all business units. In our digital unit Henkel dx, we continued to optimize structures, strengthened the development of digital expertise, and further promoted a culture of innovation. We created new business opportunities for Henkel through the acceleration of digital innovations, through our platform strategy and through improved collaboration of all business units and functions. Our digital business platform RAQN enables us to further expand our e-commerce activities, while addressing individual consumer and customer preferences, to accelerate time-to-market and to improve performance marketing based on data analytics. In 2022, we also launched a second 150-million-euro fund for our corporate venture capital activities in the consumer goods business. Henkel dx Ventures partners with startups in co-innovation activities and invests in promising ventures in the two focus areas digital commerce and sustainability.

Tough times are the moments in which you draw confidence and energy from a **strong culture**. Our joint purpose, **Pioneers at heart for the good of generations**, unites, energizes, and guides more than 50,000 colleagues around the world. Its clarity and ambition inspire me personally, day by day. Building on our purpose, we evolved and strengthened our Henkel brand in 2022, including through the global launch and roll-out of our new corporate branding.

Culture requires leadership. At Henkel, our established Leadership Commitments serve as the basis for how we work together as one team or individually. To further embed and deepen the understanding for these commitments, we rolled out new training and development programs for employees, managers, and teams. A comprehensive 360-degree feedback program for senior executives helps us as a leadership team to continue growing and to live up to our Leadership Commitments.

As Chair of the Supervisory Board, I also held several talks with investors on issues relating specifically to the Supervisory Board and on questions of corporate governance. I reported on these talks in summary form to the Supervisory Board.

There were no indications of conflicts of interest involving Management Board or Supervisory Board members that might have required immediate disclosure to the Supervisory Board and reporting to the Annual General Meeting.

Members of the Supervisory Board take it upon themselves to seek the training needed to perform their duties; these efforts are appropriately supported by the corporation. The corporation again offered information and training events focusing on specific topics in the year under review. They included, for example, a presentation of the regulatory framework for managing and reporting on ESG issues and their significance for the capital market.

Supervisory Board meetings

The Supervisory Board and the Audit Committee held four regular meetings in the reporting year. Some members attended the meetings in person; others took part by video conference. A further extraordinary meeting of the Supervisory Board was held by video conference.

The members of the Management Board participated in the meetings of the Supervisory Board unless it was deemed expedient for the Supervisory Board to discuss individual agenda items without the Management Board being present. Discussions were also possible without the Management Board.

In each of our meetings, we discussed the reports submitted by the Management Board, conferring with it on the development of the corporation and on strategic issues. We also discussed the overall economic situation and Henkel's business performance. After the start of war in Ukraine, we regularly discussed both the associated actions taken to protect our employees and the impacts of the war on Henkel.

At our special meeting on January 28, 2022, we focused on the provisional financial results for 2021 and the outlook for 2022, as well as discussing in depth the merger of the two business units Beauty Care and Laundry & Home Care into the new Consumer Brands business unit. The share buyback program and our mid- and long-term ambitions were also discussed.

Committees of the Supervisory Board

In order to enable us to efficiently comply with the duties incumbent upon us according to legal statute and our Articles of Association, we have established an Audit Committee and a Nominations Committee. Prof. Dr. Michael Kaschke, who chaired the Audit Committee in the year under review, and Simone Menne both comply with the statutory requirements for Audit Committee membership of impartiality and expertise in the fields of accounting and auditing. For more details on the responsibilities and composition of the committees, please refer to the corporate governance statement (on pages 51 to 85) and the membership lists on page 345 of this Annual Report.

Committee activities

Following the appointment of the external auditor by the 2022 Annual General Meeting, it was mandated by the Audit Committee to audit the annual financial statements and the consolidated financial statements, including the combined management report for Henkel AG & Co. KGaA and the Group, and to review the half-year financial report for fiscal 2022. The audit fee was also established and the key audit matters were discussed. It was agreed that the auditor will notify the Supervisory Board immediately of any findings or incidents discovered or occurring during the audit that are material to the performance of the Supervisory Board’s duties. Appropriate procedures for the provision of non-audit-related services as permitted in the relevant EU regulations were specified. The Audit Committee also obtained the necessary validation of auditor independence for the performance of these tasks. The Audit Committee likewise commissioned the external auditor to review the content both of the separate, combined non-financial statement for Henkel AG & Co. KGaA and the Group, which is compiled as a separate non-financial report, and of the remuneration report compiled in accordance with Section 162 of the stock corporation act [AktG]. Both reports will be made available in the public domain through publication on our website.

The four meetings held by the Audit Committee in the year under review were a mixture of personal attendance and video conferences. In the run-up to each meeting, the Chair of the Audit Committee held confidential talks with the auditors regarding the audit findings and any other aspects of audit relevance.

The meetings and resolutions were prepared through the provision of reports and other information by the Management Board. The heads of the relevant Group functions – particularly Corporate Accounting, Legal & Compliance, Treasury and Internal Auditing – also reported on individual agenda items and were available to answer questions. The Chair of the Committee reported promptly and in full to the plenary Supervisory Board on the content and results of each of the committee meetings.

The company and Group accounts, including the interim financial reports (quarterly statements and half-year financial report) were discussed at all Audit Committee meetings, with all matters arising being duly examined with the Management Board. The auditor was present to discuss the relevant agenda items at the three meetings at which we discussed and approved the interim financial reports; the auditor also reported on the findings of the audit procedures commissioned by the Supervisory Board and the Management Board and on the main issues and occurrences relevant to the work of the Audit Committee. There were no objections raised in response to these reports.

The Audit Committee likewise focused in great detail on the accounting process and the efficacy and further development of the Group-wide internal control and risk management systems. The efficiency of the risk management system was reviewed on the basis of the risk reports of previous years. The report given by the General Counsel & Chief Compliance Officer on material legal disputes and issues relating to compliance within the Group was also discussed, as was the status report submitted by Internal Audit. The audit plan submitted by Internal Audit, focusing on audits of the functional reliability and effectiveness of the internal control system and the compliance organization, was approved. The Audit Committee further discussed treasury risks, their management, and the EMIR mandatory audit pursuant to Section 32 Securities Trading Act [WpHG]. The auditor's provision of non-audit-related services and adherence to the general conditions specified for same were monitored. There were no transactions requiring approval pursuant to Section 111b AktG.

At its meeting on February 27, 2023, attended by the auditor, the Audit Committee discussed the annual and consolidated financial statements, together with the combined management report for Henkel AG & Co. KGaA and the Group, and also the separate, combined non-financial report for Henkel AG & Co. KGaA and the Group for fiscal 2022, as well as the respective audit reports and auditor's notes, the associated proposal for appropriation of profit, and the risk report, and prepared the corresponding resolutions for the Supervisory Board. The Audit Committee also discussed the quality of the audit at this meeting. As in previous years, other members of the Supervisory Board took part as guests in this specifically accounting-related meeting of the Audit Committee.

The Nominations Committee met several times and submitted its recommendation for the Supervisory Board's proposal to the 2023 Annual General Meeting for resolution with regard to the planned election of Laurent Martinez, CFO of Alstom S.A., France, as shareholder representative to succeed Prof. Dr. Michael Kaschke, who will be leaving the Supervisory Board at the end of the Annual General Meeting 2023. The Nominations Committee drew up an appropriate requirements profile for potential candidates for this post, bearing in mind the objectives and competencies specified by the Supervisory Board for its own composition, and conducted a structured selection process with the aid of an external consultant.

Efficiency audit

The Supervisory Board and Audit Committee regularly review the efficiency with which they perform their duties. The efficiency of the activities of the Supervisory Board and Audit Committee and the required impartiality of their members were confirmed in the efficiency audit performed in 2021/2022. Some improvement opportunities were discussed and are in the process of being implemented. The next efficiency audit is scheduled to take place in 2023/2024.

Corporate governance and declaration of compliance

The Supervisory Board again dealt with questions of corporate governance in the reporting year. In our meeting on December 9, 2022, we examined the amendments to the German Corporate Governance Code (GCGC). In particular, we discussed and revised the objectives governing supervisory board composition and approved the supervisory board qualifications matrix proposed by the GCGC. The rules of procedure for the Supervisory Board and Audit Committee were revised and edited to reflect gender neutrality. Details of Henkel's corporate governance can be found in the corporate governance statement (pages 51 to 85 of this Annual Report), with which we fully acquiesce.

At our meeting on February 28, 2023, we discussed and approved the joint declaration of compliance for 2023 to be submitted by the Management Board, Shareholders' Committee and Supervisory Board, as specified in the GCGC. The full wording of the current and previous declarations of compliance can be accessed through the company website. The current declaration of compliance is also reflected in the corporate governance statement.

The rights and duties of the supervisory board of a KGaA are more limited compared to those of the supervisory board of an AG. Specifically, the supervisory board of a KGaA is not authorized to appoint personally liable partners, preside over the partners' contractual arrangements, impose procedural rules on the management board, or rule on business transactions. These duties are performed for the corporation by the Shareholders' Committee and by the Supervisory Board of Henkel Management AG respectively. A KGaA is not required to appoint a director of labor affairs, even if, like Henkel, the company is bound to abide by Germany's Codetermination Act of 1976.

The general meeting of a KGaA essentially has the same rights as the shareholders' meeting of an AG. For example, it votes on the appropriation of profit, elects members of the supervisory board (shareholder representatives) and formally approves the supervisory board's actions. It appoints the auditor and also votes on amendments to the articles of association and measures that change the company's capital, which are implemented by the management board. Additionally, as stipulated by the legal form, it also votes on the adoption of the annual financial statements of the company, formally approves the actions of the personally liable partner (general partner), and elects and approves the actions of the members of the shareholders' committee as established under the articles of association. Resolutions passed in general meeting require the approval of the personally liable partner where they involve matters which, in the case of a limited partnership, require the authorization of the general partners and that of the limited partners (Section 285 (2) AktG) or relate to the adoption of annual financial statements (Section 286 (1) AktG).

According to our Articles of Association, in addition to the Supervisory Board, Henkel also has a standing Shareholders' Committee comprising a minimum of five and a maximum of ten members, all of whom are elected by the Annual General Meeting (Art. 27 of the Articles of Association). The Shareholders' Committee is required in particular to perform the following functions (Section 278 (2) AktG in conjunction with Sections 114 and 161 HGB, and Art. 8, 9 and 26 of the Articles of Association):

- In particular, the Shareholders' Committee acts in place of the Annual General Meeting in guiding the business activities of the corporation.
- It decides on the appointment and dismissal of the Personally Liable Partners.
- It holds both the power of representation and executive powers over the legal relationships prevailing between the corporation and Henkel Management AG, the Personally Liable Partner.
- It exercises the voting rights of the corporation in the Annual General Meeting of Henkel Management AG, thereby choosing its three-member Supervisory Board which, in turn, appoints and dismisses the members of the Management Board.
- It determines the rules of procedure for Henkel Management AG, as the Personally Liable Partner, and specifies which transactions it must submit to the Shareholders' Committee for approval.

Recommendations of the Code that refer to the duties and responsibilities of a supervisory board that are performed by the Shareholders' Committee in accordance with the Corporation's bylaws are analogously applied to the Shareholders' Committee.

- The rights and duties of the supervisory board of a KGaA are more limited compared to those of the supervisory board of an AG. In particular, the Supervisory Board of the Corporation has no authority to appoint personally liable partners or to preside over the associated contractual arrangements; it may not issue rules of procedure governing the actions of the Management Board, and it is not permitted to designate business transactions requiring oversight consent. These duties are performed by the Shareholders' Committee or the supervisory board of Henkel Management AG. A KGaA is not required to appoint a director of labor affairs, even if, like Henkel, the company is bound to abide by Germany's Codetermination Act of 1976.
- The general meeting of a KGaA essentially has the same rights as the shareholders' meeting of an AG. In addition, it resolves on the adoption of the annual financial statements of the Corporation and formally approves the actions of the personally liable partner(s). At Henkel, the General Meeting also elects the Shareholders' Committee and formally approves its actions. Numerous resolutions passed in the General Meeting require the consent of the personally liable partner, including approval of the annual financial statements of the Corporation.

Recommendations of the Code

Where the Code offers recommendations concerning the duties and responsibilities of a supervisory board that are performed by the Corporation's Shareholders' Committee or the supervisory board of Henkel Management AG due to legal form or in compliance with the Articles of Association, those recommendations have been adopted accordingly for the Shareholders' Committee and the supervisory board of Henkel Management AG respectively. Such recommendations contained in the GCGC relate to the composition of the Management Board, succession planning, the length of first terms in office, reappointments and specification of an age limit, definition of a remuneration system and of total remuneration, and specification of the amount of variable remuneration to be paid to the Management Board and of the monetary arrangements upon termination of a contract (Recommendations B.1 to B.5 and G.1 to G.16).

Taking into account the special features arising from its legal form and bylaws, the Corporation complies with all recommendations ("shall" provisions) of the GCGC, with the following exceptions:

- According to Recommendation C.5 GCGC, management board members of listed companies should not accept more than two supervisory board appointments or comparable offices in non-Group listed companies. Nor should they chair a supervisory board of a non-Group listed company. Whether the number of mandates held by members of the management board remains appropriate is to be assessed on a case-by-case basis as a more reasonable approach, rather than by means of a rigid upper limit.

- According to Recommendation G.10 GCGC, the amounts corresponding to the variable components of remuneration awarded to the members of the Management Board should be predominantly invested by them in Corporation shares, or be awarded in appropriately share-based form. Long-term variable remuneration awards to Management Board members should be subject to a four-year lock-up period.

  In derogation from this recommendation, the portion of the personal investment in Henkel preferred shares (share deferral) to be made under the Short Term Incentive scheme (STI) in relation to the at-target remuneration (target achievement, functional factor 1) amounts to around 25 percent of the total variable remuneration (comprising the STI and the Long Term Incentive (LTI)) and around 47 percent of the total long-term remuneration (comprising the share deferral and the LTI).

  The lock-up period for the Henkel preferred shares expires in each case on December 31 of the fourth calendar year following the remuneration year. This share deferral ensures that the members of the Management Board accumulate and hold a significant share portfolio during the rolling lock-up period, and that they participate in the long-term performance of the Corporation, whether this be positive or negative. This share portfolio continues to grow due to the fact that shares are sold, if at all, only in exceptional instances once the respective lock-up period has expired.

  The performance measurement period for the LTI is three years. The LTI is paid in cash once the Corporation's annual financial statements for the final year in the performance measurement period have been approved by the General Meeting.

  In keeping with the objectives of the Management Board remuneration policy, this structure of the STI and LTI rewards sustainably profitable growth and thus supports the long-term development of Henkel; and Management Board remuneration is aligned to the interests of the Corporation's shareholders.
- The Corporation derogates from Recommendation G.12 GCGC – according to which, in the event of termination of a Management Board contract, the payment of any outstanding variable remuneration components attributable to the period up to termination of the contract should be in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract to the extent that, in the event of premature departure, the STI is calculated on the basis of the budget figures and paid out in the last month. Upon termination and in the event of death, all vesting periods arising from the personal investment in Henkel preferred shares (share deferral) cease to apply. Similarly, in the event of death, claims under the LTI in respect of tranches not yet disbursed are settled on the basis of the budget figures and paid to the heirs.

Our vision:

- Win the 20s by outperforming the markets through innovative and sustainable solutions.

Our values:

- We put our **customers** and **consumers** at the center of what we do.
- We value, challenge and reward our **people.**
- We drive excellent sustainable **financial performance.**
- We are committed to leadership in **sustainability.**
- We shape our future with a strong entrepreneurial spirit based on our **family business** tradition.

The corporate bodies of Henkel and our employees worldwide are guided by this purpose, this vision, and these values. They reaffirm our ambition to meet the highest ethical standards in everything we do. And they guide our employees in all the day-to-day decisions they make, providing a compass for their conduct and actions.

Henkel is committed to ensuring that all business transactions are conducted in an ethically irreproachable, legal fashion. Consequently, Henkel expects all our employees not only to respect the corporation's internal rules and all relevant laws, but also to avoid conflicts of interest, to protect Henkel's assets and to respect the social values of the countries and cultural environments in which Henkel does business. The Management Board has therefore issued a series of Group-wide codes and standards with precepts that are binding worldwide. These regulatory instruments are not static, but are periodically reviewed and amended as appropriate, evolving in step with the changing legal and commercial conditions that affect Henkel as a globally active corporation. The Code of Conduct supports our employees in ethical and legal issues. The Leadership Commitments define the principles of management conduct. The Code of Corporate Sustainability describes the principles that drive our sustainable, socially responsible approach to business. This code also enables Henkel to meet the commitments derived from the United Nations Global Compact.

Ensuring compliance with laws and regulations is an integral component of our operating models and business processes. Henkel has established a Group-wide compliance organization with locally and regionally responsible compliance officers led by a globally responsible General Counsel & Chief Compliance Officer (CCO). The General Counsel & CCO, supported by the Corporate Compliance Office and the interdisciplinary Compliance & Risk Committee, manages and controls compliance-related activities undertaken at the corporate level, coordinates training courses, oversees fulfillment of both internal and external regulations, and takes appropriate action in the event of compliance violations.

The local and regional compliance officers are responsible for organizing and overseeing the training activities and implementation measures tailored to the specific local and regional requirements. They report to the Corporate Compliance Office. The General Counsel & CCO reports regularly to the Management Board and to the Audit Committee of the Supervisory Board on identified compliance violations.

The issue of compliance is also a permanent item in the target agreements signed by all managerial staff of Henkel. Due to their position, it is particularly incumbent on them to set the right example for their subordinates, to effectively communicate the compliance rules and to ensure through the implementation of suitable organizational measures that these are obeyed.

The procedures to be followed in the event of complaints or suspicion of malpractice also constitute an important element of the compliance policy. Since we place great importance on identifying potential misconduct and taking suitable action to prevent violations, all Henkel employees and stakeholders are required to report possible misconduct. In addition to our internal reporting system and complaint registration channels, a compliance hotline operated by an external service provider is available for the purpose of reporting suspicions of violations – anonymously, if preferred – to the Corporate Compliance Office. The Head of the Corporate Compliance Office is mandated to initiate the necessary follow-up procedures.

Our corporate compliance activities are focused on antitrust law and the fight against corruption. In our Code of Conduct, the corporate guidelines based upon it, and in other publications, the Management Board clearly expresses its rejection of all infringements of the principles of compliance, particularly antitrust violations and corruption. We do not tolerate such violations in any way. For Henkel, bribery, anticompetitive agreements, or any other violations of laws are no way to initiate or conduct business.

A further compliance-relevant area relates to capital market law. Supplementing the legal provisions, internal codes of conduct have been put in place to regulate the treatment of issues and information that have the potential to materially affect share prices. The corporation has an Ad Hoc Committee comprised of representatives from various departments. In order to ensure that potential insider information is handled as required by law, this Committee reviews occurrences for their possible effect on share prices, determining the need to issue reports to the capital markets on an ad hoc basis. The ultimate authority to decide how to handle potential insider information lies with the Management Board. There are also rules that go beyond the legal requirements, governing the behavior of the members of the Management Board, the Supervisory Board and the Shareholders' Committee, and also employees of the corporation who, due to their function or involvement in projects, have access to potential insider information.

4. How the Management Board, Supervisory Board and Shareholders' Committee work; how their committees are composed and work

Management Board

The Management Board is composed of at least two members in accordance with Art. 7 (1) of the Articles of Association of Henkel Management AG. The Supervisory Board of Henkel Management AG is also responsible for determining the number of members on the Management Board; it can appoint a member of the Management Board as Chairperson. As of December 31, 2022, the Management Board had five members.

The members of the Management Board are segregated from both the Supervisory Board and the Shareholders' Committee of Henkel AG & Co. KGaA and from the Supervisory Board of Henkel Management AG; no member of the Management Board may also sit on either of the aforementioned Supervisory Boards nor the Shareholders' Committee.

As the executive body of the Group, the Management Board is bound to uphold the interests of the corporation and is responsible for ensuring a sustainable increase in shareholder value. The members of the Management Board are responsible for managing Henkel's business operations in their entirety. The individual Management Board members are assigned, in accordance with a business distribution plan, areas of competence for which they bear lead responsibility. The members of the Management Board cooperate closely as colleagues, informing one another of all major occurrences within their areas of competence and conferring on all actions that may affect several such areas. Actions and business transactions that are of fundamental relevance for the corporation or pose an unusual risk must be agreed upon in advance by the entire Management Board. The same applies for matters for which one member of the Management Board requires a decision by the entire Management Board. The Chair of the Management Board is responsible for coordinating all areas of Management Board responsibility. Further details relating to cooperation and the division of operational responsibilities within the Management Board are regulated by the rules of procedure issued by the Supervisory Board of Henkel Management AG.

It is the duty of the Management Board to prepare the annual financial statements of Henkel AG & Co. KGaA, the consolidated financial statements and combined management reports for Henkel AG & Co. KGaA and the Group, the non-financial statements and the half-year financial reports and quarterly statements. Together with the Supervisory Board of Henkel AG & Co. KGaA, it compiles the annual remuneration report per Section 162 AktG.

The Management Board is responsible for management of the overall business including planning, coordination, allocation of resources, and control/risk management. It must also ensure compliance with legal provisions, regulatory requirements and internal company guidelines, and take steps to ensure that Group companies also observe them. To this end, the Management Board has put a comprehensive compliance management system in place that also offers employees and third parties the option of reporting suspicions of relevant violations in the corporation without fear of retribution. From its examination of the internal control and risk management system and the reporting of the Internal Audit department, the Management Board is not aware of any circumstances that undermine the appropriateness and effectiveness of these systems.

The Management Board adopts its resolutions in meetings held at regular intervals or by written procedure. Decisions by the Management Board are taken on the basis of detailed information and analysis submitted by the business units and central functions and – to the extent deemed necessary – by external consultants. Wherever possible, Management Board resolutions are adopted unanimously. In the absence of a unanimous vote, the majority decides; in the event of a tie, the Chair of the Management Board has the casting vote. If outvoted, the Chair has a veto right. Exercising the veto right prompts renewed debate of the resolution by the Management Board. If the veto right is exercised again in response to the proposed adoption of a resolution, the matter is forwarded to the Shareholders' Committee for a final decision. Any member of the Management Board can appeal to the Shareholders' Committee in respect of a matter affecting the corporation in which they were outvoted.

Supervisory Board

Composition, duties

The corporation's Supervisory Board is composed of equal numbers of shareholder and employee representatives as specified in the 1976 Codetermination Act [MitbestG], and is made up of 16 members (Section 7 (1) sentence 2 MitbestG in conjunction with Art. 12 (1) of the Articles of Association). The eight shareholder representatives are elected by the Annual General Meeting and the eight employee representatives by the workforce in keeping with the 1976 Codetermination Act and the relevant voting procedures. All members of the Supervisory Board are bound in equal measure to protect the interests of the corporation. Members are appointed for five-year terms unless otherwise specified at election. At the last election of the shareholder representatives by the Annual General Meeting 2020, their term of office was set at four years.

It is the responsibility of the Supervisory Board to advise and supervise the Management Board in the performance of its business management duties. At regular intervals, the Supervisory Board discusses with the Management Board business policy, business performance and planning, the risk situation, risk management and the internal control system, as well as issues relating to compliance. It reviews the annual financial statements of Henkel AG & Co. KGaA and the Group's consolidated financial statements together with the associated combined management reports and the non-financial statement, taking into account the reviews and audit reports submitted by the auditor. It also votes on the proposal of the Management Board regarding the appropriation of profit and submits to the Annual General Meeting a proposal for the appointment of the external auditor, based on the recommendation submitted by the Audit Committee. The Supervisory Board also compiles jointly with the Management Board the annual remuneration report in accordance with Section 162 AktG. Approving the annual financial statements is not the Supervisory Board's duty, but rather the responsibility of the Annual General Meeting.

As a general rule, the Supervisory Board meets four times per year. If deemed necessary, the Management Board does not participate in such meetings. The Supervisory Board reaches its decisions by a simple majority of the votes cast. In the event of a tie, the Chair has the casting vote. The Supervisory Board has established an Audit Committee and a Nominations Committee.

The Audit Committee shall comprise three Supervisory Board members elected on the basis of names proposed by the Supervisory Board's shareholder representatives, and three Supervisory Board members elected on the basis of names proposed by the Supervisory Board's employee representatives. The Chair of the Audit Committee is elected based on a proposal of the shareholder representative members. As of December 31, 2022, the following were members of the Audit Committee: Prof. Dr. Michael Kaschke (Chair), Simone Menne (Vice Chair) and Dr. Simone Bagel-Trah as shareholder representatives, and Birgit Helten-Kindlein, Edgar Topsch and Michael Vassiliadis as employee representatives. It is a statutory requirement that the Audit Committee includes at least one member with expertise in the field of accounting and at least one further member with expertise in the field of auditing; all members must be familiar with the sector in which the corporation operates (Section 100 (5) and Section 107 (4) AktG). According to D.3 GCGC, the Chair of the Audit Committee should be knowledgeable in at least one of the two fields. Henkel's Audit Committee meets these requirements. Among the shareholder representatives, Prof. Dr. Michael Kaschke, current Chair of the Audit Committee, and Simone Menne have both spent many years working on management boards, as chief

Onboarding
In an onboarding procedure, newly elected members of the Supervisory Board and Shareholders' Committee are familiarized with our corporate values, applicable codes and standards, the basic organizational structure and strategy of the corporation together with the main corresponding initiatives, the corporation's operational performance and other current issues of relevance, and members' rights and obligations, taking into account the special features arising from our legal form and Articles of Association. Further, members take it upon themselves to seek the training needed to perform their duties – for example in the event of changes in legal frameworks. These efforts are appropriately supported by the corporation. If the need arises, in-house information events provide specific upskilling.

Interaction between Management Board, Supervisory Board and Shareholders' Committee
The Management Board, Supervisory Board and Shareholders' Committee work in close cooperation for the benefit of the corporation.

The Management Board agrees the strategic direction of the corporation with the Shareholders' Committee and discusses with it the status of strategy implementation at regular intervals.

In keeping with the precepts of good corporate governance, the Management Board informs the Supervisory Board and the Shareholders' Committee regularly, and in a timely and comprehensive fashion, of all relevant issues concerning business policy, corporate planning, profitability, the business development of the corporation and major affiliated companies, and also matters relating to risk exposure, risk management, and compliance. It also discusses the status of strategy implementation.

During their tenure, members of the Management Board are subject to a comprehensive ban on competition. They are obligated to act in the interests of the corporation and must not be guided by personal interest when making decisions. In particular, they must not make personal use of business opportunities owing to the corporation. Any ancillary professional activities – particularly supervisory board mandates outside the Henkel Group – may only be accepted with the prior approval of the Supervisory Board of Henkel Management AG. The Supervisory Board of Henkel Management AG decides whether and to what extent any compensation for ancillary activities is to be offset. All members of the Management Board must immediately notify the Chair of the Supervisory Board of Henkel Management AG and their Management Board colleagues of any conflicts of interest.

For transactions of fundamental significance, the Shareholders' Committee has established a right of veto in the procedural rules governing the actions of Henkel Management AG in its function as sole Personally Liable Partner (Art. 26 of the Articles of Association). This covers, in particular, decisions or measures that materially change the net assets, financial position or results of operations of the corporation. The Management Board complies with these rights of consent of the Shareholders' Committee and also duly submits to the decision authority of the corporation's Annual General Meeting.

Our vision and values, Code of Conduct, Code of Corporate Sustainability and other codes and policies governing our stewardship of the corporation are publicly accessible on our website **www.henkel.com**.

Activities of the Supervisory Board and Shareholders' Committee in the year under review
The activities of the Supervisory Board and its committees are described in the Report of the Supervisory Board to the Annual General Meeting.

The Shareholders' Committee continued to discharge its duties diligently in fiscal 2022 in accordance with the legal statutes and Articles of Association. In compliance with the Articles of Association, the Shareholders' Committee engaged in the management of the corporation and carefully and regularly monitored the work of the Management Board, advising and supporting it in its stewardship and in the strategic development of the corporation. It also discussed and ruled on those transactions that required its approval.

Six scheduled meetings took place in the year under review, together with a conference with the Management Board of several days' duration. Likewise, the Personnel and Finance Committees each met six times. Some members attended the meetings; others took part by video conference. In addition, five extraordinary meetings were held, three of which as a mixture of personal attendance and video conferences, and two as video conferences. The election of a new Vice Chair necessitated by changes in the Shareholders' Committee and the appointment of members to the Committees following the Annual General Meeting 2022 were implemented by written procedure.

Participation in the meetings of the Shareholders' Committee and its subcommittees was 95.9 percent. For details of individual members' attendance at meetings, please refer to the remuneration report.

At all ordinary meetings, the reports submitted by the Management Board were discussed, and the general development of the corporation, the status of acquisitions and divestments, and other matters of strategic importance were analyzed together with the Management Board. The overall economic situation and Henkel's business performance were also discussed. Since the war in Ukraine started, a situational report in each case detailed the measures implemented to protect our employees in Ukraine and the impacts of the war on Henkel. Areas of particular focus included the new strategic alignment of the corporation and its implementation status – particularly the merger of the business units Laundry & Home Care and Beauty Care into the new business unit, Consumer Brands, and the respective progress updates – together with the strategic directions of the business units, financial reporting, overall performance by the business units and in the

Implementation progress
In addition to the statutory minimum quota specified in Section 96 (2) AktG, the Supervisory Board believes that the aforementioned requirements were met in full in the reporting period.

Overall, the Supervisory Board believes it has the knowledge and skills needed to properly and effectively perform its duties. Several of the shareholder representatives on the Supervisory Board are or were members of management boards in relevant corporations and are experienced and skilled in managing globally operating corporations and in leading employees. Equally, several shareholder representatives have in-depth knowledge in the fields of research and development, production, marketing, selling and distribution, digitalization/e-commerce and sustainable management. The same applies for the fields of finance/accounting, financial control/risk management and governance/compliance.

In addition, several shareholder representatives on the Supervisory Board offer international business experience or other international expertise.

No shareholder representative exceeded the specified maximum age at the time of their election.

The GCGC recommendations on impartiality have been adopted.

None of the shareholder representatives nor close family members of a shareholder representative is a former Management Board member, or performs board or committee functions or acts as a consultant for major competitors, and none are persons whose business or personal relationship with the corporation or members of the Management Board could create a substantial and not merely temporary conflict of interest.

Dr. Simone Bagel-Trah, Supervisory Board Chair, and Prof. Dr. Michael Kaschke, Audit Committee Chair, have both been members of the Supervisory Board for more than twelve years. According to the GCGC, this could indicate a lack of impartiality. After exercising their due discretion, the shareholder representatives judged that – despite this indication – Dr. Bagel-Trah and Prof. Dr. Kaschke may be regarded as independent from the corporation and its Management Board as seen from an overall perspective. Dr. Bagel-Trah and Prof. Dr. Kaschke maintain the necessary impartiality toward the corporation and the Management Board in the performance of their office and their respective functions. Their conduct of office demonstrates a critical approach to the issues and questions to be assessed, while safeguarding the interests of the corporation.

The other shareholder representatives had been members of the Supervisory Board for less than twelve years in the year under review and had not been in any other personal or business relationship with the corporation or its Management Board that could create a substantial and not merely temporary conflict of interest. According to the precepts of Recommendation C.7 GCGC, these shareholder representatives are therefore independent from the corporation and the Management Board. The shareholder side therefore believes that all shareholder representatives on the Supervisory Board are independent from the corporation and the Management Board.

Four of the eight shareholder representatives – Barbara Kux, Simone Menne, Prof. Dr. Michael Kaschke and Poul Weihrauch – are not party to the Henkel family share-pooling agreement; under GCGC Recommendation C.9, they are therefore independent from the controlling shareholder. Apart from Dr. Simone Bagel-Trah, none of the shareholder representatives in office is a member of the Shareholders' Committee or the Supervisory Board of Henkel Management AG.

As such, the shareholder representatives on the Supervisory Board include what they believe to be a reasonable number of independent members as recommended by the GCGC.

In addition, we have effectively strengthened our portfolio by acquiring the hair salon business of Shiseido in Asia-Pacific and with that significantly expanded our position in this attractive market. The complementary portfolio featuring premium hair care, hair coloration and hair styling products includes leading hair salon brands such as Sublimic or Primience, which are marketed under the umbrella brand Shiseido Professional exclusively to salons.

Selected acquisitions in fiscal 2022

Business	Key countries	Contract signed on	Completion on	Purchase price in million euros	For further information, see pages
Acquisition of Shiseido's Hair Professional business in Asia-Pacific	Japan, China, South Korea	2/9/2022	7/1/2022	81	131–132, 215–218

In addition, we expanded our expertise for innovative surface technologies and thermal management solutions in the Adhesive Technologies business unit.

We also made advancements in the area of **innovations**. Our innovation and customer centers play a key role in this respect. With the new global innovation center of Adhesive Technologies – the Inspiration Center Düsseldorf – we aim to boost our innovative strength.

We have developed and launched numerous innovative products and solutions across all business units that address important trends and offer relevant added value to customers and consumers.

In our Adhesive Technologies business unit, for example, we have developed high-performance sealants for battery housings in electric vehicles, which protect the battery against moisture, corrosion and dust, and enhance safety. Moreover, our innovative solvent-free adhesives enable more sustainability in the packaging industry and increase recyclability at the end of the value chain.

In the Beauty Care business unit, we comprehensively relaunched our Schauma brand – with particular focus on sustainable product design. In our Professional business, we expanded the portfolio to include the hair colorant innovation The Unseen: Colour Alchemy. We also launched a hyper-personalized hair care solution under the new Schwarzkopf Professional brand SalonLab&Me, which offers hair stylists a new business model combining direct-to-consumer sales and in-salon experiences. In the Laundry & Home Care business unit, we strengthened our detergent brand Perwoll through a comprehensive relaunch, and we introduced a range of innovative dishwasher cleaning gels under our Somat brand.

In 2022 again, we further anchored **sustainability** within our business operations. As part of our 2030+ Sustainability Ambition Framework, we worked on a more sustainable product portfolio, for example by increasing our use of renewable and recycled raw materials. We also made significant progress toward our goal of achieving a climate-positive carbon footprint for our production sites by 2030 by further expanding our use of renewable energy.

We collaborated with partners to drive sustainable improvements along our value chain, with a focus placed on the area of supplier financing. In May 2022, Henkel joined forces with Deutsche Bank to add sustainability metrics to an existing supplier financing program for the first time in Europe. The metrics are linked to the sustainability performance of Henkel's suppliers. Sustainability criteria have therefore now been added to all Henkel supplier programs in the five regions.

In addition, we expanded our sustainability training program for employees with the launch of our holistic sustainability engagement program "Sustainability at Heart."

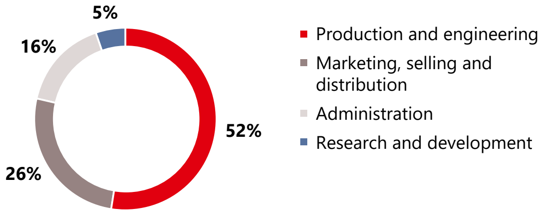
We also made important progress in the area of **digitalization** in 2022 – including a further increase in digital sales across all business units. We have continued to drive the strategic alignment of our digital unit Henkel dx by steadily optimizing internal structures, strengthening the development of digital expertise and promoting a culture of innovation. The acceleration of digital innovations, our platform strategy and the close collaboration of all business units and functions have enabled us to further improve our efficiency in IT and to create new business opportunities for Henkel – in the area of business-to-business marketplaces, for example.

To establish future-ready **operating models**, our focus in 2022 was on merging the Laundry & Home Care and Beauty Care business units. Wolfgang König, who has been responsible for the new Consumer Brands business unit since January 2023, had already taken on responsibility in the Management Board for the Laundry & Home Care business unit back in October 2022, in addition to his existing responsibility for the Beauty Care business unit. The new organizational structure of the integrated Consumer Brands business unit had been implemented in nearly all regions by the end of 2022 – ahead of the originally announced schedule. Related to this, the number of employees in our consumer businesses in fiscal 2022 decreased by around 1,000 year on year.

Moreover, the structure of the Adhesive Technologies business unit with four business areas overseeing eleven strategic business units proved itself in a volatile environment.

We have also further strengthened our **corporate culture**, building on our purpose – Pioneers at heart for the good of generations – and our Leadership Commitments. The creation of the integrated Consumer Brands business unit has also helped to strengthen our cultural transformation. In light of the associated changes to the organization, we focused on strengthening trust and responsibility in staying close to our Leadership Commitments. We also implemented new training and upskilling programs for employees, executives and teams. This included our comprehensive 360-degree feedback program for senior executives. Further areas of focus were the implementation of our holistic Smart Work concept – this provides the global framework for areas such as mobile working, digital workplace or employee health – and further global diversity, equity and inclusion (DEI) initiatives.

Employees by activity



At December 31, 2022

Shaping the future of work

At Henkel, we measure performance by results, not by physical presence. This is why we have been promoting flexible working models for years. Based on a culture of trust, part-time work, flexible working hours, new workplace concepts and mobile working are a natural part of our work.

We are shaping the future of work with the holistic Smart Work concept that we developed in 2021. The concept forms the global framework for mobile working, but also shows potential how our office landscapes might better support collaboration among our people, what improvements our health program can bring and which additional opportunities are offered by digitalization.

Recruiting, developing and retaining talents

As an employer, we want our employees as well as applicants and people interested in Henkel to be inspired and convinced by our culture and our career opportunities. As part of our global social media campaigns in 2022, we provided more authentic insights into the day-to-day work of our employees around the world. The positive response to these formats and the high level of transparency are reflected by the growing numbers of followers on our social media channels and by our employer rankings and ratings. We are continuously improving our job application process to make sure it appeals to interested talents.

We place great importance on the in-house training and professional development of our people, giving due consideration to locally different training paths. We offer 25 apprenticeship and five dual-track study programs in Germany. In 2022, we welcomed 140 new apprentices and dual-track students as they began working toward a professional qualification at Henkel. We also offer a range of trainee programs in selected emerging markets.

Employees per region over time

	2018	%	2019	%	2020	%	2021	%	2022	%
Western Europe	14,750	27.8	14,750	28.1	14,900	28.1	14,750	28.1	**14,400**	**28.1**
Eastern Europe	9,800	18.5	9,800	18.7	10,150	19.2	10,350	19.7	**10,150**	**19.8**
Africa/Middle East	4,200	7.9	3,900	7.4	3,850	7.3	3,650	7.0	**3,150**	**6.2**
North America	9,000	17.0	8,950	17.1	8,850	16.7	8,250	15.7	**8,300**	**16.2**
Latin America	5,800	11.0	5,900	11.3	6,150	11.6	6,300	12.0	**5,500**	**10.7**
Asia-Pacific	9,450	17.8	9,150	17.4	9,050	17.1	9,150	17.5	**9,700**	**18.9**
Total	53,000	100.0	52,450	100.0	52,950	100.0	52,450	100.0	**51,200**	**100.0**

Basis: permanent employees excluding apprentices; figures rounded.
(at December 31)

Risks in connection with the company's reputation and its brands

Description of risk: As a globally active corporation, Henkel is exposed to potential damage to the reputation of its corporate brand – Henkel – or of our product brands, particularly in the consumer goods sector, in the event of negative reports in the media, including social media. These could lead to a negative impact on sales or the pace of growth.

Measures: We minimize these risks through the measures described under legal and regulatory risks (see pages 188 to 191). On the one hand, this is to ensure that our production facilities and products are safe; on the other, our active communications work strengthens the reputation of the corporate brand and our product brands. These measures are supported by a global communication network and international and local crisis management systems with regular training sessions.

Technological risks (IT and cyber risks)

Technological risks arise, in particular, from increasing digitalization.

Description of risk: Information technology (IT) has strategic significance for Henkel. Our business processes rely to a great extent on internal and external IT services, applications, networks, and infrastructure systems. The failure or disruption of key IT services and the manipulation or loss of data – as a result of unauthorized access, for example – constitute material risks for Henkel. We analyze different potential in-house and external perpetrators and types of threat, such as intent, error or natural phenomena. The failure or disruption of important IT services can impair critical business processes. The loss of confidential data, for example formulations, customer information or price lists, could put us at a disadvantage with our competitors or give rise to legal consequences. Henkel's reputation could also be damaged by such loss.

Measures: The technical and organizational safeguards for assuring information and cyber security at Henkel are based on the international standards ISO 27001 and 27002. Major components include the classification of information and IT applications with respect to confidentiality, availability, integrity and data protection requirements, as well as commensurate measures for mitigating risk. In addition, Henkel has put technical and organizational measures in place to prevent, discover and defeat cyber attacks. Henkel maintains regular contact with other major corporations, associations and specialized service providers in order to enable the early detection of threats and implementation of effective countermeasures.

Our critical business processes operate through redundantly configured systems designed for high availability. Our data backup procedures reflect best engineering practice. We regularly review our restore and disaster recovery processes.

Access to buildings and areas containing IT systems, as well as user authorizations for our information systems, are limited to the minimum level necessary. For critical business processes, the required segregation of duties is enforced by technological means.

Our IT services are protected against unauthorized external access and are consistently kept up to date. We develop our systems using proven project management and program modification procedures.

We instruct and train our employees in the proper and secure use and operation of information systems as part of their regular duties. We require our IT service providers to maintain a comparable level of IT and cyber security.

The implementation of our security measures is continually reviewed by our Internal Audit function, other internal departments, and independent third parties.

Environmental risks (environmental, safety and health risks)

Description of risk: Henkel is a global manufacturing corporation and, through its operating activities, is therefore exposed to risks pertaining to the environment, safety and health, manifesting in the form of personal injury, physical damage to goods, and reputational damage. For example, soil contamination and the associated remediation expense, as well as leakage or other technical failures, could give rise to direct costs for the corporation. Furthermore, indirect costs such as fines, claims for compensation or reputational damage may also be incurred.

We assign the highest priority to the health and safety of our customers, consumers and employees. Despite global progress in vaccination, staff shortages may still occur due to the COVID-19 pandemic.

Long-term risks arise in particular from accelerated climate change, water scarcity and restrictions on disposable and, in particular, non-recyclable plastic packaging and product ingredients.

Accelerating climate change could have negative impacts on a wide range of countries, particularly through increases in the frequency and severity of extreme weather events. In addition to physical risks, this development may also give rise to socioeconomic, so-called "transition" risks, for example as a result of political measures such as regulations and taxes. A more detailed discussion of relevant potential climate-related risks can be found in our Sustainability Report 2022 on pages 36 to 38. The information is aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Population and economic growth, and also, potentially, climate change impacts, can exacerbate water scarcity in various regions. An acute, local water shortage or legal restrictions on the use of water can have a direct impact on the activities of our suppliers, our own operations, and our customers and consumers. Regulations to protect water resources, as well as changes in customer and consumer expectations, could have an impact on our raw material and product portfolio. Restrictions on disposable and, in particular, non-recyclable plastic packaging, as well as increasing requirements for distributors and manufacturers of plastic packaging, for example in the context of "extended producer responsibility," and also those governing the use of recyclate and the recyclability of packaging, could have an impact on the marketability and profitability of the current product and packaging portfolio.

Measures: We take specific measures to minimize these risks (see the measures described under legal and regulatory risks on pages 188 to 191), and organize appropriate auditing, advisory and training activities. We continually update these preventive measures in order to properly safeguard our facilities, assets and reputation. We ensure compliance with high technical standards, rules of conduct, and relevant statutory requirements as a further means of preserving our assets, and make sure that our corporate values – one of which is sustainability – are put into practice. We have established comprehensive monitoring systems and a global holistic crisis management system to manage extreme weather incidents, knock-on effects of the COVID-19 pandemic or other crises, which defines protection strategies at all our sites and for all employees. Protecting the physical and mental health of our employees is integral to securing our workflows. We achieve high uptake through extensive communication, information and support programs. Targeted measures to protect and promote health are implemented on the basis of employee surveys.

There is also a risk that our corporate values and our ethical, compliance and sustainability requirements are not adequately mirrored by our contractual partners. Even if corresponding requirements exist for our partners in the supply chain, violations that may lead to claims by third parties or damage our reputation cannot be ruled out.

Equally, as a globally active company, we maintain business relations with customers in countries that are subject to export control legislation, embargoes, economic sanctions, exclusion policies or other forms of trade restriction. Changes to these regulations, new or extended sanctions, or corresponding initiatives by institutional investors or non-governmental organizations may result in restrictions being imposed on our business activities in these countries or, indirectly, in other countries, or may prevent us from acquiring or keeping customers and suppliers.

We see long-term risks, for example, in tax law developments and requirements arising from the increased focus on human rights. This is because national and international laws on human rights due diligence and the associated sanctions for potential violations could make international procurement and sales activities considerably more difficult and lead to significant cost increases due to the verification and documentation effort required, possible liability risks, and also contradictory requirements in different jurisdictions.

Measures: Our internal standards, guidelines, codes of conduct, and training measures are geared to ensuring compliance with the aforementioned statutory requirements and, for example, safeguarding our manufacturing facilities and products. These precepts have also been incorporated into our management systems and are regularly reviewed. This includes the early monitoring and evaluation of relevant statutory and regulatory requirements and changes.

Ensuring compliance with laws and regulations is an integral component of our operating models and business processes. This includes the early monitoring and evaluation of relevant statutory and regulatory requirements and changes. Henkel has further established a Group-wide compliance organization with locally and regionally responsible compliance officers led by a globally responsible General Counsel & Chief Compliance Officer, which carries out appropriate risk analyses and risk-mitigating measures, such as training courses, or initiates internal audits (details can be found in the corporate governance statement on pages 51 to 85). In addition, our corporate legal department maintains constant contact with local counsel. Current proceedings and potential risks are recorded in a separate reporting system. For certain legal risks, we have concluded insurance policies with coverage that we consider to be appropriate and standard for the industry. However, the outcome of proceedings is inherently difficult to foresee, especially in cases in which the claimant is seeking substantial or unspecified damages. In view of this, we are unable to predict what obligations may arise from such litigations.

With our comprehensive approach to responsible procurement, we already promote sustainable practices and respect for human rights in our supply chain. A central element of our strategic risk management and compliance approach is our six-step Responsible Sourcing Process, which is an integral part of our procurement activities and includes pre-checks and risk assessment, review, analysis and continuous improvement both when we start collaborating with our suppliers and in a recurring cycle. Using this process to check and assess the sustainability performance of our suppliers, we currently cover more than 90 percent of our procurement volume in the areas of packaging, raw materials, and toll manufacturers.