



HENKEL SUSTAINABILITY REPORT 2023



Henkel



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**FOREWORD****HIGHLIGHTS 2023****COMPANY PROFILE****STRATEGY****REGENERATIVE PLANET****THRIVING COMMUNITIES****TRUSTED PARTNER****INDICATORS****INDICES****SCOPE AND REFERENCE FRAMEWORK****CREDITS**

Dear friends of the Company,

The world around us is not standing still and the past financial year was once again dominated by difficult geopolitical events that impacted our company. In 2023, our 2030+ Sustainability Ambition Framework continued to provide a strong foundation for the important economic, environmental and social challenges to which we have committed ourselves as part of our corporate purpose "Pioneers at heart for the good of generations."

Last year's progress included expanding the use of renewable energies. We converted a further fourteen sites to CO₂-neutral production in 2023. We also increased the proportion of our purchased electricity that comes from renewable sources to 89 percent. Our contribution to the circular economy was another focus of our work. We advocated for systemic change at the global and local levels. Examples include our work for the UN Global Plastic Treaty and our partnership with the Circular Valley Foundation, which will help us to work with start-ups and scientists around the world in the future.

We have continued to work systematically on a more sustainable product portfolio. In our Adhesive Technologies business, we have further developed the methodology for assessing the sustainability of our product portfolio. In our Consumer Brands business, we launched the "It starts with us" initiative, which aims to help our consumers reduce their carbon footprint in their everyday lives when using our products.

We need every single person to make changes and I am convinced that our employees are a fundamental lever for the sustainable transformation of our company. I am particularly proud of our first global sustainability conference, where we brought together participants from all areas and different countries to creatively drive forward the implementation of our sustainability strategy together. In addition, we expanded the existing training opportunities for our employees as part of our holistic engagement program, Sustainability at Heart.

Let's all face the current challenges with courage and optimism to drive positive, sustainable change together.

I hope you find our Sustainability Report 2023 informative and interesting.

SYLVIE NICOL

Executive Vice President Human Resources and Chair of Henkel's Sustainability Council



"We have continued to work systematically on a more sustainable product portfolio."

HIGH-LIGHTS 2023

We consistently and successfully implemented our sustainability strategy in 2023. Here are some examples from different fields of action:

Move to Matter

In May 2023, Henkel employees attended an internal Global Sustainability Forum in Düsseldorf. Around 140 participants attended this event under the slogan "Move to Matter." They came away inspired by the discussions and key information. The event was a great source of enthusiasm and helped to bring the attendees closer together.

**MOVE
TO
MATTER!**

Expanding renewable energies

We have moved another step closer to our aim of achieving climate-positive production by 2030 – with the continued expansion of renewable energies, among other initiatives. Henkel converted a further 14 sites to carbon-neutral production in 2023. We also increased the share of our purchased electricity derived from renewable sources to 89 percent.



One of the world's best employers

Henkel has been named one of the best employers in the world by business magazine Forbes. The "World's Best Employers" were chosen based on a survey of more than 170,000 employees from multinational companies.



Local networks for a circular economy

Henkel partnered with the Circular Valley Foundation to help advance the circular economy. The aim is to develop the Rhine-Ruhr region into an attractive location for young companies and researchers interested in the circular economy. The cooperation gives Henkel the opportunity to engage with startups and scientists from around the world, while also expanding its local network.

ECO



"It starts with us"

Through targeted communication, we strive to encourage responsible-minded behavior while using our products. In our Consumer Brands business unit, we have launched the initiative "It starts with us." Simple changes to everyday behavior can help consumers to use our products in a more resource-efficient and sustainable way, for example by using the ECO program on their washing machine.

Paid parental leave for everyone

In 2023, Henkel issued global guidelines on paid parental leave – irrespective of gender – which are set to come into force in 2024. This means that both parents will have the flexibility to take paid parental leave. With this new policy, Henkel is living up to its commitment to diversity by supporting consistent and equal access to offers such as parental leave and childcare services worldwide.

Award for new sleeve technology

To improve the recyclability of the PET bottle bodies used for its fabric softeners in Europe, Henkel is using a new technology called EcoFloat® for the packaging sleeve. This material is low in density and easier to separate from PET bottles at recycling facilities. The clean separation of bottle and sleeve materials is essential to enable high-quality PET to be recovered. Henkel was presented with the AWA Award for this innovation in 2023.

Transparency in the product portfolio

In 2023, the Adhesive Technologies business unit published an assessment of the sustainability of its product portfolio. An external audit confirmed the share of sales from products that contribute to sustainability in line with criteria defined by Henkel.



COMPANY ***PROFILE***

Henkel is one of the leading companies in consumer and industrial markets. Our portfolio includes familiar brands for hair and body care, detergents and cleaners, as well as adhesives, sealants and functional coatings. We shape our future on the basis of a long-term strategic framework that builds on our purpose and our values, with a clear focus on purposeful growth.

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- 08 VALUE ADDED



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HENKEL 20 23



47,750
employees

124
countries

BUSINESS UNITS

1 ADHESIVE
TECHNOLOGIES

2 CONSUMER
BRANDS

LEADING BRANDS

LOCTITE


Schwarzkopf

Persil

161

PRODUCTION SITES
AROUND THE WORLD

55

NUMBER OF COUNTRIES
IN WHICH WE PRODUCE

€21.5 bn

SALES

HEADQUARTERED IN
Düsseldorf





BUSINESS MODEL

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Henkel was founded in 1876. Therefore, the year under review marks the 147th in our corporate history. At the end of 2023, Henkel employed around 47,750 people worldwide. We hold globally leading market positions in our consumer and industrial businesses. Our purpose expresses what unites everyone at Henkel: Pioneers at heart for the good of generations. It is firmly anchored in our DNA and continues our success story of innovation, responsibility and sustainability as we move forward.

Henkel AG & Co. KGaA is operationally active as well as being the parent company of the Henkel Group. As such, it is responsible for defining and pursuing Henkel's corporate objectives and also for the management, control and monitoring of Group-wide activities, including risk management and the allocation of resources. Henkel AG & Co. KGaA performs its responsibilities within the legal scope afforded to it as part of the Henkel Group, with the affiliated companies otherwise operating as legally independent entities. Operational management and control is the responsibility of the Management Board of Henkel Management AG in its function as sole Personally Liable Partner. The Management Board is supported in this by the central corporate functions.

Since the beginning of the fiscal year 2023, Henkel has been organized into two operational business units: Adhesive Technologies and Consumer Brands. Adhesive Technologies is the global leader in its markets, with a broad portfolio of high-impact solutions including adhesives, sealants and functional coatings. The organizational structure of the business unit was optimized in the fiscal year 2023. The three business areas of Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional allow us to make more efficient use of scaling and strong competencies while ensuring proximity to customers and markets.

The integrated Consumer Brands business unit combines our consumer-facing businesses and brands. Our focus here is on the global business areas of Laundry & Home Care and Hair. We are also active in selective markets in the personal care sector with our Other Consumer Business division. We hold leading positions in numerous markets and categories, and have a strong brand portfolio. We offer consumer-relevant innovations that create added value for our customers and consumers, and we sell our products in brick-and-mortar retail, in hair salons and via digital distribution channels.

The business activities of our business units are supported by the central functions of Henkel AG & Co. KGaA, our Global Supply Chain organization and our Global Business Solutions organization with its Shared Service Centers. This enables the optimum utilization of corporate network synergies. Implementation of the business activities at the country and regional level is the responsibility of the national affiliated companies, and their operations are supported and coordinated by regional centers. The executive bodies of these national affiliates manage their businesses in line with the relevant statutory regulations, supplemented by their own articles of association, internal procedural rules and the principles incorporated in our globally applicable management standards, codes and guidelines.



VALUE ADDED

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Henkel's innovative products and solutions create value in its business units for its stakeholders – across the entire value chain. We operate 161 production sites in 55 countries worldwide, invest in research and development, maintain close cooperation with our suppliers, and contribute to economic development in our target markets. As an employer, we create jobs in industrial countries, as well as in emerging and developing economies, and we generate purchasing power through wages and salaries. The taxes and levies we pay help to finance communities and support public infrastructure.

Value added statement

The value added statement shows that most of the generated sales flow back into the global economy. The largest share of the value added – 63.9 percent – went to our employees in the form of salary and pension benefits. Central and local governments received 10.1 percent in the form of tax revenues. Lenders received 3.4 percent in the form of interest income. We distributed 13 percent of the value added as dividends to our shareholders. The value added remaining in the company is available for investments in future growth.



1. Raw materials



2. Production



3. Logistics



4. Use

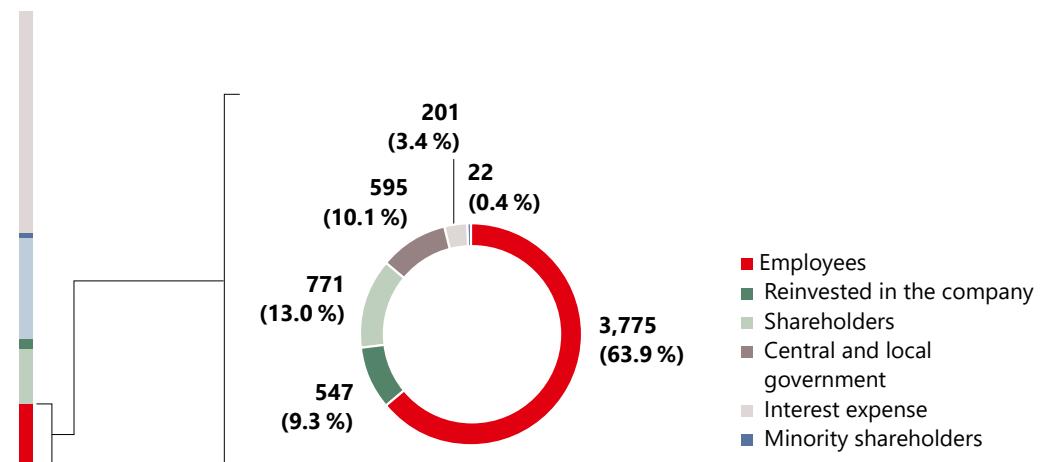


5. Disposal / recycling

Value added statement 2023

In million euros

Sales	21,514	98.0 %
Other income	438	2.0 %
Total sales/income	21,952	100.0 %
Cost of materials	9,768	44.5 %
Depreciation	921	4.2 %
Other expenses	5,352	24.4 %
Value added	5,911	26.9 %



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Sales by region¹

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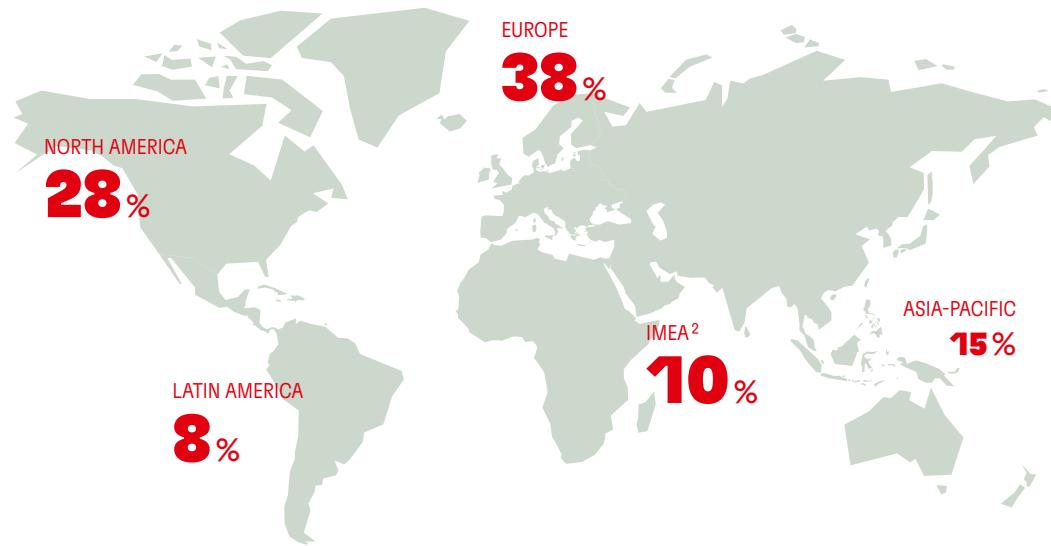
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¹ Incl. 1 % Corporate (= sales and services not assignable to the individual business units).

² India, Middle East, Africa.

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STRATEGY

Our sustainability strategy is a direct reflection of our company's commitment to "Purposeful Growth." We are committed to driving transformational change by creating more value for our stakeholders, developing our business successfully, and acting sustainably for the benefit of current and future generations.

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SUSTAINABILITY STRATEGY

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Our corporate purpose defines the common ground that unites all of us at Henkel: Pioneers at heart for the good of generations. With our pioneering spirit, our knowledge, our products and technologies, we want to enrich and improve the lives of people every day – and shape a viable future for the next generations.

Sustainable business practices have been an integral part of our **company culture** for decades, and are also a central element of our vision of the future. Together with innovation and digitalization, sustainability forms the core of our corporate strategy, the **Purposeful Growth Agenda**. Sustainability is fundamental for creating a competitive edge, enabling business growth and generating value for our business and industry customers, consumers and all of our stakeholders. Our 2030+ Sustainability Ambition Framework sets the frame for our global sustainability strategy, with clear ambitions and targets that we want to achieve in this decade. We will build on our particular strengths, such as the innovation of our business units, the comprehensive knowledge of our employees, as well as various contact points of our products and technologies with customers and consumers. We see our company as an important player and partner in society, and we intend to work with others to create fundamental change.

At Henkel, we see sustainability as a constant endeavor to make progress on current topics and keep learning about new issues, based on scientific knowledge.

Trends and challenges

Global climate change is one of the greatest challenges humanity is facing today, requiring urgent and ambitious action. It is also critical to protect and regenerate our resources and life-support systems like forests, water and biodiversity, for present and future generations. At the same time, we are seeing global poverty and social inequality increase, which in turn jeopardizes human rights and the basis of social coexistence. We acknowledge



"At Henkel, we are united by our strong pioneering spirit and our responsibility to act for the good of future generations. Sustainability is integral to our Purposeful Growth Agenda, and we are pursuing ambitious sustainability targets for 2030 and beyond."

CARSTEN KNOBEL

Chair of the Management Board

that companies like Henkel play a role in meeting these challenges and bringing about transformational change.

These are also the key expectations of our stakeholders: Our customers, partners and consumers have expressed an increasing interest in sustainability-oriented products and solutions. At the same time, they are calling for transparent and reliable information that enables them to understand and track sustainability contributions along the value chain. Investors are also placing increasing emphasis on the sustainability of their investments and adding Environmental, Social and Governance (ESG) criteria to their assessments of companies.

At a regulatory level, the **business sustainability reporting** requirements for companies are continuing to develop. This includes the European Corporate Sustainability Reporting Directive (CSRD), which Henkel will be aligning its reporting with from the fiscal year 2024.



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The German Supply Chain Due Diligence Act, which focuses on → **human rights due diligence**, came into force in 2023. We will be publishing a separate report for the first time accordingly. The issue of corporate responsibility is also gaining importance in the media. There has also been great progress toward a shared understanding of global priorities at the political level, for instance, at the United Nations and in relation to topics like climate and biodiversity.

Three dimensions of our strategy

We published our new → **2030+ Sustainability Ambition Framework** in 2022, which we link to the high aspiration of achieving a "Transformational Impact for the Good of Generations." This measure includes the three dimensions of ESG in our vision of sustainability, and we have defined key areas of focus:

- **Regenerative Planet:** We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature. To this end, we are further developing our business activities to drive solutions in the following areas:

→ Climate

→ Circularity

→ Nature

- **Thriving Communities:** We actively contribute to people being able to lead a better life through our business and brands. To this end, we focus on the following areas:

→ Equity

→ Education

→ Wellbeing

- **Trusted Partner:** We are committed to product quality and safety while ensuring business success with integrity. We focus on:

→ Performance

→ Transparency

→ Collaboration

In summary, we want to actively drive the transformation to a sustainable economy and society. We are convinced that we can effectively contribute to change with our strategic framework and the priorities we have set, building on our values-based culture, deep rooting in science and our passion for technology.

Levers for change

We recognize that we can only achieve our ambition of transformational change by thinking in systems and collaborating with our partners along the value chain and beyond. In addition to our nine topic areas, we have also defined three central levers that will help us achieve and scale up the progress we need:

- **Products and technologies** are at the heart of everything we do. We create more value for our customers and consumers by constantly innovating to offer better performance with a reduced environmental footprint.
- **People** are key for our business and our sustainability-related activities. Our employees contribute to sustainable development through their engagement. Our suppliers, shareholders, customers, consumers and neighbors play an important role in driving impactful change together.
- **Partnerships** are decisive for implementing and scaling progress for sustainability. We share knowledge and drive systemic solutions forward by working together with our partners along the value chain, and also with experts, universities, civil society and other companies.

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Integration in the company

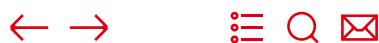
We employ a wide range of measures to shape our strategic approach and related → **ambitions and targets**. For us, implementing our sustainability strategy in an integrated way means working with external partners globally as well as with our business units and functions internally. In addition to effective networks, it is necessary to integrate extensive and specialist expertise in order to achieve impactful actions together. That is why we support our employees with developing their knowledge and skills, while also fostering their dedication and commitment.

We continued to implement our sustainability strategy in our business units and functions in 2023 by building on our work in specific areas in collaboration with external partners and embedding sustainability more broadly into our structures. Our decision to → **consider ESG targets** alongside financial targets in the variable remuneration for the Management Board is just one of the actions we have taken. This approach emphasizes the need to take social and environmental responsibility while also achieving sustainable corporate development, and it provides the incentive needed to make this happen.

DID YOU KNOW?

Focus on sustainability: Some of our milestones in recent decades

- 1982** • Publication of "Principles and Objectives of Environmental Protection and Safety," which are binding for all Henkel employees worldwide. These principles represent Henkel's commitment to conserving resources and reducing emissions. Five years later, environmental protection was incorporated into our corporate guidelines: As a corporate objective, environmental protection was given the same priority as generation of profits.
- 1992** • Henkel published its first environmental report.
- 1997** • Introduction of integrated management systems and start of worldwide safety, health and environment audits.
- 2000** • A Code of Conduct was introduced, containing binding rules for business ethics that apply to all employees.
- 2008** • Henkel set specific targets to further improve occupational safety, reduce energy and water consumption, and decrease waste generation. Subsequently, the sustainability strategy was continuously further developed and underpinned with medium-term and long-term targets.
- 2015** • Henkel published its 25th Sustainability Report and achieved its interim targets (2011–2015), representing a 38-percent increase in efficiency. Additional targets for 2020 and beyond were also defined.
- 2022** • Publication of the sustainability strategy 2030+ Sustainability Ambition Framework.



2030+ SUSTAINABILITY AMBITION FRAMEWORK

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OUR PURPOSE

Pioneers at heart for the good of generations.

TRANSFORMATIONAL IMPACT FOR THE GOOD OF GENERATIONS



REGENERATIVE PLANET

We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature.



CLIMATE

Become a climate-neutral business by decarbonizing our operations and raw materials.



CIRCULARITY

Advance circularity through our products, packaging and technologies.



NATURE

Protect and restore biodiversity with a focus on forests, land and water, and ensure responsible resource stewardship.



THRIVING COMMUNITIES

We actively contribute to people being able to lead a better life through our business and brands.



EQUITY

Strengthen diversity, equity and inclusion, respect human rights and enhance the livelihoods of people.



EDUCATION

Support lifelong learning and education, and motivate people to take action for sustainability.



WELLBEING

Foster health and wellbeing, and help drive social progress.



TRUSTED PARTNER

We are committed to product quality and safety while ensuring business success with integrity.



PERFORMANCE

Reliably deliver best-in-class product performance and chemical safety as the foundation of our business success.



TRANSPARENCY

Integrate sustainability into our business governance with transparent reporting, disclosure and engagement.



COLLABORATION

Scale sustainability impact with our partners, leading to responsible business practices in our supply chains.

PRODUCTS

PEOPLE

PARTNERSHIPS



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CREDITS**Strategic alignment of business units**

The alignment of our sustainability strategy is also reflected in the strategies of our business units. They align their businesses, brands and technologies to sustainable development in line with the specific challenges of their product portfolio and have prioritized their focus points accordingly. In 2023, we further embedded sustainability into our business strategies by developing our approaches, and adjusting our activities and investments based on these developments.

Consumer goods segment of Henkel Consumer Brands

In our Consumer Brands business unit, our vision is to deliver our customers and consumers a sustainable choice from our range of innovative, high-performing brands for hair & body care and laundry & home care by integrating sustainability into our portfolio. By doing this, we are improving our portfolio and creating added value for our customers, consumers and our company. To achieve our vision, we have set ourselves the aim of transforming our whole portfolio together with our teams, as well as our customers and consumers. This objective consists of three core components: First, a net-zero future for our CO₂ emissions and a circular economy. Second, the social impact to contribute to improved living conditions. And third, transparency and responsible sourcing.

We are working toward a net-zero future and a circular economy that encompass our own operations, as well as the packaging we use and the sustainable ingredients in our products. We also want to deliver social impact with our brands. This includes our cross-product partnerships and our efforts to engage with customers. These activities support progress for social initiatives. To promote sustainable consumption, we use targeted communication with our consumers and help our employees to expand their skills and knowledge. We also strive to achieve greater transparency – at the product level for our customers and consumers, as well as for assessing our portfolio transformation.

Going forward, we aim to further promote growth and profitability in our Consumer Brands business. We want to create a strong platform to accelerate the implementation of our Purposeful Growth Agenda in the Consumer Brands business. With strong brands and active price management, we will drive investment in innovation, sustainability and digitalization.

Business and industrial customer segment of Henkel Adhesive Technologies

Our adhesives, sealants, and functional coatings are used in a wide range of industries around the world. This has given our team a deep understanding of the key trends and challenges in these industries. With a view to creating the greatest possible value for our business and industrial customers and consumers with our solutions, we have identified three focus topics for the Adhesive Technologies business unit, where we want to drive sustainability significantly. They are climate, circularity and safety.

To accomplish this, we strive to optimize our own footprint and at the same time enable our customers to drive sustainability through cutting-edge technologies. For the optimization of our footprint, we focus on the use of renewable raw materials and the continuous improvement of our production and logistics activities. We are doing this as part of our corporate ambition toward climate-positive operations by 2030. We are also working toward providing our customers with products that have a reduced or net-zero emissions footprint. Building on this, we are further developing solutions to contribute to a circular economy and emission reduction through joint innovation with our customers. We want to help our customers to achieve their own sustainability targets. In doing so, we pursue the approach to base all of our activities on reliable data and systematic measurements, so that we can achieve transparency about the sustainability of our products along the value chain in line with leading standards.



TARGETS AND AMBITIONS

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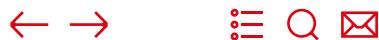
REGENERATIVE PLANET

Dimension	Topic	Targets and ambitions	Achieved 2023	Trend ¹ (vs. 2022)	More on page
STRATEGY	Climate	Climate-positive operations (2030)	Ambition		38
		100 % of our electricity sourced from renewable sources (2030)	89 %	↗	40
		– 65 % CO ₂ emissions from our production per ton of product (2025; vs. 2010)	– 61 %	↗	38
		– 30 % CO ₂ emissions from raw materials and packaging per ton of product (2030; vs. 2017)	– 17 % ³	↗	42
		– 100 million tons of CO ₂ with customers, consumers and suppliers (2016–2025)	>89 million	↗	44
		Net-zero pathway development for Scope 3 emissions	Ambition		42
	Circularity	No plastic waste into nature	Ambition		49
		>30 % share of recycled plastic (– 50 % fossil-based virgin plastics) for all packaging of our consumer goods products (2025)	19 %	↗	51
		100 % of packaging designed for recyclability or reusability ² (2025)	87 %	→	50
		– 50 % production waste per ton of product (2025; vs. 2010)	– 38 %	↘	57
	Nature	Circular use of production waste material (2030)	Ambition		57
		Encourage the responsible use of our products to reduce water consumption	Ambition		68
		– 35 % water consumption per ton of product (2025; vs. 2010)	– 24 %	↗	66
		Circular water use at key manufacturing sites (2030)	Ambition		65
	CREDITS	100 % paper and cardboard from recycled material or from sustainable forestry sources	96 %		62
		100 % palm and palm kernel oil whose responsible sourcing is certified or externally confirmed (2025)	96 %	↗	63

¹ Direction of arrow indicates trend to target, regardless of numerical significance. No trend is shown for targets that are being reported here for the first time or for ambitions.

² Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.

³ Change in value among others due to increased use of supplier data and portfolio changes.



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Dimension	Topic	Targets and ambitions	Achieved 2023	Trend ¹ (vs. 2022)	More on page
THRIVING COMMUNITIES	Equity	Gender parity across all management levels (2025)	Ambition		78
		Improve livelihoods of smallholder farmers and protection of nature	>39,300 small-holders		63
	Education	Expand our community education programs and volunteering	Ambition		88
		Engage and empower all employees to take action for sustainability	Ambition		87
		Improve 30 million lives globally (2010–2030)	>33 million	↗	88
	Wellbeing	Shape the future of work for our company and employees	Ambition		96
		+60 % safer per million hours worked (2025; vs. 2010)	+42 %	→	94
		Reach >90 % of our employees with global health campaigns (each year)	>90 %	→	93
	Performance	Each new product contributes to sustainability	Ambition		101
		Provide our customers and consumers with a comprehensive sustainability profile of our products (2025)	Method under development		100
		Become three times more efficient (2030; vs. 2010) – Factor 3	156 %	↗	100
TRUSTED PARTNER	Transparency	100 % transparency and traceability for palm and palm kernel oil (2025)	89 % ²	→	110
	Collaboration	100 % responsible sourcing together with our partners	Ambition		122

¹ Direction of arrow indicates trend to target, regardless of numerical significance. No trend is shown for targets that are being reported here for the first time or for ambitions.

² The survey was conducted in 2023 based on the supplier data for 2022.



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Constant review and adaptation

We know that the world around us, the expectations of our stakeholders and the opportunities for advancing sustainability are in constant transformation. That is why we regularly review our → **2030+ Sustainability Ambition Framework** and update it with new ambitions as we face the challenges of the future. As we move forward on exploring more topics for driving impact we will continue to follow best practice on environmental, social and governance issues, seek independent opinions and expert advice, and regularly incorporate these ideas into our strategic framework. We also pursue and engage in global science-based and cross-industry initiatives and policy platforms so that we can apply new knowledge and methods quickly.

As we implement our sustainability strategy, we are also gaining a greater understanding of the main issues and fields of action. We use these insights to benchmark our strategic direction on an ongoing basis. This also helps us to drive engagement within the company and across the value chain. We collaborated with our partners in many different ways in 2023. This included working on projects in → **biodiversity**, further developing our strategic focus on → **climate protection** and completing a → **social impact assessment**.

As part of our cross-functional and cross-business initiative to increase the → **transparency of sustainability data**, we have also continued to expand the link between sustainability and digitalization. In doing so, we are putting a stronger foundation in place for future developments, including new → **reporting requirements**, and can steer our portfolio even more effectively with regard to sustainability.

Dealing with far-reaching developments in a dynamic environment

Following a disruptive few years as a result of the COVID-19 pandemic and its consequences, resource constraints and geopolitical uncertainties, 2023 was once again marked by crises and upheaval on a global scale. Geopolitical risks have heightened, especially as a result of the conflicts in Ukraine and the Middle East.

Following Russia's war on Ukraine, Henkel had announced in 2022 to exit its business activities in Russia. The sale of this business was completed in 2023. The economic climate in 2023 was also marked by a persistently volatile market environment, as well as geopolitical and economic tension, rises in material and energy costs, and supply chain shortages. These challenges require us, as well as our partners, to act decisively and with foresight.

These developments reinforce our determination to tackle challenges in a well-informed and agile way through the implementation of our sustainability strategy, and they also underscore our commitment to driving positive change.



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For the further development of our sustainability strategy, we are drawing on insights from extensive stakeholder engagement and external benchmarking. We carefully monitor our global environment and work continuously to reinforce our objectives and integrate new sustainability aspects.

There are numerous constantly changing challenges and new developments facing society, and Henkel as a company. These include aspects such as the environment, employee and social matters, respecting human rights, and combating corruption and bribery. These topics and others are also reflected in the international *[Sustainable Development Goals](#)* (SDGs). For the development of our sustainability strategy and the definition of the related targets and ambitions, we engage in dialog with the Management Board under the guidance of the *[Sustainability Council](#)*. On this basis, we are continuously optimizing our data and analysis systems for our environmental footprint and for assessing impacts along the value chain.

Development of strategy, targets and roadmaps for implementation

Collaboration provides fresh perspectives

[Dialog with our stakeholders](#) helps us to obtain insights and perspectives from inside and outside our company, and fosters a common understanding of expectations and priorities. In 2023, as in previous years, we participated in a variety of external events on different topics and engaged in dialog with stakeholders. We also dedicated considerable effort to the requirements for ESG disclosure.

For many years, we have also engaged in dialog with opinion leaders, the professional public, academia, international rating agencies and analysts. Sustainability analysts and professional institutions regularly evaluate how companies manage the economic, environmental and social aspects of their business activities. We welcome these *[external assessments](#)* of our sustainability performance, as they lead to greater transparency in the market and show us how our performance is assessed. We also consider the assessment criteria of various financial and sustainability-oriented ratings and the guidelines of the Global Reporting Initiative (*[GRI](#)*).

Identifying material topics

To determine and categorize material topics for our business activities and reporting, we engage in a continuous process of recording and evaluating the challenges and opportunities of sustainable development using various tools. We assess the importance and impact of the topics for the company, environment and society, and also for our stakeholders. When selecting the topics, we go beyond the definition of materiality included within the CSR Directive Implementation Act ("CSR-RUG") in conjunction with Sections §§ 289b to 289e of the German Commercial Code (HGB), and we have taken into account the GRI Standards as a framework, including the GRI Update 2021. The results of this process can be broken down into the three dimensions of Regenerative Planet, Thriving Communities and Trusted Partner, each with three topic areas that we identified in a materiality analysis. In these nine topic areas, we want to drive sustainable development around the world and along the value chain with our business activities.



Material topics

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- Operational energy efficiency
- Renewable energies
- Energy-efficient products
- Transport and logistics
- CO₂ reductions / CO₂ footprint
- Climate change adaption

CIRCULARITY

- Resource consumption
- Packaging and waste
- Production waste material
- Recycling / reusability

NATURE

- Renewable raw materials
- Sustainable palm oil and palm kernel oil
- Water consumption in production
- Wastewater and wastewater disposal
- Biodegradability
- Water footprint / water scarcity
- Deforestation and land use

**EQUITY**

- Diversity, Equity & Inclusion
- Fair working conditions
- Human rights

EDUCATION

- Employee development
- Corporate volunteering

WELLBEING

- Occupational safety and health
- Plant safety
- Hygiene
- Future of work

**PERFORMANCE**

- Business performance
- Quality
- Reliability
- Convenience
- Eco-efficiency
- Product safety

TRANSPARENCY

- Alternative test methods
- Product information
- Reporting

COLLABORATION

- Supplier relationships
- Fair business practices



Process for identifying material topics and developing targets

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CHALLENGES AND DEVELOPMENTS

Demographic changes, growing consumption, climate change, resource scarcity, increasing regulation ...

NON-FINANCIAL ASPECTS

Environment, social matters, employees, respecting human rights, and combating corruption and bribery

RECORDING AND CATEGORIZATION

Trend and market analyses, strategic development, reporting and ratings, expert dialog, risk and compliance management ...

IDENTIFICATION AND COMBINATION OF MATERIAL TOPICS

Regenerative Planet

- Climate
- Circularity
- Nature

Thriving communities

- Equity
- Education
- Wellbeing

Trusted Partner

- Performance
- Transparency
- Collaboration

EVALUATION AND PRIORITIZATION (PERIODICALLY AND AD HOC)



Environmental footprint along the value chain and sustainability effect



Exchange with various stakeholders, including alignment with their expectations

DEFINITION OF TARGETS AND ROADMAPS FOR IMPLEMENTATION



Medium-term targets for 2025 and beyond



Roadmaps for implementation of sustainability management in our key topic areas



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Evaluating our influence

To evaluate and prioritize material topics and their sub-areas, we work with various measurement and evaluation methods that have the greatest influence along the value chain. To assess our footprint, we use representative → **life cycle appraisals** across all product categories. We also assess data on the raw materials and packaging materials we use, as well as the transport operations.

This enables us to identify hot spots as fields of action that are most relevant to sustainability for the company, as well as for every product category and specific product, on the basis of scientific measurement methods. Viewed across our entire portfolio, improvements in input materials and in the use phase are the decisive factors when it comes to our water and → **CO₂ footprints**.

We systematically integrate the assessment tools and findings into our → **innovation process**. By combining product performance and quality with responsibility for people and the environment, we strive for all of our new products to make a contribution to sustainable development.

Definition of targets and roadmaps for implementation

Based on this assessment and our priorities, we have set specific targets for 2025 and beyond, as well as additional long-term ambitions that will help transform the economy and society toward sustainability.

We have also identified new areas of focus in our strategy that we will work on and develop together. In collaboration with experts and partners, for example, we have been working intensively since 2022 on an action plan for the holistic assessment and management of → **water resources** and → **biodiversity**. We continued to build on this work in 2023. To implement our strategy, we have also established → **management systems**, standards and guidelines, as well as related processes and organizational structures that provide a framework for measures to implement these concepts. We continuously review our targets and roadmaps for implementation, and develop them further when necessary.



Contributions to the SDGs

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Achieving the global Sustainable Development Goals together

Henkel supports the implementation of the **17 Sustainable Development Goals (SDGs)** that were adopted by the 193 United Nations Member States in September 2015. As a company, we are convinced that the goals provide a shared focus that can empower collaborative action and will accelerate progress toward sustainability. Sustainable consumption, packaging and plastics, combating climate change, water, human rights, equal opportunities and education are important topics for our work.



By continuously reviewing our company's goals and initiatives, we ensure that these are aligned with the SDG priorities that are relevant for us. We support the SDGs through our many years of intensive work on a wide range of sustainability issues, as well as through our broad product portfolio and our presence in a large number of markets. In the context of our social commitment, for example, we track the percentage of projects we support that contribute to the achievement of the SDGs. The following examples highlight our contribution to the implementation of the global development goals and demonstrate the range of our activities.

Committed to protecting the climate



In view of the urgent need to reduce CO₂ emissions, it is our ambition to become → **climate positive in production** by 2030 and to make progress in further relevant parts of our value chain. On the way, we plan to achieve a 65-percent reduction in the carbon footprint of our production by 2025. We also want to obtain 100 percent of our electricity from renewable sources by 2030. In addition, we want to leverage our → **brands and technologies** to help our customers, consumers and suppliers save 100 million metric tons of CO₂ in the period from 2016 to 2025.

Promoting sustainable consumption



We support the goal of promoting → **sustainable and resource-efficient consumption**. Our products and technologies are key to this because they are used in millions of households and industrial processes every day. We focus on developing products that lead to resource efficiency in everyday use. We also strive to encourage responsible use of our products through targeted communication. This is important because the environmental footprint of many of our products is determined during the use phase.



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Raising awareness of waste in the environment



As part of our commitment to achieving a sustainable circular economy and preventing plastic waste from entering the environment, we have launched the global employee initiative → **Trashfighter**. Henkel employees take part in waste cleanup events, as part of non-profit international environmental protection initiatives, especially on river-banks, but also in other public areas. The aim is to raise awareness of waste in the environment and of the value of recycling.

Promoting sustainable palm oil



As part of our responsibility, we aim to support sustainable practices in the palm oil industry along the entire value chain. By supporting → **sustainable palm (kernel) oil**, we contribute to sustainable forest management and prevent deforestation. Collaboration with representatives from across the industry is at the heart of our approach. We aim to increase the availability of sustainable palm oil and palm kernel oil on the market, for example, through collaborative projects that enable → **smallholder farmers** to certify their crops as sustainable, increase productivity and improve their livelihoods.

Improving quality of life



With our social engagement activities, we aim to support people around the globe and improve their quality of life. For example, volunteer efforts by our employees have provided support for social projects in Guatemala, in cooperation with the organization → **United Way Worldwide**. The focus is on education, financial stability and health. Our → **corporate citizenship** has been an integral part of our corporate culture ever since the company was established by Fritz Henkel in 1876.

Providing access to good education



We aim to promote access to high-quality education and increase the number of young people and adults with relevant abilities and skills. The → **Schwarzkopf Million Chances initiative** supports women and girls in creating the foundations for a successful future. The long-running project Shaping Futures gives young people the opportunity to gain professional training in basic hairdressing techniques. As the main sponsor of → **Teach First Deutschland**, we also support the commitment of university graduates who work in schools in disadvantaged communities and socially deprived areas as additional teachers.

More information about our specific contributions to achieving the SDGs can be found on our → **website**.



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The implementation of our sustainability strategy is based on globally uniform codes and standards, integrated management systems and an organizational structure with clearly defined responsibilities. Within Henkel, efficient processes contribute to environmental protection and occupational health and safety, while additionally reducing resource consumption and costs. We also collaborate effectively with partners along the value chain and beyond to drive transformational change.

Organization for responsible corporate governance

Sustainability management is integrated vertically, horizontally and cross-functionally into our organizational structure. The Henkel Management Board bears overall responsibility for our sustainability strategy and for the compliance organization in order to ensure that applicable legislation and internal guidelines are observed.

Sustainability Council

Chaired by Sylvie Nicol, Executive Vice President Human Resources, Infrastructure and Sustainability, the Sustainability Council is the central decision-making body for our global sustainability activities. On behalf of the Management Board, the committee performs coordination, initiative and control functions in relation to sustainability issues. These include strategic topics as well as risks and opportunities with respect to issues that are operationally relevant, such as climate change and its effects, human rights, sustainable products and technologies, packaging, product safety and management systems. The Sustainability Council sets up project groups to deal with sustainability topics, and monitors the results. It also handles cross-departmental projects and continuously reviews the extent to which sustainability targets are met. This includes the progress of our climate-related corporate targets and initiatives, for example.

The Sustainability Council is made up of top managers from all of the business units and functions of the company. It normally meets six times a year. In addition, the members take decisions on matters as required during the year.

Business units

Our business units (Adhesive Technologies and Consumer Brands) are responsible for adapting our sustainability strategy to their operating needs, as well as providing the resources needed for its implementation. They align their brands and technologies, and the sites involved, to sustainability in line with the specific challenges and priorities of their product portfolio. The research and development departments of our business units work on key technologies and supply the basis for tomorrow's sustainable products.

Corporate functions

Through their representatives, our corporate functions support the implementation of our sustainability strategy in their respective areas of responsibility. For example, they develop appropriate supplier management tools, systems for measuring greenhouse gas emissions or the approach to sustainable finance. Key sustainability topics for Henkel are coordinated by a specialist unit that reports directly to the Management Board and which serves as the company-wide interface for sustainability. Henkel's Chief Sustainability Officer is the head of this specialist unit.



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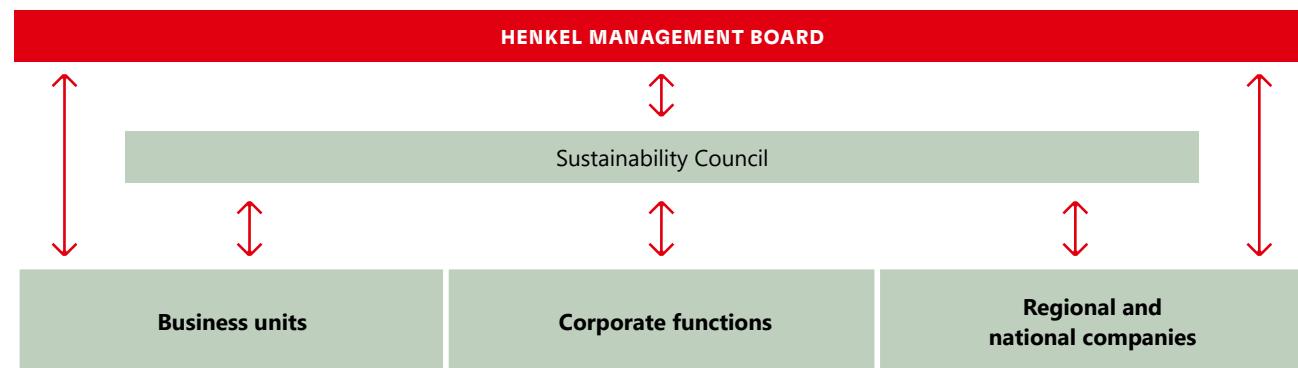
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Regional and national companies

Managers in the regional and national companies steer the implementation of Henkel standards and compliance with legal requirements in their respective regions. With the support of the corporate functions and the operating business units, they develop and implement a strategy appropriate to the individual sites and their local circumstances.

Management conferences and specialist committees

In addition to the central role of the Sustainability Council and the interaction between the various units and functions, international management conferences and the sharing of information in specialist committees form an important basis for the ongoing development of Henkel's sustainability policy. These meetings deal with new scientific findings, practical experience, changes in laws and regulations, and other current topics. The objective is to initiate new projects within Henkel, as well as to further develop approaches to solving problems and to encourage employees to share their experiences with one another.

Responsible corporate governance

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Sustainability management

For our responsible corporate governance, we use a variety of concepts, methods and tools to assess and manage our corporate sustainability and to measure the progress that we make toward our objectives across the entire company and our value chain.

Risk management as a prevention tool

Group-wide risk management also makes an indispensable contribution to our strategic focus on sustainability, and enables us to identify potential risks and business opportunities at an early stage. As part of the non-financial reporting process, a risk analysis has been conducted in line with the concepts and processes for risk mitigation that are described in this report. During this analysis of our own operations, our business relationships, our products and our services, no material risks were identified that meet, or will meet, the criteria of "having severe negative consequences" and "being very probable" according to the definition set out in paragraphs 2 and 3 of section 289c, as well as section 315c of the German Commercial Code (HGB).

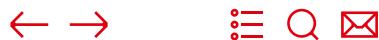
Risk assessment and due diligence

We assess risks, opportunities and impacts as part of our global sustainability management within our company and along our value chain. As part of this process, we take into account the different subject-specific understandings of risks. In the case of → **climate change**, for example, we consider the potential impact of our business activities on the global greenhouse gas balance, as well as the potential impact of climate change on our business activities. In → **human rights**, on the other hand, we take into account the risks for the rights holders. This risk analysis is the basis for our human rights due diligence approach. At the same time, we closely track global and national developments on the understanding of terms, on the assessment of risks, opportunities, and impacts, and on the design of appropriate due diligence procedures. We will continue to develop our approaches together with the relevant processes to meet expectations in line with the strategic direction of our → **2030+ Sustainability Ambition Framework**.

Uniform codes and standards worldwide

Based on our corporate purpose, our vision, mission and → **values**, we have formulated globally binding rules of conduct that are specified in a series of codes and corporate standards. These apply to all employees worldwide, in all of the business areas and cultural spheres in which we operate.

The → **Code of Conduct** contains the most important corporate principles and behavioral rules. It is supplemented by guidelines for dealing with potential conflicts of interest, which are designed to prevent corruption.



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The codes and corporate standards specifically address the issues of compliance with competition and antitrust law, safety, health, environmental and social standards, human rights and public affairs. They also provide the basis for implementing the [UN Global Compact](#). The following codes and standards can be found on our [website](#):

- Purpose, Vision, Mission and Values.
- Code of Conduct.
- Code of Corporate Sustainability.
- Responsible Sourcing Policy.
- Safety, Health, and Environmental (SHE) Standards.
- Social Standards.
- Public Affairs Standard.

Management systems govern our structures and processes

Globally uniform standards for Safety, Health, and Environment (SHE), together with integrated management systems, provide the basis for our worldwide optimization programs. Our SHE Standards and our Social Standards apply to all sites. Our management systems ensure that these standards are implemented consistently across our global production network and at all sites. This is based on the continuous training of our employees.

We carry out [regular audits](#) at our production and administration sites, and at our subcontractors and logistics centers, to verify compliance with our codes and standards. All audit results, including the monitoring of our SHE and Social Standards, are included in the Internal Audit department's annual report to the Henkel Management Board. We have our management systems externally certified at the site level wherever this is expected and recognized by our partners in the respective markets.

External certification of our management systems in 2023

Code	Standard for	Percentage of production volume covered
ISO 14001	Environmental management systems	87 percent
ISO 9001	Quality management systems	87 percent
ISO 50001	Energy management systems	68 percent
ISO 45001	Occupational health and safety management systems	89 percent



Compliance

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Henkel is strongly committed to corporate governance and corporate compliance on both a local and global level. Responsible management processes, compliance with many different legal requirements and cultural sensitivity are cornerstones to being successful in our international markets.

Organization for compliance with norms, standards and laws

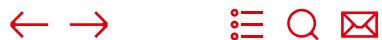
Our Compliance organization has global responsibility for all preventive and reactive measures. It is supported by integrated management systems and an organizational structure with clearly defined responsibilities. The General Counsel & Chief Compliance Officer reports directly to the Chair of the Management Board. He is supported by the Corporate Compliance Office, our interdisciplinary Compliance & Risk Committee, and 50 locally appointed compliance officers all over the world. Our Corporate Data Protection Officer is also part of our Compliance organization. Together, this organization coordinates the flow of information and helps our employees to implement our requirements locally – for example, through specially adapted training courses. The General Counsel & Chief Compliance Officer reports any infringements, as well as the measures taken to deal with them, to the Management Board and the Audit Committee of the Supervisory Board on a regular basis. Our internal reporting and complaints channels are supported by a compliance hotline, which was set up to enable employees to report infringements of our → [Code of Conduct](#), internal standards, or applicable laws anonymously. It is run by an independent external provider and is available globally, allowing both open as well as anonymous reporting. The hotline and alternative reporting channels are available to employees and third parties.

Focus on communication and training

Since we operate on a global scale, our employees find themselves working within a variety of legal systems and value systems. Many of our employees work in countries where, according to surveys by organizations such as **Transparency International**, there is a greater risk of encountering corrupt practices. The same expectations apply to all employees at all locations without exception: Henkel strictly opposes the infringement of laws and standards, and rejects all dishonest business practices. To impart clear rules of conduct to our employees, and especially to avoid any conflicts of interest in everyday working situations, we focus on regular training courses and communication measures. Our managers play a key role with regard to compliance. Given their position within the company, they bear a special responsibility to set an example for their staff. For this reason, all of our managers across the globe must participate in our mandatory Compliance eLearning program and attend relevant training courses. The program addresses many different compliance topics, such as data protection, competition law and anti-corruption. More than 62,600 training units were conducted and registered worldwide in 2023.

Zero tolerance for violations of regulations

Improper conduct is never in Henkel's interest. The Management Board and senior management circles at Henkel all subscribe to this fundamental principle. Improper conduct undermines fair competition and damages our trustworthiness and reputation. Our employees attach great importance to a correct and ethically impeccable business environment. We react forcefully to violations of laws, codes and standards. Where necessary, we initiate appropriate disciplinary measures. In 2023, 11 employees received written warnings, and 29 contracts were terminated as a result of conduct violating compliance rules.



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Compliance and data protection management systems

Henkel's compliance culture involves continuous **monitoring and improvement of compliance processes**. Against this background, our global compliance management system in the areas of competition law and anti-corruption was again reviewed and confirmed by external auditors in 2022 in accordance with the IDW PS 980 auditing standard, taking into account the principles of ISO 37301 – with regard to the appropriateness, implementation and effectiveness of the compliance processes. Henkel has previously had similar external audits related to data protection carried out.

Results of our audits

The Head of the Corporate Audit department reports directly to the Chair of the Management Board. The Corporate Audit department carries out regular audits, based on our risk-based audit planning, to verify compliance with our codes and standards at business units and functions across all Henkel companies. The risk-based audit plan takes into account all activities along the value chain. As well as internal production and administration sites, the audits are also performed at subcontractors and logistics centers. The audits are a key instrument for identifying risks and potential improvements.

In 2023, we conducted 64 audits around the world. In the course of the audits, a total of 856 corrective actions were agreed upon. The audits covered all major units of the company: Sales, Marketing, Purchasing, Finance, HR, IT, Supply Chain, Operations and SHE. Compliance with our SHE Standards was audited at 56 sites, resulting in the initiation of a total of 243 optimization measures. We examined compliance with our Social Standards in ten assessments.

All audit results are included in the Corporate Audit department's annual report to the Henkel Management Board and the Audit Committee of the Supervisory Board. In addition to the regular audits, Corporate Audit also carried out two assessments of the internal controls of recently acquired companies. In 2023, Corporate Audit also trained more than 3,450 employees worldwide on compliance, risk management and internal controls, in the course of seminars and during audits.



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Stakeholder management

Understanding and mapping the social demands that stakeholders of all kinds place on our company is a key component of our → **sustainability management**. This includes our customers, consumers, suppliers, business partners, employees, shareholders, investors, neighbors and local communities, associations and non-governmental organizations (NGOs), academia, as well as politicians and government authorities.

Dialog with our stakeholders

To better understand the expectations and perspectives of our stakeholders and to engage in dialog that is more targeted and solution-oriented, we make use of specific surveys and continuously monitor the opinions at several levels: in direct dialog, in multi-stakeholder initiatives, and through dialog platforms. Cooperation with NGOs and opinion leaders gives us insights into global challenges and enables us to respond to issues at an early stage. Stakeholder dialog is a key element of our approaches to innovation and risk management, and helps us to continuously develop our sustainability strategy and reporting.

Stakeholder dialog underpins sustainability strategy

We engage in intensive dialog with our stakeholders on an ongoing basis in order to recognize their expectations of us and to meet those expectations. We do this by analyzing the expectations of internal and external stakeholders through surveys (for example, via global employee surveys) and by collaborating with external partners. The Organizational Health Index (OHI), which was carried out in 2020, revealed both strengths and potential for improvement with regard to our corporate culture. A range of measures were developed in 2021 and are currently being implemented to further drive cultural change at Henkel.

As we develop our sustainability strategy, we continue to take advantage of the comprehensive stakeholder survey conducted in 2021. The survey confirmed the importance of integrating sustainability into all our activities for our target groups and showed that our stakeholders perceive Henkel to be well positioned to address sustainability issues. The survey also revealed that 87 percent of our stakeholders consider Henkel to be a reliable partner. We rolled out our sustainability strategy in 2022 and have continued to develop it further in collaboration with international partners.

To support the effective implementation of our sustainability strategy, around 140 colleagues from across all functions and regions at Henkel congregated in Düsseldorf in May 2023 to attend a global sustainability conference. The event provided the opportunity for participants to engage in stimulating discussions and share best practices. It also included a number of inspiring talks by external speakers, who shared their views on how we can actively drive the transformation toward a sustainable economy and society.

We also worked with a variety of external partners in our strategic focus areas in 2023. With regard to natural raw materials, for example, we conducted an analysis to identify our impact, risks and dependencies in relation to → **biodiversity** across our entire value chain. On the social side, our measures included a → **social impact assessment**. The purpose of this assessment was to combine the different perspectives from the countries in which we operate and our social activities to form an overall picture.

We also use a number of different formats to engage in an ongoing, intensive exchange with our various stakeholders, providing them with information and jointly further developing our understanding of sustainability issues. We also work closely with them to create transformational change together. The following overview shows examples of current dialog formats and activities. Additional information about collaboration and partnerships can be found on our → **website**.



Effectively addressing the expectations of our stakeholders

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Customers & consumers

... are increasingly interested in sustainable products and are looking to understand their impact along the value chain.

- Our initiative **↗ "It starts with us"** encourages resource-efficient behavior and the correct handling of waste.
- Our **↗ "Fritz for Future"** podcast provides information on important sustainability topics.
- Our collaboration with customers on sustainability is supported by events like **→ Sustainability Days** in São Paulo.

Suppliers & business partners

... expect a fair and reliable business relationship that fosters intensive dialog and close cooperation.

- **↗ Catena-X**, Europe-wide network for end-to-end data exchange along the automotive value chain.
- Member of initiatives to promote a sustainable palm oil economy, for example **↗ Action for Sustainable Derivatives (ASD)** and **↗ Forum for Sustainable Palm Oil (FONAP)**.
- Supplier training from **↗ Together for Sustainability (TfS)**.

Employees

... expect to be encouraged, challenged and empowered to contribute to sustainable development.

- Our **→ MIT Volunteering** initiative supports volunteer efforts.
- Our employee assistance program (EAP) supports employees in the IMEA region with their mental health.
- Global sustainability conference as an internal platform for dialog, inspiration and the sharing of ideas and experience in relation to key sustainability issues **→ Global Sustainability Forum 2023**.

Neighbors & local communities

... expect us to promote general welfare and contribute to social development, environmental and climate protection.

- Worldwide waste collection campaigns as part of the **→ Trashfighter** employee initiative.
- **↗ Forscherwelt** (Researchers' World) – an international educational initiative with local activities for children.
- Support for local schools on science-related topics in North America and funding of educational facilities in England.

Associations & NGOs

... expect us to actively promote sustainable development. We are therefore involved in numerous initiatives:

- Collaboration in industry associations such as the **↗ World Business Council for Sustainable Development (WBCSD)** and the **↗ German Chemical Industry Association (VCI)**.
- Member of initiatives, for example Chemie³, Responsible Care, **↗ Renewable Carbon Initiative** and **↗ Alliance to End Plastic Waste (AEPW)**.

Academia

... expects us to address issues of sustainable development beyond our own sphere of influence.

- Henkel endowed chair **↗ Sustainability Management for Business Management** at Heinrich Heine University in Düsseldorf. We are a partner of the **→ Circular Valley Foundation** and work with startups and scientists to advance the circular economy.

Politicians & government authorities

... are given access to our practical experience to support **↗ political decision-making processes**.

- Continuous exchange with German and international political representatives and politically relevant stakeholders.
- Registration in the lobby/transparency register at national and European level.
- Our global **↗ Public Affairs Standard** is applicable worldwide, and lays down clear rules of conduct and regulations for responsible interest representation.

Shareholders & investors

... are increasingly interested in sustainability-related investments.

We drive sustainability forward, address topics at an early stage and make our company fit for the future. We are in continuous exchange with the capital market and are perceived as a pioneer – for example, with regard to **→ sustainable financing** such as the syndicated credit line with reference to sustainability. The **→ assessment** of our performance creates transparency in this context.



REGENERATIVE PLANET

We are on a journey toward an environmental transformation of our business model. To achieve this ambition, we intend to transform our processes, products and use of raw materials in the direction of a resource-efficient, climate-neutral future. We are focusing on climate change mitigation measures, a functional circular economy, and the protection of nature and biodiversity.

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REGENERATIVE PLANET

We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature.

TARGETS AND AMBITIONS



CLIMATE

Become a climate-neutral business by decarbonizing our operations and raw materials.

Climate-positive

operations (2030)

-30%

CO₂ emissions from raw materials and packaging per ton of product (2030; vs. 2017)

-100 million tons

CO₂ with customers, consumers and suppliers (2016–2025)

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- Climate-neutral company
- Our understanding of climate protection
- On-site measures
- Engagement along our value chain



CIRCULARITY

Advance circularity through our products, packaging and technologies.

30%

share of recycled plastic for all packaging of our consumer products (2025)

100%

of packaging designed for recycling or reusability¹ (2025)

-50%

production waste per ton of product (2025; vs. 2010)

- Packaging
- Production waste



NATURE

Protect and restore biodiversity with a focus on forests, land and water, and ensure responsible resource stewardship.

-35%

water consumption per ton of product (2025; vs. 2010)

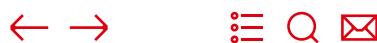
100%

palm oil and palm kernel oil whose responsible sourcing is certified or externally confirmed (2025)



Circular water use at key manufacturing sites (2030)

- Biodiversity and responsible resource management
- Water



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Climate change is one of the major global challenges of our time. We are committed to achieving the 1.5-degree target of the Paris Climate Agreement. The risks for society and for our company are significantly lower at a temperature increase of 1.5 degrees Celsius than at 2 degrees Celsius.

We consider climate change to be a factor that intensifies existing risks, but also offers numerous opportunities at the same time. Addressing climate change requires action by all key stakeholders, including policy-makers, the private sector, communities and civil society. The CDP rating of A- for our climate commitment demonstrates the strength of our efforts to do our part to help find a solution. This is why we are part of the **>Alliance of CEO Climate Leaders**, a network of business leaders from different industries and regions. This community, led by the World Economic Forum, is committed to accelerating decarbonization and expanding partnerships across global value chains.

Henkel has set science-based emissions reduction targets based on a 1.5-degree pathway for our Scope 1 and 2 targets. To underscore our commitment to being a leader in climate protection, we have included the attainment of our Scope 1 and 2 SBTi targets in the **→ long-term incentive system** for the Management Board and our top managers from 2023. We consider climate change and its impacts as part of our sustainability and risk management approach, and also across our entire value chain. It is relevant for us from two perspectives: One is with regard to the potential impact of our business activities on the global greenhouse gas balance, and the other is with regard to the potential impact of climate change on our business activities. We are striving to become a climate-neutral company. This is also increasingly being referred to as a net-zero balance for a company's business activities. This is based on the vision of ensuring that business activities do not contribute to further global warming.



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>89 million

of CO₂ saved together with our customers, consumers and suppliers (2016–2023)

89 %

of our purchased electricity comes from renewable sources



14 sites converted to CO₂-neutral production processes

"We are striving to become a climate-neutral company. We are also working with our customers to develop dedicated solutions to reduce emissions. Our vision is to use our portfolio and our technologies to reduce emissions and promote climate change mitigation."

MARK DORN

Member of the Management Board
Adhesive Technologies

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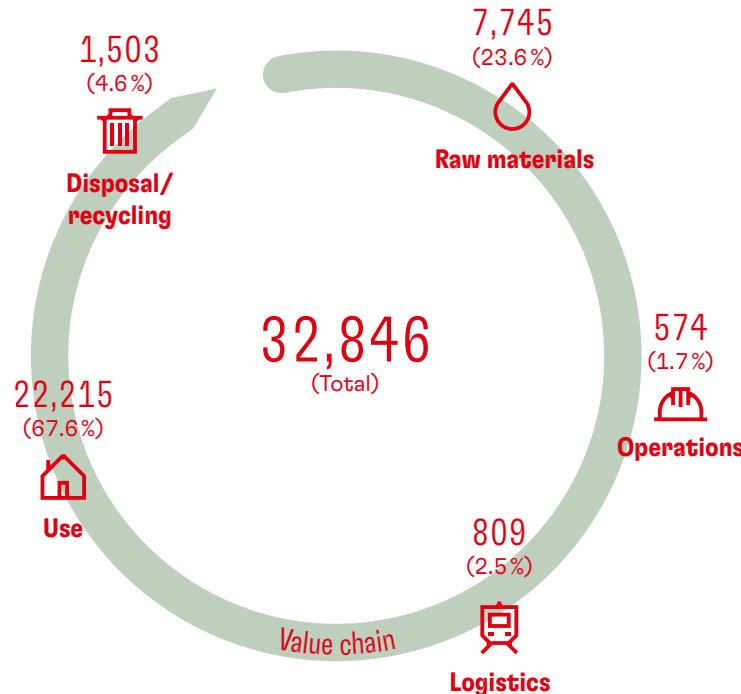
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Since the term "net-zero" is subject to a variety of interpretations, we decided to use the global corporate net-zero standard of the **Science Based Targets initiative (SBTi)** as our guide. This standard gives companies clear guidelines, criteria and recommendations for setting science-based net-zero targets in line with a 1.5-degree Celsius future. Our path to this vision already includes a wide range of targets and activities to reduce and avoid emissions. In doing so, we do not rely on premature compensation.

Operational CO₂ footprint*

In thousands of metric tons of CO₂/CO₂ equivalent



* Simplified representation. → [Detailed overview of our operational CO₂ footprint](#)

Our understanding of climate protection

Our CO₂ footprint

Overall, production of our products accounts for around 1 percent of our carbon footprint along the value chain. This includes direct emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). The majority of direct sources are incinerators, for example, for the operation of boilers. However, mobile combustion sources such as vehicle engines are also responsible for Scope 1 emissions. Examples include trucks, forklifts and other vehicles. Purchased energy (Scope 2) primarily includes electricity purchased, but also steam, heating and cooling.

Emissions within our value chain excluding our operations account for around 98 percent of our operational CO₂ footprint. The use of our products accounts for around two thirds, and the raw materials and packaging for around one quarter. This is where we find the most potential to reduce emissions and contribute to climate protection. The transport of our products and disposal/recycling account for around 7 percent of our emissions.

Risks and opportunities of climate change for Henkel

When assessing the potential impact of climate change on our business activities, we consider the entire value chain – from the raw materials we → purchase through to the marketing of our products. We draw on the findings of our comprehensive risk and opportunity assessment process.

We identify and assess climate-related risks based on the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**.

We identify the relevant impacts of climate change on our company primarily in two major risk categories: transition risks associated with the transition to a low-emission economy and society; and physical risks, such as the increased probability of extreme weather events in the future. In line with the timeframe of our current sustainability strategy and our Group-wide risk management approach, we are initially focusing on the period up to 2030.



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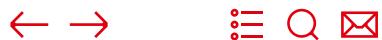
To explore the potential impacts of climate change, one of the sources we use is data from transition scenarios developed by the **International Energy Agency (IEA)**, the World Energy Outlook, CO₂ price data from the World Bank and location-specific vulnerability analyses of physical climate risks, which are also based on climate scenarios conducted by the **Intergovernmental Panel on Climate Change (IPCC)**. The scenarios are based on different assumptions of potential climate warming and measures to reduce emissions. However, based on available studies – e.g., IEA based on MAGICC 7.5.3 – Henkel assumes that the different emissions scenarios will not yet have a significant impact on expected warming by 2030. Therefore, for the assessment of physical risks, we assume a warming of 1.5 degrees Celsius compared to the pre-industrial global average temperature. To assess the transition risks, we used the “Net-zero emissions by 2050” scenario of the World Energy Outlook, with regionally different assumptions for the CO₂ price in 2030.

In the context of transition risks, we have analyzed in particular the potential financial impact of a significant increase in the price of CO₂ for Henkel. By analyzing the CO₂ price developments based on different climate scenarios, we have identified potential risks both for production and along the value chain. We are able to evaluate the potential direct and indirect effects of rising CO₂ emissions and prices on the costs of the energy, products and services purchased by Henkel on the basis of the modeled development of future CO₂ prices to calculate a “CO₂ shadow price.” This concept takes into account regional price differences and the emission intensity of our sites. We expect to help reduce the potential long-term risks associated with CO₂ emissions by implementing measures to achieve our medium-term and long-term climate change mitigation targets.

We have also examined the physical climate risks for Henkel. Our focus was on the risks associated with our raw material sourcing and on direct risks to our production from potential climate-related changes in the frequency and intensity of weather events such as heavy rain and floods, droughts, heat stress and storms. We use data-based tools for the vulnerability analysis of our sites. With respect to sourcing, the raw material palm (kernel) oil is particularly interesting, as the yield of the plantations and consequently prices are influenced by prevailing weather conditions. Our main focus is on monitoring the El Niño weather phenomenon and managing its impacts. Based on the scenarios issued by the IPCC and IEA that we have applied, we do not expect any climate changes in the period up to 2030 that would lead to a significant long-term increase in the prices of our palm-oil- and palm-kernel-oil-based ingredients.

We primarily based our analysis of possible climate-related production losses on the **IPCC report** published in 2021. Based on the evaluation of climate scenarios, we currently assume a low risk associated with increased climate events for our sites and those of our suppliers. Where relevant, we have put in place a system for managing weather risks and other geohazards. At the same time, Henkel will further deepen the assessment of these risks in the future.

The transition risks also present opportunities for Henkel to position itself as a company with a proactive climate protection strategy, to improve its own competitiveness by optimizing its production and raw material base, and to be able to create added value for customers and consumers with innovative solutions and strong brands. The following chapters show examples from Henkel’s CO₂ savings portfolio. **Information about our TCFD reporting** is available on our website.



On-site measures

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Our primary **climate change mitigation** focus is on our own sites and production. This is an area where we can have a direct impact and where we have set ourselves ambitious timelines and absolute reduction targets. We want to continually → **improve our energy efficiency** and to use more energy from → **renewable sources**, particularly electricity and heat.

The net carbon footprint of our direct operational activities is around 266,000 metric tons of CO₂ and is attributable to the fuels we use ourselves (Scope 1) and the energy purchased (Scope 2), in particular electricity.

We are committed to reducing our Scope 1 and Scope 2 CO₂ emissions per ton of product by 67 percent by 2030 compared to 2017. Along the journey toward this science-based target, we are pursuing our interim target of making a 65-percent reduction in the carbon footprint of our production sites by 2025 compared to the base year 2010. We continue to strive toward our existing science-based target of sourcing 100 percent of the purchased electricity we need for production from renewable sources by 2030. We are constantly looking for ways to reduce emissions more quickly at suitable locations (more on page 40 onwards).

Our greenhouse gas emissions targets (Scope 1 and 2) are confirmed by the **Science Based Targets initiative (SBTi)** and are in line with the reductions required to keep warming to 1.5 degrees Celsius. By the end of 2023, we were able to achieve a reduction in CO₂ emissions of 51 percent per ton of product (compared to our 2017 SBTi reference year) and 61 percent per ton of product (compared to 2010).¹

Based on our progress in these areas and the experience we have gained, we decided in 2021 to bring forward our ambition for 2040 by ten years. By 2030, we want to achieve a climate-positive greenhouse gas balance in our production (Scope 1 and 2).

For us, climate positivity in our production means that we aim to supply surplus carbon-neutral energy that Henkel does not need for its own purposes to third parties. In doing so, we will avoid emissions from our own activities, and also enable third parties to use carbon-neutral energy. In our role as site operator at our headquarters in Düsseldorf-Holthausen, we provide electricity and heat to third parties. Our power plant uses both fossil and renewable energies (such as biogas). In our balance sheet, we currently separate the CO₂ emissions caused by generating energy for external third parties from the energy that we use for our own production activities at this site. We use the term "net emissions" to describe this situation. Our reporting will take into account all Scope-1- and 2-relevant business activities under our operational control (gross approach) and, in addition to CO₂, all other greenhouse gases from 2024 in order to determine how much progress we have already made toward our ambition of a climate-positive greenhouse gas balance in our production.

In addition to the major opportunities presented by the accelerated transition to climate-neutral solutions, we also see a number of challenges, including changing framework conditions and accounting methods that differ around the world, as well as the fact that climate-neutral technologies are not always available locally. Using contractual instruments (market-based method, no offsetting) is an important pillar of our climate strategy. We also updated our guidelines for procuring renewable energies within the scope of our integrated management system in 2023 to include a clear prioritization of procurement mechanisms for biogas and electricity from renewable sources.

¹ To calculate target achievement, we exclude Scope 1 and 2 emissions reported on page 134 under vehicle fleets and emissions from biofuels.

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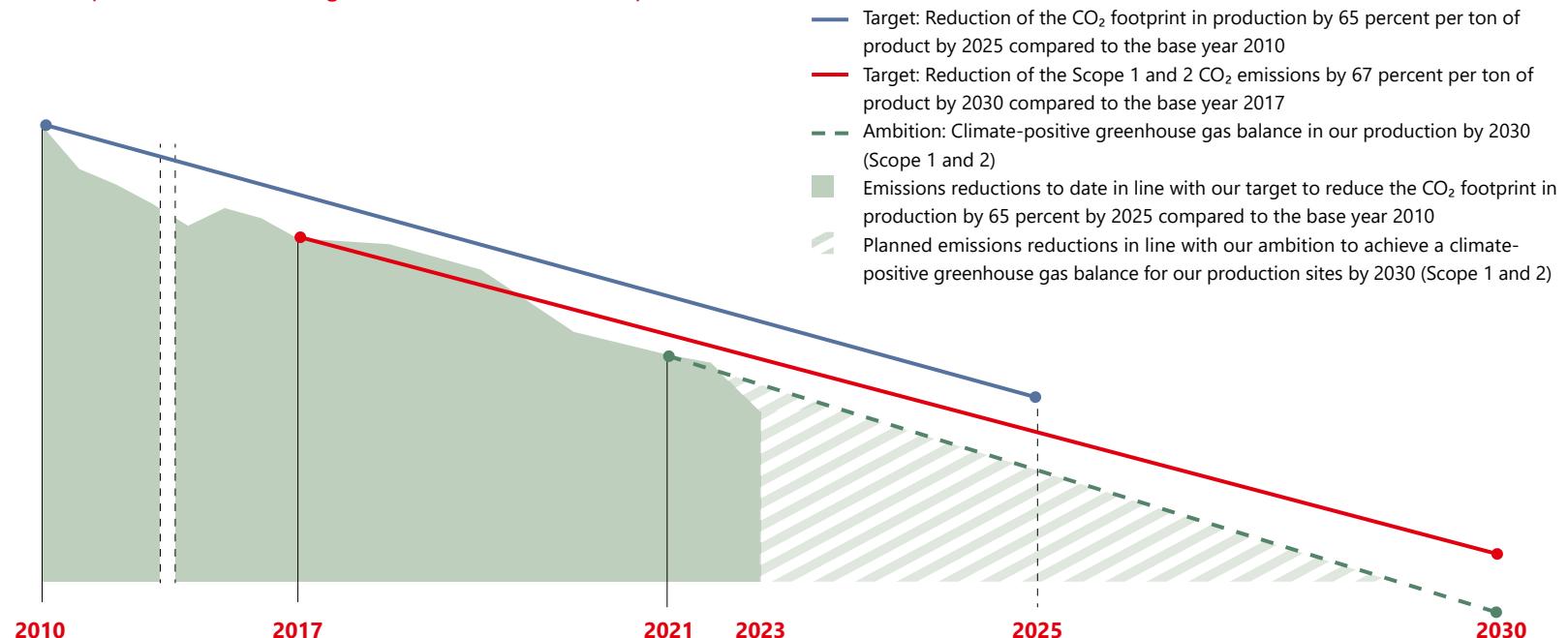
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**Roadmap to reducing Scope 1 and 2 emissions**

We are continuously developing our climate strategy in the area of production, drawing on internal experts and our partner network. To this end, we have created a comprehensive roadmap to replace all of the fuels we need to generate energy at our sites with zero-GHG or reduced-GHG alternatives, such as biogas or biomass, by no later than 2030. In parallel, we also want to continuously improve our energy efficiency.

Identifying the optimal supply strategy for each site requires intensive analysis of the changing emissions trading systems and carbon markets.

This is because we procure both thermal energy and electricity globally and use energy sources that may be subject to rapidly changing conditions or geopolitical changes in the countries concerned. Our reasoning also takes into account the findings of the recent IPCC report on emissions reductions, which states that progress toward net-zero GHG emissions in industry will be enabled by the adoption of new production processes using zero-GHG or reduced-GHG electricity, hydrogen, fuels and CO₂ management. We also made progress on our Scope 2 agenda in 2023, achieving some key milestones on our roadmap to 100 percent renewable sources by 2030. We describe these in more detail on the following pages.



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Implementation of climate protection measures at our sites**Increasing energy efficiency**

Our business units continuously strive to increase energy efficiency at our sites. For example, we have pressed ahead with the replacement of air compressors and recovery of waste heat at our Dragon adhesives facility in China. These projects have generated annual energy savings of 673,000 kWh. We are continuing to improve energy efficiency at our sites by making internal improvements and through benchmarking across our entire production network. In 2023, we also commissioned external specialists to conduct an in-depth assessment of energy efficiency at many of our most energy-intensive production sites worldwide. As a result of this assessment, work is currently underway to replace the older ventilation systems at our site in Mentor, USA. The new units are 30 percent more efficient when using natural gas and reduce the site's CO₂ emissions accordingly. We are implementing efficiency programs at all Henkel sites that we intend to convert to CO₂-neutral production in the future, with measures such as LED lighting and smart motion sensors. We believe these measures are crucial to prevent any undesired rebound effects as a result of human behavior following the conversion to green energy.

Direct emissions (Scope 1)

Heat generated from fossil fuels is currently used in most of our industrial processes, and we aim to replace these with renewable sources by 2030. Our decarbonization strategy is based on a mix of renewable energy options and a clearly defined hierarchy of solutions. Energy efficiency is always the top priority, followed by balancing the use of gases with a lower climate impact, such as biomethane, the procurement of biomass and biofuels, and the electrification of heat generation, provided that there is sufficient economically procurable renewable electricity available.

Our Consumer Brands production and logistics site in Montornès del Vallès, Spain, which is already powered by solar energy, now also uses biogas (biomethane) for process heat and has been CO₂-neutral in production since 2023. The Consumer Brands production site in Egypt (6th of October City) has also been CO₂-neutral since December 2023. The Adhesive Technologies sites in Tuzla, Türkiye and Chennai, India, have achieved carbon-neutral operations by switching to low-carbon energy sources. In Tuzla, for example, state-of-the-art electric boilers have been installed that use green electricity, meaning that the site is no longer dependent on gas. In total, the production processes at 14 sites were made CO₂-neutral in 2023. At five sites we continued to generate residual CO₂ emissions through the operation of emergency equipment, which we do not consider to be regular production activities.

Indirect emissions from purchased energy (Scope 2)

By the end of 2023, we had completely transitioned 10 countries to 100 percent renewable electricity. We have also increased the share of our purchased electricity derived from renewable sources to 89 percent. We have concrete plans to accelerate our respective sourcing and continue to fully convert further countries to green power.

We are focusing on a combination of the following three models to move to 100 percent renewable electricity by 2030: Production at our site, direct purchase and virtual coverage (see "Did you know?" info box on page 41).

The solar panels at our Consumer Brands site in Kruševac, Serbia, are one example of how we procure energy from renewable sources and take advantage of further potential for reductions. The solar panels produce an average of 6,227.9 MWh per year and supply sustainable energy for the site's own use. They also feed any excess energy into the grid, helping to support the adaptability of the entire system. In such arrangements, operators are referred to as "prosumers" because they act as both producers and consumers of energy. Henkel is continuing with the large-scale installation of photovoltaic systems, including in Maribor, Slovenia, where we expect to make substantial savings.

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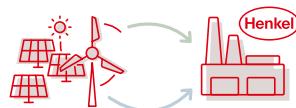
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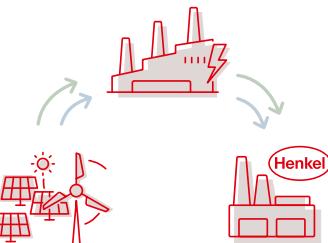
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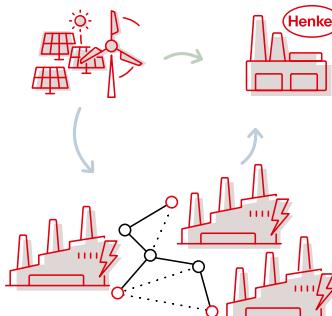
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Three models of conversion to renewable energy**On-site production:**

This model involves generating green power at our sites through wind turbines, solar cells or other technologies. The infrastructure is either funded by Henkel itself or paid for by collaboration with external partners.

**Direct purchase:**

For this model, we purchase green power straight from the grid of a local energy utility company, or as part of a long-term Power Purchase Agreement (PPA).

**Virtual coverage:**

Alternatively, we cover the demand for green power virtually. For example, by entering into long-term PPAs that feed green power from sites into the supply grid in an amount that is equal to the amount consumed. Certificates (RECs) are another example of a virtual solution.

Engagement along our value chain

In addition to our activities at our own sites, we aim to leverage our influence on areas of our value chain that are particularly relevant to CO₂ emissions. We determine this data using the recognized methods of the **Greenhouse Gas (GHG) Protocol**.

Analysis shows that the product use phase has the greatest impact on our CO₂ footprint, especially in consumer markets. Our products are used millions of times a day in households and industrial processes. Accordingly, our goal is to work with our customers, consumers and suppliers to save 100 million metric tons of CO₂ over the ten-year period from 2016 to 2025. To achieve this, we have developed a → **CO₂ savings portfolio** that can be used as a basis for quantifying the exact contributions made by products to reducing emissions.

Many of the raw materials and ingredients we use are "organic" chemical compounds, i.e. those based on carbon, for example the surfactants in detergents and shampoos, resins in adhesives and plastics for packaging. These release CO₂ when they are biodegraded or burned. We therefore plan to gradually replace the fossil carbon in our raw materials or as the basis for our ingredients and packaging with renewable carbon as we move toward a resource-efficient, climate-neutral future. In particular, the focus is on the use of carbon from plants or parts of plants as part of the renewable biosphere. Carbon from the air and from waste materials such as plastics may also be utilized as a source in the future.



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Strategic direction for reducing Scope 3 emissions

Key value chain targets include our science-based target of reducing the footprint of the raw materials and packaging we use per ton of product by 30 percent by 2030 compared to the 2017 base year. Our → **packaging strategy** is one component of this because CO₂ emissions can be reduced by using recycled material, for example. In 2023, we reduced CO₂ emissions by 17 percent per ton of product (compared to 2017).

Building on our current SBTi targets for 2030 and our ambition to achieve a climate-positive balance in our production by 2030, we will incorporate the "SBTi Corporate Net-Zero Standard" to set a pathway for reducing our Scope 3 emissions. This is why we have analyzed our entire Scope 3 portfolio in detail to understand the dimensions, metrics and measures needed to steer our emissions toward this goal. We have also launched projects and expert initiatives to assess effective drivers and opportunities within the scope categories and to explore the development potential of our climate targets.

In 2023, our climate strategy focused on two key questions regarding the development of a potential net-zero emissions pathway:

1. Have we identified the correct drivers and partners?
2. What timeframe should we consider?

The key drivers of our desired net-zero emissions pathway are the significant progress we have made in our production and our strong partnerships along the value chain. We intend to publish the results within our Climate Transition Plan in mid-2024. The Climate Transition Plan is a key

element on our path to the environmental transformation of our business model toward a future that conserves resources and is climate-neutral, in line with the requirements of the EU standard for sustainability reporting. We will describe how we are orienting our existing sites, processes and business model with the pursuit of a net-zero emissions pathway that is consistent with current scientific recommendations.

When creating the Climate Transition Plan, we will take into account the specifications and recommendations of the CDP and CSRD with the aim of developing a comprehensive tool that will help us to pool all of our activities in an effective way that brings us closer to our climate targets. To ensure that our Climate Transition Plan can be successfully implemented, we will externally advocate for climate-positive policies and consistent calculation methods and regulations, particularly in our relevant markets and the sectors where we operate.

The continuous evolution and improvement of our greenhouse gas emissions with the full, accurate, transparent, consistent and relevant calculation and publication of all three emissions categories (Scope 1, 2 and 3) is crucial to the achievement of our targets. To this end, we are implementing a number of data projects in the company, including the introduction of new software for managing our Scope 1 and 2 data in February 2024.

A key element of the plan is the setting of time-bound, verified, science-based targets that are consistent with current climate science. We plan to review our current SBTi targets in 2024 and adapt them to the latest findings where necessary. This also includes considering whether to set a comprehensive net-zero target.



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The contribution of our products and technologies to climate change mitigation

Together with our customers, consumers and suppliers, we aim to achieve reductions in CO₂ emissions. This includes emissions from the raw materials and ingredients we use. We also want to help customers and consumers reduce CO₂ emissions that are generated when they use our products (Scope 3 emissions). Our expertise in materials and our scientific knowledge allow us to develop products that deliver circularity and emissions savings so that our customers can achieve their sustainability goals.

Making products more climate-friendly in the use phase

We want our products and technologies to help reduce CO₂ emissions or, depending on the application, to help avoid CO₂ emissions from being generated. Through our brands and technologies, we make, among other things, products that are used and applied in ways that are linked to the use of energy, such as detergents, shower gels, or hotmelt adhesives. We want to contribute to improving the efficient use of energy with innovations that cut energy consumption and the related CO₂ footprint.

On top of this, we use targeted communications activities to encourage responsible-minded behavior when end consumers use our products. In our Consumer Brands business unit, we launched the initiative **“It starts with us”** in 2023 to help educate consumers. By making some simple changes to their everyday behavior, consumers can help to reduce their carbon footprint during the use phase, for example by taking shorter showers or using the ECO program on their washing machines and dishwashers. This initiative was launched as part of a 360° communication

campaign. It also includes the “Be smarter. Save water.” program launched in 2016, which aims to raise consumer awareness about the responsible use of water as an important resource. Using less hot water also reduces CO₂ emissions. More than 186,000 metric tons of CO₂ emissions could be saved each year if consumers of our products shortened their shower times by an average of 15 percent. The initiative includes information provided on the product packaging and a related website.

Lower water temperatures when washing clothes help to reduce energy use and CO₂ emissions. Through continuous research and development partnerships, as well as significant investments in new formulations, we enable consumers to achieve excellent washing results when using increasingly concentrated dosages at lower temperatures – or even when washing laundry in cold water. We raise awareness of the need to save energy by placing the “be sustainable – wash cold” logo on our laundry detergent packaging to draw consumers’ attention to this topic. The potential for savings is enormous: If consumers were to use cold water for every wash with one of our all-purpose laundry detergents, about 6.6 million metric tons of CO₂ emissions could be avoided every year. We also recommend full loads of laundry and the use of the ECO program to our consumers, both on the packaging and online. The same also applies to dishwashing: For Somat, which is used in the dishwasher, we include a note on the packaging stating that it is effective even in the ECO/short program. Since 2022, Pril, which is used for washing dishes by hand, has had a cold-active formula. This is another way consumers can save energy. In addition, the new formula for our Vernel fabric softener enables consumers to use a smaller dose, reducing the carbon footprint by 10 percent.



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New product developments

Our Adhesive Technologies business unit continuously optimizes the technologies and solutions we use to promote the conservation of resources in our customers' applications. Our 1-step cure adhesive from the Loctite® Ablestik range, for example, is fully cured by exposure to UV light alone. This eliminates the need for a secondary heat curing stage in an oven and enables customers to make energy savings of up to 5,000 kWh per year. Additional technologies of this type can also be found in our [**CO₂-savings portfolio**](#).

Henkel's CO₂-savings portfolio

In relation to the leverage points we have identified along our value chain, we have set a target of saving 100 million metric tons of CO₂ together with our customers, consumers and suppliers over the ten-year period from 2016 to 2025. We have developed a CO₂-savings portfolio¹ for this purpose. The evaluation of the contributions in this portfolio is based on a company-wide, standardized process that sets out the criteria for the selection of the products and the calculation of CO₂ emissions. On the following page, we have summarized some examples of our products and technologies in six groups. These products all contribute to [**energy and material efficiency**](#). With regard to the products sold between 2016 and 2023, we enabled our customers and consumers to save more than 89 million metric tons of CO₂, or depending on the application, avoid potential emissions. In the future, we want to evaluate additional applications and further expand the portfolio of products that contribute to CO₂ savings in the use phase.

¹ Further information can be found in the [**methodology document for Scope 4**](#).



Contributions to energy efficiency

Energy-saving building facades

Our thermal insulation composite systems for building facades help to cut energy consumption by reducing the loss of heat. In addition, our "cool roof" coatings, which reflect 87 percent more sunlight than conventional roof coatings, reduce the consumption of energy because fewer air conditioning units are needed. The products sold in 2023 enabled our customers to save or avoid around 3.0 million metric tons of CO₂ emissions.

More efficient renewable energy

Our electro-conductive adhesives enable manufacturers of photovoltaic modules to increase the efficiency of solar panels. More solar cells can be installed in each module, and the loss of conductivity within the module can be reduced. This enables the modules to generate more renewable energy. The products that we sold in 2023 helped our customers to avoid around 0.4 million metric tons of CO₂ emissions.

Consuming less hot water

We help consumers by providing products that can reduce energy consumption for warming up water, which cuts the related CO₂ emissions. With our Laundry & Home Care products Colour Catcher laundry sheets and Somat dishwasher cleaner, customers can reduce the number of washing cycles. In addition, leave-in conditioners and dry shampoos from Consumer Brands do not require warm water for rinsing. The products sold in 2023 enabled consumers to save around 0.2 million metric tons of CO₂ emissions.

Contributions to material efficiency

Repair and renovation

Our industrial coating products enable our customers to protect machinery like pumps against wear and tear, and extend their lifetime. Machinery of this kind is often operated continuously, which can cause abrasion and corrosion – leading to production downtime. With our coatings, customers are able to increase operational efficiency by reducing energy consumption or making it possible to use the machine for longer. The products sold in 2023 enabled our customers to save around 0.6 million metric tons of CO₂ emissions.

Intelligent material replacement

Our adhesive solutions make it easy to sustainably replace emission-intensive materials. An example of this is our Loctite® Threadlocker. Even a small quantity of this product matches the performance of conventional steel washers for securing screws. This saves a significant amount of steel, which is an emission-intensive material. Another example is our Liofol Purbond HB adhesives, which are used to manufacture wood composites and replace CO₂-intensive concrete construction materials. The products sold in 2023 enabled our customers to avoid around 0.6 million metric tons of CO₂ emissions.

Lightweight vehicle designs

We support our industrial customers with solutions for lightweight automotive designs. This includes pretreatments for metal surfaces that make it possible to combine steel and aluminum, as well as liquid soundproofing and 3D reinforcement technologies. These solutions all contribute to weight reduction in the chassis and increase fuel efficiency. The solutions sold in 2023 helped our customers to avoid around 6.1 million metric tons of CO₂ emissions.

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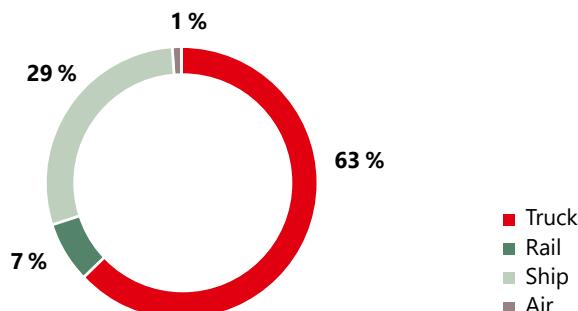
Low-emissions logistics – Optimizing transport and logistics processes

Our responsibility along the entire value chain also includes optimizing our transport and logistics processes in terms of environmental compatibility and resource efficiency. Our approach to reducing our logistics footprint starts in the product development stage. This is why we are optimizing our products and the related packaging in terms of weight and volume, whenever it is possible to do so without compromising performance, convenience or stability. More concentrated products reduce the transport weight, thereby reducing CO₂ emissions.

Overall, it is our goal to reduce the emissions from transporting our products by 15 percent by 2025 compared to the base year 2015.

Share of mode of transport by ton-kilometer

Gross shipment weights



The key levers

▪ Optimizing the capacity utilization of all modes of transportation

Henkel is constantly striving to increase truck capacity utilization. Fuller trucks mean fewer trucks on the road, which has a positive impact on CO₂ emissions. We are increasing the capacity utilization on some of the routes used by Consumer Brands by transporting supply loads without pallets. This reduces the number of trucks needed to transport the same volume of goods. The establishment of the new Consumer Brands business unit also makes it easier to combine the delivery of beauty care and laundry and home care products in the same truck. One of the most important reduction measures we are constantly striving for is to increase truck capacity utilization. Higher capacity utilization can lower CO₂ emissions, as fewer trucks are needed to transport goods.

▪ Reducing the use of air freight and expanding ocean freight

Air freight is one of the most emission-intensive types of freight transport. Ocean freight, on the other hand, is often the least intensive. However, air and ocean freight are different traffic flows and cannot necessarily be substituted for each other. Some goods, such as perishable or time-sensitive goods, must be transported by air and cannot be transported by ship. Better planning and moving away from a just-in-time approach, however, can make it possible to reduce unplanned air freight and thereby reduce emissions. The North America and EU regions are leading the way in reducing air freight, thanks to improved planning and a focus on reducing domestic air freight.



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CREDITS**▪ Using alternative drive trains**

Alternative types of drive trains are also part of our approach to optimizing transport and logistics with a view to protecting the climate. We are testing the operational capability of vehicles with alternative drive systems such as battery-powered electric vehicles. Hydrogen is also becoming a practical alternative in trucks. In 2023, we carried out a pilot project in cooperation with our long-term strategic partner and supply chain specialist Uton at our Dragon site in China. The aim of the project was to investigate the feasibility of gradually replacing conventional diesel vehicles with hydrogen energy logistics vehicles. In the future, hydrogen-powered vehicles will be used in a shuttle operation between Henkel's Dragon site and the warehouses, as well as in distribution for certain customers in Shanghai.

▪ Expanding intermodal transportation

Intermodal transportation means the use of more than one means of transportation. At Henkel, this means more of our transports are being switched from road to rail. This process begins with a truck carrying the goods to the nearest rail loading terminal. From there, the goods cover longer distances by train, before a second truck collects the goods at the destination terminal and delivers them to the customer. This allows us to make use of the lower CO₂ footprint of rail transport compared to road transport, since a train emits only around one-third of the CO₂ of a truck when transporting the same weight of goods.

▪ Digital tools for improved logistics

Our transport management system systematically captures the CO₂ emissions of our logistics operations and makes our transport planning and implementation even more efficient across all business units and

countries. Increased truck capacity utilization and optimized routes are particularly helpful in reducing transport kilometers, cutting fuel consumption and reducing CO₂ emissions. Our progress is illustrated by a digital tool that calculates the environmental impact of transport for all modes of transport based on the DIN EN 16258 standard. Inputs include actual distances based on GPS data, country-specific emission factors, and data from the respective modes of transportation. The combined application of both IT solutions enables us to foster transparency and data comparability across the entire industry, and helps us to track progress toward our emissions reduction target.

▪ Future mobility

The use of advanced digital tools supplements the use of alternative drive trains as part of our approach to optimizing transport and logistics. We are testing the operational capability of vehicles powered by alternative propulsion systems at our sites. At our headquarters in Düsseldorf, we have, for example, incorporated more than 45 electric vehicles into the internal fleet since 2012 to replace conventional vehicles with internal combustion engines. We have built a corresponding infrastructure with over 228 charging stations in and around the industrial park, ten of them in cooperation with the utility company Stadtwerke Düsseldorf. Our vehicle policy also gives our employees in Germany the option of driving an electric or hybrid vehicle as a company car. Furthermore, as part of our global mobility initiative, our current car-oriented offer in Germany is being replaced with more flexible, efficient and sustainable mobility solutions for management employees. These include a range of options, including train tickets and bicycles, which will help to reduce our employees' CO₂ footprint when commuting.



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Decoupling economic growth from the consumption of finite natural and fossil resources and developing a *circular economy* are key approaches to sustainable value creation and climate protection. Increasing the recycling of packaging and reducing waste are key focus areas.

Eliminating, reducing and – where this is not possible – recovering and recycling packaging materials, especially for our consumer goods, is the best way to minimize waste and the related negative environmental effects. Our goal is to reduce the amount of packaging material we use to a minimum without compromising the quality, performance or safety of our products. We also aim to provide consumers with all the information they need to safely use and properly dispose of products. With a few exceptions, today our *packaging* has been developed to provide the level of performance consumers expect, while using minimal resources. In addition, our packaging can be disposed of in existing collection and recycling systems.

Resource consumption can be reduced if materials are kept within the cycles of the economy for as long as possible. Our mission is to include materials from sustainable sources and to design packaging so that it can be reused as raw materials for new products in order to close the material loop. Our packaging developers collaborate with companies along the value chain, such as raw material manufacturers, packaging material manufacturers, waste disposal companies and recyclers, to implement the requirements for functional packaging.

In our Adhesive Technologies business unit, we also pursue the approach of using our high-quality, innovative packaging adhesives to support other companies in their implementation of a circular economy. To accomplish this, we are focusing on innovative solutions that facilitate the recycling of materials and also the separation of materials, so that products and product parts can be repaired, reused and refurbished.



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82 %

of production sites do not send any production waste to landfill

87 %

of packaging designed for recycling or reusability

19 %

share of recycled plastic

“Global initiatives in the plastics value chain create positive momentum toward a circular economy. These initiatives support sustainable packaging solutions for Henkel brands including Pril, Persil and Schauma. They also enhance the use and recycling of plastics.”

WOLFGANG KÖNIG
Member of the Management Board
Consumer Brands



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Henkel is also pursuing a variety of approaches to implement closed-loop recycling in its own production processes. In this area, we emphasize the separate collection of all recyclable waste streams at our sites.

We continued to develop the underlying database in 2023 to improve the management of our packaging portfolio. We recorded packaging specifications in more detail in our master data, and improved data quality. Additional internal analysis and visualization tools were also introduced. These measures are part of our cross-functional and cross-business initiative to increase the → **transparency of sustainability data**. We are also leveraging the expansion of digital solutions to support this initiative.

These new tools enable us to carry out various extended evaluations of our → **packaging footprint**, for example on quantities purchased or sold, regionally or globally. This allows us to conduct advanced analyses for reporting and for meeting regulatory requirements in the specific markets in which we operate. Although we have updated the internal calculation basis, the previous year's data remains comparable with this year's footprint data. This also makes it easier to control details and use our findings in the strategic development of packaging to optimize our use of packaging. We continue to further develop our data quality and the use of digital tools.

Packaging material cycles

Our ambitions and targets for packaging

- 100 percent of Henkel's packaging is designed and developed to optimize recyclability or reusability by 2025.¹
- We aim to reduce the amount of virgin plastics from fossil sources in our consumer products by 50 percent by 2025. We will achieve this by increasing the proportion of recycled plastic to more than 30 percent and reducing the volume of virgin plastic.
- We want to continuously help ensure that all packaging waste is properly disposed of and recycled, thereby preventing it from entering the environment. In order to achieve this, we are supporting waste collection and recycling initiatives. We are investing in innovative solutions and technologies that support improved infrastructure and consumer information to drive the recycling process.

Alongside this, we aim for 100 percent of the paper fibers in our paper packaging and cardboard to be made of recycled material or, where virgin fiber is required, to come from fresh fiber originating from certified, sustainable forestry. We also intend to discontinue the use of polyvinyl chloride (PVC) and other potentially harmful substances that are suspected of harming the environment and endangering health. Today, we only use PVC in a few exceptional cases (0.02 percent of our global packaging volumes) for which we have not yet found a workable alternative. We continue to work toward our goal of fully removing PVC from our packaging materials.

¹ Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.

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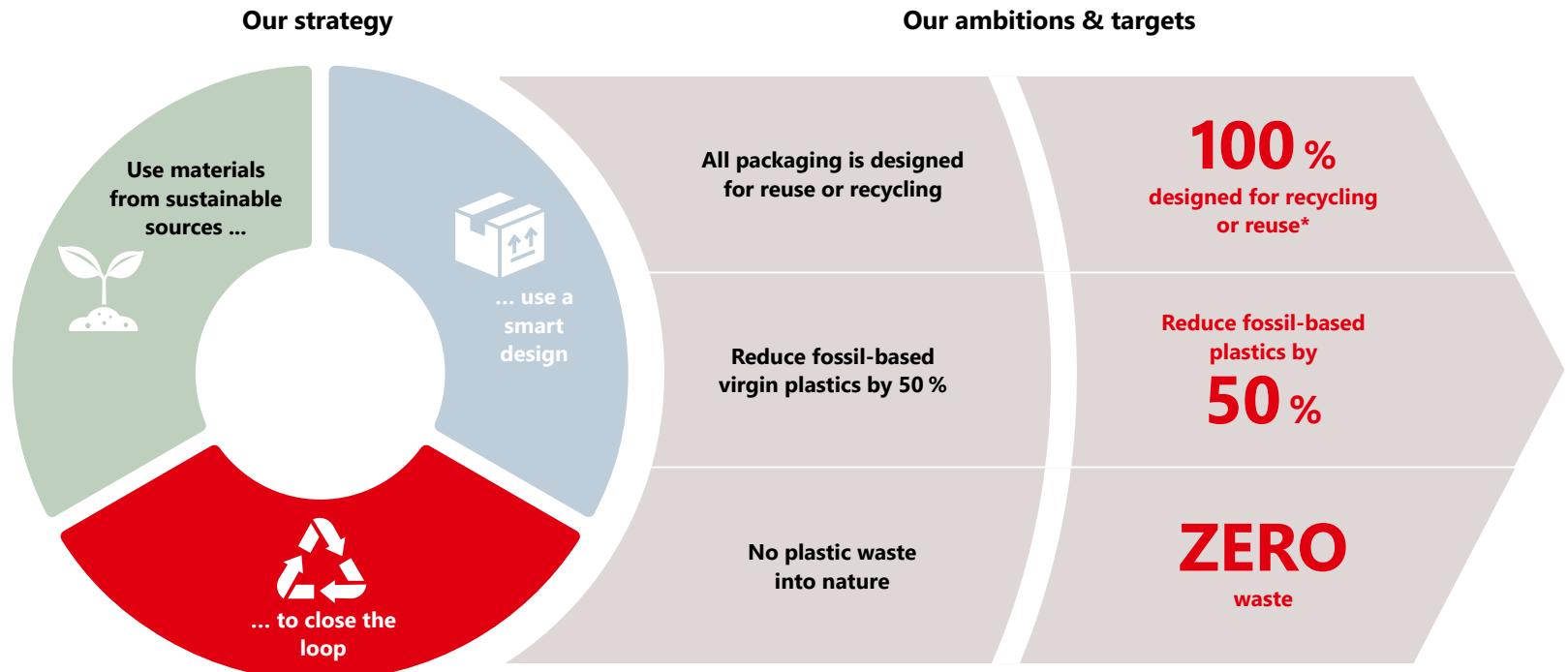
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* Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.

Three-pillar packaging strategy

Our strategy to promote the **circular economy** for packaging is centered around three pillars:

1. Intelligent packaging design and reduction of packaging material

Sustainable packaging solutions are the best way to create an efficient and cost-effective circular economy. Innovative design is essential for replacing virgin raw materials with recycled or renewable alternatives wherever pos-

sible, which enables the use of more sustainable or renewable material. We also continuously test new product solutions that have an impact on packaging. One example of this is offering concentrates in order to reduce packaging.

Our experts rethink packaging concepts and assess further ways of developing reusable and refillable solutions that place a stronger focus on durability. They are also optimizing repackaging and transport packaging and related logistics. Our aim is that by 2025, 100 percent of Henkel's

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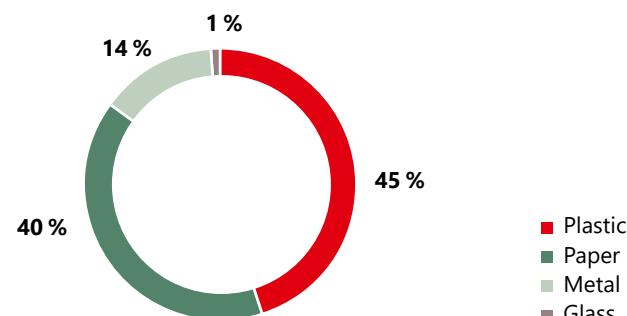
packaging will have all of the necessary properties to enter a recycling process or be reusable. At the end of 2023, this share was around 87 percent.¹ We base our understanding of recyclable or reusable on the German minimum standard, the RecyClass guidelines from Plastics Recyclers Europe, the "Golden Design Rules" published by the Consumer Goods Forum, and the guidelines of the "Global Commitment" of the Ellen MacArthur Foundation. This includes avoiding problematic packaging with materials that make it difficult to recycle and refraining from the use of new plastics in B2B packaging, among other things. These criteria are applied both in the development of new plastic packaging and in the redesign of existing packaging solutions. The paper industry has developed tools and guidelines (through the "4Evergreen Alliance", for example) to provide users of paper-based packaging with the expertise they require to develop paper packaging that can be recycled. The objective is to achieve a recycling rate of 90 percent for packaging based on paper fibers by 2030. By consistently applying material-specific design principles like these, which are designed

to support a circular economy, we aim to overcome the barriers to collection, sorting and recycling in each category of packaging – such as flexible multi-material packaging, shrink-wrapping and black plastic packaging – and find alternatives that can also be recycled and which are based on secondary raw materials that can be reused as raw materials for new products.

2. Sustainable use of material

Henkel constantly works on increasing the share of recycled content in its packaging. By way of example, the majority of our European Persil portfolio has been converted from polypropylene (PP) to high-density polyethylene (HDPE) material in order to improve recyclability. The first step was to use 25 percent PCR (post-consumer recyclate) in bottle bodies. This proportion is currently being increased to 50 percent throughout the EU. Another brand, Fa, has used 100 percent recycled material in the bottle body since the summer of 2023. In North America, we have reduced the amount of plastic used in many of our Persil products and also ensure a PCR content of 50 percent in the bottle body.

Henkel packaging: "Footprint"^{*}



The most widely used packaging materials made from renewable raw materials are paper and cardboard. It is our goal to obtain 100 percent of the paper and cardboard that we use in our packaging from recycled material or, where virgin fiber is required, from → certified sustainable forestry sources. We carried out a survey on this in 2023 for the reference year 2022, in which we achieved 96 percent coverage. The findings are based on information provided by the suppliers themselves and cover over 90 percent of our order volume in the paper and cardboard materials sector.

* Approximately 625,524 tons. On the one hand, this calculation is based on a detailed evaluation of packaging materials placed on the market. In 2023, there was a change in methodology from using purchase data to sales data, among other things. In doing so, the previous year's data remains comparable with this year's footprint data. On the other hand, we use an estimate based on product quantities sold.

As of: 12/31/2023

¹ The reported value for Design for Recycling reflects the technical recycling capability of the packaging, but not the recyclability. Plastic recyclability is based on a detailed assessment, while the assessment for glass, paper and metal is based on an expert evaluation. Although we have updated the internal calculation basis and changed the method of calculation, the previous year's data remains comparable with this year's footprint data. For details, see the chapter on → p. 49, Circular Economy.



DID YOU KNOW?

Extended Producer Responsibility (EPR)

Extended Producer Responsibility is an environmental policy that extends the manufacturer's responsibility for reducing environmental impacts and product management to cover the entire life cycle of the product, from the selection of materials and design to end-of-life and, in particular, for take-back, recycling and disposal. One goal of extended producer responsibility is a functioning circular economy. Accordingly, products and packaging should enter the material cycle after use and be reused, repaired, reprocessed or recycled. Companies meet these targets by either taking back and reusing their packaging or recycling it. Alternatively, they can contract with a national packaging recovery organization to ensure the collection, sorting and recycling of packaging.

We have introduced a tendering process for countries where there is more than one collection and recycling solution. In 2023, we carried out an assessment of all collection and recycling initiatives and evaluated the performance in terms of collection and recycling, as well as the availability of PCR for the reintroduction of new packaging for our Consumer Brands business unit. We updated the tender process following this assessment.

We support the operation of 56 packaging collection and recycling systems in Europe, North America, Australia and North Africa. Working in cooperation with our retail partners and collection and recycling system operators, our aim is to help consumers use our products correctly and dispose of empty packaging, for example by placing special recycling symbols or collection notices on packaging. In Mexico, we partnered with Mexico Recicla, a company that produces HDPE recyclate from household packaging waste. This partnership has enabled us to introduce 50 percent recycled plastic for a range of detergent bottles, including Persil.

3. Closing the loop together

We partner with companies and organizations from along the packaging value chain to drive progress in the infrastructure for recycling. Our ambition under the framework of Extended Producer Responsibility (EPR) is to ensure that there is no unregulated disposal of packaging waste.

To achieve this environmental ambition, we promote the use of collection and recycling systems that demonstrably support infrastructures that produce measurable collection and recycling volumes using the following means:

- Providing cost-efficient, transparent and reliable solutions.
- Supporting access to secondary raw materials (recycled material).
- Enabling convenient access for consumers and providing clear collection instructions.
- Including the informal sector in collection solutions in markets with underdeveloped waste recycling infrastructure.

Henkel is developing and testing new logos for product packaging to promote sustainable purchasing habits and communicate how to recycle properly. The logos indicate the percentage of recycled material or the recyclability of the packaging, and some also help to ensure that the product packaging is recycled properly. In addition, Henkel is a partner of the **How2Recycle program** in the United States to strengthen consumer awareness about how packaging cycles can be closed. As part of the program, we create more transparency about different collection and recycling options using an explanatory logo on the product packaging. The program is a project within the scope of the **Sustainable Packaging Coalition** in the US, an association of industrial companies, research institutes and public authorities that aims to increase the general understanding of sustainability related to packaging and smarter packaging solutions.

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Packaging examples for more sustainability

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Relaunch of adhesive and sealant portfolio with up to 95 percent recycled plastic

The new packaging concept for cartridges of our consumer adhesives significantly reduces the use of virgin plastic by using up to 95 percent recycled plastic from PCR. Henkel started this initiative in June 2022 with the relaunch of its Fix construction adhesives, which include various brands such as Pattex. This new packaging concept will now be introduced across Europe, with the aim of completing the rollout by the end of 2024.

Dial bottle in North America made of 100 percent recycled plastic

To mark the brand's 75th birthday, Dial decided to give its portfolio a refresh. This refresh placed a particular focus on sustainable packaging. A new packaging design contains 100 percent PCR in the bottle body and 25 less virgin plastic in the cap. It is also fully recyclable. The How2Recycle label on the packaging promotes responsible disposal.

Recycling partnership supports the collection of plastic bottles in Mexico

In Mexico, we partnered with the plastics recycling company Mexico Recicla to launch a collection initiative for green Persil bottles made of HDPE. In this way, we aimed to provide a secondary raw material for new Persil bottles. Most of the bottles collected originate from Mexico City. More than 570 tons of recyclate were reused in the reporting year.

Pril Eco-Mark: Easy-peel label and all-plastic pump in South Korea

We have developed the new Pril Eco-Mark in South Korea, featuring an easy-peel label and all-plastic pump made from mono-material. Pril delivers strong and effective cleaning power in a more sustainable package – for improved recyclability.

Using the slogan **Be smarter. Recycle.**, the Consumer Brands business unit provides information about the correct handling of waste and the recyclability of various types of packaging. In this way, we want to raise consumer awareness about the concept of a **circular economy**. We are also actively aiming to change consumer attitudes through our → **Perwoll Rethink Fashion Campaign**, which seeks to promote durability and upcycling of clothing instead of buying new items.

Henkel has entered into a strategic partnership with the **cyclos-HTP Institute (CHI)**, which specializes in classifying, assessing and certifying the recyclability of packaging and products. The partnership intends to establish a competence center for recyclability where partners can share

expert knowledge and support each other with research projects and tests in this field. One of the first projects to be carried out under this partnership is the Paper Recyclability Lab, which is based at the Henkel Inspiration Center in Düsseldorf. This project has been audited by CHI. It conducts recyclability tests for fiber-based packaging using the Cepi/4evergreen method, which will be the standard method for performing recyclability tests in the EU in the future. It also conducts tests in line with the CHI standard, which results in a certificate awarded by independent CHI experts. The tests are conducted for internal research and development projects to assess new adhesive, paint and packaging developments from Henkel, and for our Henkel and CHI customers.



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Reusing packaging is another option for preventing waste. We want to improve reusability and create new cycles for secondary and tertiary packaging that is typically used for shelf displays or for logistical purposes. Refill systems are also becoming increasingly important. In addition to new product forms and the use of recyclable and recycled plastics in our packaging, we also use refillable packaging.

We are testing a variety of approaches to meet the demand from consumers and distributors for reusable packaging and refills. This refill packaging is designed either as a refill-at-home solution or for purchasing products from a refill station to fill existing packaging. Under our premium brand **Authentic Beauty Concept**, we offer refill solutions for the hair salon business. We have learned from our first generation of refill stations and introduced a new generation of refill bars with larger dispensers and a better setup, including a salon pump and smaller furniture. The refill stations have already been installed in over 445 salons around the world. We also offer refill solutions with refill bags and concentrates in Europe and North America, for example for our Pril and Dial brands.

Our contribution to the circularity of industrial products

Our Adhesive Technologies business unit makes it possible to keep high-quality materials in circulation and turn waste into valuable resources. By combining our expertise in materials with our innovative technologies, we provide solutions that play an important role in the transition to a circular economy and are driving a rethink in industrial design and production. Our approach to promoting a circular economy is centered around the following factors.

Recyclability: Our easily recyclable or reusable packaging design solutions deliver recyclability at the end of the value chain. We work with our customers to develop solutions for the innovative redesign of products and packaging, for example in the form of sustainable and safe paper-based food packaging. We also offer adhesives that are optimized for recycling and significantly improve the recycling rate and quality. In the reporting year, Henkel and UPM Specialty Papers joined forces to develop two recyclable paper solutions that offer an alternative to conventional plastic packaging. By combining Henkel's coatings with UPM's packaging paper, the innovative solutions offer fully recyclable alternatives for both food and non-food packaging.

Debonding: A circular value chain depends on recognizing and conserving the value of materials. Debonding makes it possible to repair, reuse and recycle products and product parts, and to separate materials that are not suitable for collective recycling. This is an important lever for extending the useful life of products and recovering the value of materials at the end of a product's life cycle. This is particularly true for products that contain highly valuable raw materials, such as batteries in electric cars. That is why in 2023 we put together a team of chemists who are dedicated to solving the challenge of debonding batteries. The team is working with global OEMs and battery manufacturers with the common goal of making electric vehicles and batteries more sustainable.

Renewable carbon: Henkel has been a founding member of the **Renewable Carbon Initiative** since 2020. This initiative aims to accelerate the transition from fossil-based to renewable carbon for all organic chemicals and materials. Adhesive Technologies is also pioneering new solutions for adhesives, sealants and functional coatings that replace fossil carbon-based raw materials with renewable materials. This reduces the carbon footprint of our products and supports our customers in reducing their emissions along the value chain. In addition, we contribute to a circular economy by reducing the consumption of resources.



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Bio-based adhesives: We have also developed a range of → **bio-based adhesives**. Over the past few years, we have been working with our suppliers to advance the concept of mass balance. This is a transparent model for tracking the amount of certified and non-certified material along the entire production process. Because this principle enables the use of renewable carbon-based raw materials within existing processes, it is an important step for a gradual transition to the use of renewable resources. By the end of the reporting year, five production sites of our Adhesive Technologies business unit were fully certified under ISCC PLUS, a globally recognized certification system for mass balance.

Partnerships along the value chain

Henkel's experts are engaged in several cross-industry initiatives to drive innovation in packaging development and to find effective solutions that can be developed on a large scale. Our membership in the Global Commitment Initiative of the **Ellen MacArthur Foundation**, which brings together different stakeholders in the plastics chain to shape the future of plastics and create momentum for a circular economy, is an important example of our engagement in this area. Other initiatives include the **Alliance to End Plastic Waste (AEPW)**, the **U.S. Plastics Pact** and **CEFLEX**. The **Plastic Waste Coalition of Action** was formed from the **Consumer Goods Forum (CGF)** in 2020. In this coalition, Henkel is working with 34 other companies on the basis of Golden Design Rules to develop a more circular approach to the design and processing of plastic packaging in the consumer goods industry. Henkel also actively supports the "Business Coalition for a Global Plastics Treaty" of the **UN Treaty on Plastic Pollution**. Along with more than 170 other global companies, we are engaged in a multi-stakeholder process to develop a global agreement on the sustainable use, recovery and recycling of plastics by 2024, which will be ratified and implemented worldwide.

We have also teamed up with different organizations that are working on improving recycling infrastructure to enable a circular economy. It is very important to work hand-in-hand with our retail partners to promote a functioning circular economy. This includes membership in the **Forum Rezyklat**.

In 2021, the **Cospatox Consortium** evolved from the Forum Rezyklat. It includes distributors, manufacturers, recyclers, packaging producers and other members. The abbreviation is short for Cosmetics, Packaging and Toxicology. In this project, industrial companies like Henkel are working together to develop a standard for high-quality plastic recyclates for the packaging of cosmetic products, detergents and cleaning products. The consortium is currently drafting a guideline for consumer information. Results are expected in summer 2024.

One of our partners on the path to improved recycling of waste and the establishment of a circular economy is the social enterprise **Plastic Bank**. Henkel began its partnership with Plastic Bank in 2017 with the aim of reducing plastic waste in the environment and creating new opportunities for people living in poverty. In 2019, we extended this partnership by a further five years in order to support Plastic Bank's commitment to establishing and developing local recycling infrastructure in Egypt. As of 2023, there were 24 collection centers operating around Cairo, along the Nile River, and in Red Sea vacation hotspots. Henkel uses this recovered Social Plastic® in the packaging for a number of products in its hair and body care brand Nature Box, as well as for selected Clin pro nature products in Austria and Vernel products in Germany.



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Henkel also joined the [UK Aerosol Recycling Initiative](#) in 2023. This initiative is spearheaded by the not-for-profit organization Alupro, and aims to achieve a national aerosol recycling rate of 50 percent by 2030. We are working with key stakeholders, such as operators of materials recovery facilities (MRFs), to examine how the acceptance of aerosols can be improved through the implementation of safe and cost-effective standards. In addition, we are actively engaging with consumers through awareness-raising campaigns and are constantly striving to make improvements in the value chain, with a particular focus on improving sortability.

As part of its aim to support the circular economy, Henkel also entered into a partnership with Circular Valley in 2023. The aim of this partnership is to promote the circular economy and facilitate networking with local and international companies, startups, incubators and think tanks. Based in Wuppertal, the non-profit foundation works across industries and technologies to close material loops in existing value chains, develop policy recommendations and ensure that the public is consistently informed about the circular economy.

Innovations for the future

Due to the dye used (carbon), black plastic packaging poses a challenge to the recycling value chain. In 2019, together with its supplier Ampacet, a global color masterbatch producer, Henkel began working on an innovative solution for black plastic packaging that is recognized in the automatic sorting process and is fully recyclable. The new packaging material uses an alternative black colorant that is carbon-free, so that bottles can be returned to the value chain after use. The [Cyclos-HTP institute](#), which specializes in classifying, assessing and certifying the recyclability of packaging and products, has confirmed that Henkel's bottles, in black color and carbon-free, are fully detectable and sortable.

Two of the most urgent challenges on the path to a circular economy for packaging are improving the collection and sorting of post-consumer packaging waste and establishing sufficient infrastructure for collection, sorting and recycling in countries with poorly developed or non-existent collection and recycling infrastructure. Since September 2020, Henkel has

been one of more than 132 companies and organizations in the new [HolyGrail 2.0](#) initiative, which uses digital watermarks to promote better packaging recycling.

Investments for a circular economy

The topic of the circular economy is becoming increasingly relevant for investors and the financial markets. In 2019, Henkel invested in the [Circularity European Growth Fund I LP](#), an impact fund managed by Circularity Capital. This investment of 5 million pounds sterling enables Henkel to drive its venturing activities forward while also supporting the development of a circular economy.

Henkel has also made investments into recycling startup [Saperatec](#) since 2019. The company develops wet-mechanical recycling processes for multilayer composites, and has established its first recycling plant for composite packaging made of plastic, aluminum and paper at its Dessau site in Germany. This partnership was further expanded in 2023. The prototype for the new packaging consists of a two-layer design made entirely of polyethylene (PE), with the inner sealing layer consisting of more than 50 percent recycled "low-density" polyethylene (LDPE) from beverage carton waste. The outer layer is printed with a surface coverage of less than 50 percent and laminated with a Henkel adhesive that has been optimized for recyclability. Overall, the packaging contains at least 35 percent "post-consumer" recycled LDPE, which is consistent with the recommendations of the EU Directive on non-food packaging. The separation of the thin-layer composites is carried out in a hot-wash process with a water-based, solvent-free separation fluid that is reused more than 30 times. All process chemicals comply with European regulations for food contact materials without specific migration limits. In September 2023, Saperatec successfully tested its delamination technology for the recycling of multilayer laminates such as beverage cartons on an industrial scale.

In April 2022, Henkel Adhesive Technologies invested in the [Emerald Technology Ventures Sustainable Packaging Innovation Fund](#). With a focus on finding sustainable, low-carbon packaging solutions, Henkel has access to innovative startups and alternative packaging initiatives as a Limited Partner. The aim is to support packaging solutions with a reduced



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carbon footprint, improved recyclability and increased product safety. In 2023, the Emerald Fund invested in bioplastics manufacturer Genecis. This investment is intended to help increase the production of biodegradable packaging material and supply the market with more sustainable material. Genecis uses organic waste and industrial biotechnology, so it is not reliant on the production of a specific crop.

In July 2020, Henkel became the first company in the world to issue a **Plastic Waste Reduction Bond**. The bond is a private placement with the Japanese insurance companies Dai-ichi Life and Dai-ichi Frontier Life as anchor investors. The proceeds will be invested in projects participating in Henkel's activities to reduce plastic waste. This bond supports Henkel's commitment to promoting a circular economy, as well as to sustainable finance.

Reducing production waste

We aim to promote circularity in our operations. In doing so, we strive to reduce waste from production and to recycle, refill or reuse production waste that cannot be prevented and to reduce the volume of waste that goes to landfills. We support this process by systematically identifying production waste streams and creating new circular systems where possible.

We are focusing on increasing recycling at our sites and working closely with our partners in the value chain – suppliers, customers, and recycling and disposal companies. Our initiatives are centered around three key areas:

- Reducing material consumption and waste generation.
- Reusing materials.
- Recycling materials.

In line with our goal of reducing our environmental footprint, we intend to reduce the total volume of waste¹ by 50 percent per ton of product by 2025 compared to the base year 2010. We achieved a reduction of 38 percent in 2023. We are also reaffirming our ambition to achieve closed-loop management of waste materials in our production by 2030.

A further goal is to stop disposing of production waste¹ to landfills at all production sites, including for our industrial business, by 2030. Our sites in Cannon Falls, Brandon and Salisbury (all USA) were successfully converted in 2023. Overall, 82 percent of our production sites had already achieved this target by the end of 2023. This success is based primarily on partnerships with local waste management service providers.

Make waste streams transparent and share best practices

We have been successfully implementing global waste stream analyses for many years. A digital tool is used to document waste flows, types of waste and disposal or recycling paths, which is also the basis for our other measures. We continued to expand the number of waste streams recorded in 2023, with more than 900 waste streams now documented worldwide in Consumer Brands alone. We integrate this data into our "digital backbone" so that it is transparent and available to all relevant stakeholders. This enables all company managers to analyze and compare data on locations and development over time, so any consequences and measures relating to the waste streams can be identified. It also promotes the sharing of best practices. For example, in 2023, we launched a project that uses the "digital backbone" to identify the five most important waste streams at each location, which should then be converted into recycling loops and link them to concrete roadmaps.

¹ Without construction and demolition debris.



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When it comes to improving the transparency of the waste life-cycle as a whole, the Consumer Brands business unit is making further strides by introducing smart scales to add more detail to waste reporting. Traditionally, waste is often not weighed until it leaves the site. However, in a pilot project at our site in St. Louis, US, smart scales are being deployed close to where the waste is generated. This enables waste reporting to be carried out in real time, supporting documentation, efficiency and waste prevention.

Alongside increasing the transparency of waste streams, Henkel is also keen to improve the quality of the circularity methods used. In 2023, the Consumer Brands business unit launched the "High-Quality Outbound Recycling" (HQOR) initiative to identify best-case recycling opportunities. Specifically, for materials that are used at our production sites, we are working with our partners to close recycling loops while ensuring that these materials remain at a high quality throughout the recycling process. This means that the recycled materials can then be returned to the commodities market. A team of specialists has developed a corresponding assessment process to determine which recycling variants can be designated "HQOR." Fifteen variants in various categories (paper/cardboard, glassine paper, blanks) successfully underwent this process in 2023, resulting in 3,188 metric tons of HQOR waste. We are currently examining further HQOR variants as part of a comprehensive information program being implemented at our Henkel sites, and therefore expect the volume of HQOR waste to increase even further in the future.

In order to make further progress toward the circular use of production waste material, the Adhesive Technologies business unit launched a project at its site in Wehr, Germany, in 2023. Workshops were held to identify and evaluate various levers for reducing waste, such as recycling rather than incinerating filters, working with suppliers to develop reusable barrels and switching to reusable metal crates. The measures developed for each of these areas are currently being implemented. The full reduction potential will only become apparent once this implementation has been completed. The most important findings and measures from the 2024 project will be gradually implemented at other locations with a view to further expanding the zero-waste concept.

Our site in Dammam, Saudi Arabia, is another example of the Adhesive Technologies business unit's progress in waste management toward a circular economy. The 100 percent closed-loop use of damaged or scrapped rolls makes it possible to achieve a complete circular economy for waste material in the site's production process. In the new closed-loop system, production waste is carefully shredded and homogenized to ensure the purity, uniformity and quality of the products.

Combining our circular economy ambitions with our hazardous waste policy, the Adhesive Technology site in Kilsyth, Australia, launched a project to recover cleaning solvents in 2023. The overarching aim of the project is to reduce the amount of cleaning agents used and reduce the amount of waste disposal. The process involves recovering clean solvent from the contaminated mixture and reusing the recovered solvent in subsequent cleaning cycles. This reduced amount of waste is collected and stored separately before being disposed of properly.



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Growing consumption and resource scarcity due to an increasing global population and accelerated economic activity are putting more and more pressure on biodiversity and ecosystems. Henkel supports the conservation of nature and the protection of biodiversity.

According to a report published by **IPBES** (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services), human activities are threatening nearly one million species with extinction. Conserving biodiversity is important to Henkel, as intact ecosystems and soil biodiversity are essential as a basis for sustainable agriculture and the use of raw materials in production. Healthy water ecosystems are also crucial to protecting biodiversity. However, the Earth's water resources are not only unequally distributed. They are also threatened by climate change, as well as increasing pollution and overuse. In this context, we are keenly aware of the importance of using this resource responsibly. This is reflected in our sustainability strategy. Our 2021 **stakeholder survey** results showed that biodiversity is also becoming an increasingly important issue for our partners and other stakeholders.

Biodiversity and responsible resource management

We follow current efforts to protect biodiversity and deforestation very closely, such as the adoption of the Kunming-Montreal Global Biodiversity Framework and the EU's Deforestation Regulation. We continue to develop our approach in line with the resulting expectations. This also includes dialog and collaboration with external stakeholders, as well as industry initiatives such as the European brand association **AIM**. For example, we signed up to **Business for Nature's** call to action urging governments to incorporate nature in their policymaking in 2020 and have been a member of the **Science Based Targets Network (SBTN) Corporate Engagement Program** since 2023. We are also continuing to work with the development organization **Solidaridad** to support smallholder farmers in the palm oil and palm kernel oil sector in projects that promote sustainable agricultural practices.

Our **sustainability strategy** aims to protect and restore biodiversity – with a particular focus on forests, land and water. In addition to applying these principles to the activities at our own sites, we also promote the responsible management of raw materials and the use of ingredients based on renewable raw materials. In 2023, we worked with consulting company **denkstatt** to analyze and identify our impact, risks and dependencies in relation to biodiversity across our entire value chain. To do this, we determined the geographical location of our production sites and their proximity to important areas of biodiversity. We can use this analysis to develop comprehensive measures and programs that will contribute to the global overall mission of halting and reversing biodiversity loss by 2030. We were also involved in the publication of the "Sector Transitions to Nature Positive" series of reports in 2023 as a member of the **World Economic Forum** and in cooperation with the **World Business Council for Sustainable Development (WBCSD)** and **Business for Nature**. Each of the twelve reports describes sector-specific impacts and dependencies, as well as measures to reduce negative impacts and take advantage of opportunities

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96 %

palm (kernel) oil whose responsible sourcing is certified or externally confirmed

**"It starts
with us"**

initiative to educate consumers



-24 %
water consumption per ton of product (vs. 2010)



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throughout the value chain – categorized in terms of priority. In the **“Chemical”** and **“Household and Personal Care Products”** sector reports, we contributed specific examples of innovations from our businesses. We also took part in the biodiversity study conducted by WWF Germany and Bain & Company, **“Preserving Biodiversity: A Call to Action for German Businesses,”** in 2023.

Use of ingredients made from renewable raw materials

Henkel is committed to responsible management of raw materials, and especially the conservation of natural resources and biodiversity. We use ingredients based on renewable raw materials to optimize the overall characteristics of our products, wherever this is compatible with environmental, economic and social considerations. Renewable raw materials are already key ingredients in many of our products, such as detergents, shampoos, glue sticks and wallpaper adhesives.

Many of our consumer and industrial adhesives are based on nature-based raw materials, such as plant-based oils and their derivatives, as well as tree resin and carbohydrates like starch, sugar and cellulose. Our **Pritt** glue stick, for example, is formulated with close to 97 percent natural ingredients (including water). We also innovate new solutions for adhesives, sealants and functional coatings that replace fossil raw materials with materials made from biomass. In 2023, for example, we introduced the **Technomelt DM ECO** product range on the European non-woven fabric market. These products are used in the production of diapers and sanitary products, and contain more than 50 percent bio-based materials. We have also developed the first bio-based polyurethane adhesives for load-bearing timber construction under the **Loctite®** brand. The new **Loctite® HB S ECO** and **CR 821 ECO adhesives** contain bio-based materials and generate over 60 percent less CO₂ emissions than their predecessors. Henkel is generating added value for the industry with these developments while at the same time helping to make the use of solid wood even more sustainable.

We also use ingredients based on renewable raw materials in our hair and body care products. We refer to the use of individual nature-based active ingredients or fragrances if these are associated with specific properties – for example, the care properties of shea butter or the soothing effect of aloe vera. We are also working to further increase the proportion of ingredients based on renewable raw materials in our hair and body care products and to use fewer fossil resources, wherever this is possible and appropriate. For example, guar is a nourishing ingredient that is used in products in our professional hair care and styling brand **Authentic Beauty Concept** (ABC). It has been certified by The Vegan Society as vegan and by PETA as free from animal testing. Henkel supports **guar farmers** in the desert region of Bikaner in Rajasthan, India, with this range of products. They learn sustainable guar farming methods and receive assistance in planting their own vegetable gardens. In addition, since 2022, our soap brand **Dial** has been working with the international development organization Solidaridad to improve living conditions for smallholder farmers and promote sustainable farming practices. This partnership project enables a segregated physical flow of sustainable palm oil and palm kernel oil from Colombia, which is used in the manufacturing of our Dial bar soaps.



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Renewable raw materials are historically one of the major sources of raw materials for laundry detergents and household cleaners. For example, soap – which has traditionally been used to wash laundry as well as for personal hygiene – has been made from vegetable or animal oils and fats. In 2020, Henkel launched the fabric softeners Vernel and Silan Naturals, which consist of 99 percent nature-based ingredients. Since its relaunch in 2023, the product range now contains 100 percent biodegradable ingredients.

Laundry detergents and household cleaners consist of a large number of ingredients, each with its own special function. Most bulk ingredients of detergents and household cleaners are inorganic and therefore cannot be replaced by ingredients based on renewable raw materials. Surfactants are an important exception. They consist of a lipophilic (fat-loving) part, which is obtained from vegetable or mineral oils, and a hydrophilic (water-loving) part, which is usually based on mineral oil or is inorganic. Surfactants like alkyl polyglycosides that are produced only from renewable raw materials are the exception. To achieve the best washing performance, we use a mixture of different surfactants. In more than half of them, the lipophilic part is based on renewable raw materials. This is the result of Henkel's many years of experience with ingredients based on plant-based oils. We have been working with **BASF** since 2022 to increase the amount of renewable raw materials used to produce the ingredients in hair and body care products, as well as in laundry detergents and household cleaners. We apply the biomass balance approach, which combines renewable raw materials from Europe with fossil raw materials to produce ingredients. This BASF method and the ingredients themselves are certified in accordance with REDcert² – a recognized certification system for sustainable biomass. Somat and Perwoll products containing ingredients certified under this system have been available in Germany since 2023, and their packaging indicates the use of this mass balance approach. In addition, Henkel and Shell Chemical LP entered into a five-year cooperation in 2023 with the aim of replacing fossil raw materials with renewable materials in the production of surfactants for detergents.

Zero net deforestation as a goal for increased biodiversity

Forests function as carbon sinks and are key to protecting biodiversity. They also provide us with wood and other raw materials. We are committed to sourcing our raw materials sustainably and not through deforestation. Our goal is to prevent the deforestation of primary and secondary forests with significant ecological value. These include peat lands and other high-carbon stock areas. We are committed to zero net deforestation and also expect our suppliers to support this as part of our **Responsible Sourcing Policy**.

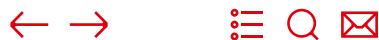
Between 2021 and 2022, we partnered with the international non-profit organization **Rainforest Alliance** to minimize nature-related risks in our value chain. We are using the findings from this cooperation to further develop our approach to preventing deforestation and to develop comprehensive guidelines in this area.

We are also partners of the **Tropical Forest Alliance**, a multi-stakeholder partnership platform hosted by the **World Economic Forum (WEF)**. Its primary goal is to promote deforestation-free supply chains for the production of palm oil and palm kernel oil, beef, soy, paper and pulp.

Reducing paper consumption and ending deforestation

Demand for paper products is increasing worldwide. The latest study by the **World Wildlife Fund (WWF)** concludes that global consumption of wood, at 4.3 to 5 billion cubic meters annually, is higher than the amount that can be sustainably harvested from forests.

If wood is sourced and produced in an unsustainable manner, it can lead to deforestation in areas of high ecological value. We aim to source 100 percent of the paper and board material used in our packaging as recycled material or – where the use of virgin fiber is required – from sustainably managed foresteries. In 2022, we achieved coverage of 96 percent for our objective. All suppliers of paper-based packaging materials must confirm that they are compliant with our procurement guidelines as part



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of our onboarding process. We expect them to support our goal of zero net deforestation.

Increasing transparency in the supply chain is the focus of our cooperation with our suppliers of paper-based packaging. This involves the traceability of the materials we buy, especially in the case of suppliers that source virgin fibers from high-risk countries. In these circumstances, we work together on measures to minimize risk.

We conducted a comprehensive survey of our main suppliers in the corrugated board and printed paper sector for 2022, concluding in August 2023. Supplier self-disclosure provided us with transparency about their business activities and covers over 90 percent of our order volume in this area. Most suppliers use at least one or more of the following certification systems: ***✓ FSC (Forest Stewardship Council), ✓ PEFC (Programme for the Endorsement of Forest Certification) and ✓ SFI (Sustainable Forestry Initiative)***. This means that 89 percent of the virgin paper and cardboard procured is certified (76 percent of all paper and cardboard).

Responsible use of palm oil and palm kernel oil

Palm oil, palm kernel oil and their derivatives are among the most important renewable raw materials for the production of the ingredients we use to manufacture our laundry detergents, household cleaners and cosmetic products. We use less than 0.2 percent of the palm oil and palm kernel oil produced worldwide. In particular, we use palm kernel oil as the basis for surfactants. Palm oil is the most widely used vegetable oil in the world and comes from a highly efficient crop: for the same yield, oil palm requires around four times less land than rapeseed and as much as eight times less than soybeans. Unfortunately, palm oil cultivation, when done unsustainably, is often associated with large-scale deforestation of rainforests.

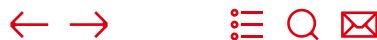
DID YOU KNOW?

From raw material to Henkel product: palm oil

Palm-oil- and palm-kernel-oil-based ingredients are a powerful example of how we actively promote sustainability in our supply chain. Palm oil is the most widely used vegetable oil and cannot easily be replaced by other vegetable oils. This is because to produce the same amount of oil, oil palms require around four times less land than rapeseed and as much as eight times less than soybeans. Palm oil, especially palm kernel oil and its derivatives, are important renewable raw materials needed to produce surfactants that we use in our detergents, household cleaners and cosmetic products.

For this reason, our goal is to ensure that the ingredients for our products are made from ***✓ sustainable palm oil and palm kernel oil***. With this in mind, we work with the companies from which we source our ingredients and with other partners to exert influence on the palm oil supply chain, from smallholder farmers to consumers. With this approach, we seek to further develop our supply chains to ensure full NDPE (No Deforestation, No Peat, No Exploitation) compliance, and to ensure that the palm oils and palm kernel oils used as the basis for the production of our ingredients are not associated with the deforestation of primary or secondary rainforests. Our palm oil strategy through 2025 comprises three areas:

- 1. Cover 100 percent of our demand with oils whose responsible sourcing is certified or externally confirmed:** We plan to continue to expand the certification of our raw materials in accordance with ***✓ RSPO's ("Roundtable on Sustainable Palm Oil") Mass Balance model***. Where possible and available, we are also aiming to procure certain materials based on palm oil and palm kernel oil that are certified according to the



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RSPO's Segregation model. We have achieved considerable progress in this area in recent years with a wide range of measures. In fiscal year 2023, we were able to source 96 percent of our total demand for palm oil, palm kernel oil and its derivatives as certified raw materials in line with the **✓ RSPO's** Mass Balance supply chain model. Derivatives account for the majority of the palm-based materials used by Henkel. The improvement compared to fiscal year 2022 (with 89 percent) was primarily due to the successful conversion of some markets and their suppliers to RSPO's Mass Balance model. In addition, the figure was relatively low last year due to the impact of the Russian portfolio, for which certified deliveries were no longer available from the second half of 2022. We still encounter a lack of availability of RSPO-certified raw materials in some of the markets where we operate and for a number of selected derivatives of palm kernel oil-based ingredients used in small quantities. In these circumstances, we maintain an intensive dialog with our suppliers to look for solutions or we rely on the import of raw materials. We are confident that we will make further progress in the years ahead, yet we must acknowledge that full transition of our global supply chains to sustainable palm oil and palm kernel oil remains challenging.

2. Establish full traceability and transparency of the palm oil and palm kernel oil used in our products: From our activities, we have learned that there is a need for further optimization with regard to transparency and traceability, especially for palm-kernel-oil-based derivatives, and that cross-industry initiatives are necessary to make the achievement of the zero net deforestation target verifiable. A survey conducted in 2023 on the transparency of our supply chains for palm-based ingredients showed that we were able to maintain the traceability rate up to the mill at 89 percent and increase the traceability rate up to the plantation from 50 percent to 52 percent compared to the previous year.¹ We did this with the support of an external sustainability consultancy from the initiative **✓ Action for Sustainable Derivatives (ASD)**. As part of our supplier management activities, we collaborate intensively with our strategic suppliers to ensure the procurement of sustainable raw materials. We use the Sustainable Palm Index (SPI) to assess the progress of our suppliers with respect to their level of supply chain knowledge, sustainable sourcing practices and

compliance with the NDPE Principles. We once again used the SPI to create a compliance profile of our major suppliers of palm-oil-based ingredients in 2023. This tool helps us to identify potential improvements and define action plans together with our suppliers.

3. Improve the livelihoods of smallholder farmers and protection of nature:

We are building on the success of our collaborative projects with smallholder farmers and will continue strengthening our commitment to integrate raw materials delivered by these smallholder farmers into our supply chain. We are also giving greater consideration to ecological aspects, and we are supporting climate-smart agriculture. To date, more than 39,300 smallholder farmers have been reached and trained on more than 351,900 hectares under cultivation.

Support for smallholder farmers

Smallholder farmers produce about 40 percent of the world's palm oil and palm kernel oil, yet their productivity and the quality of their products are much lower compared to large plantations. They often lack access to technical knowledge and financial services that are crucial to improving their production. Some farmers are also concerned that access to the palm (kernel) oil market will be limited if their harvests do not meet the criteria set out by the RSPO. This is because many major buyers of palm (kernel) oil have committed to buying only oil products that are certified as sustainable. In collaboration with the development organization **✓ Solidaridad**, Henkel is addressing these challenges.

We have partnered with Solidaridad on initiatives in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria since 2013. The focus was on training in best practice approaches, including climate-friendly agriculture, along with exerting an influence on policy and involving stakeholders. We measure our progress using the "Smallholder farmers reached and trained" indicator. The definition of the indicator has evolved from the original definition in the course of our ongoing collaboration with Solidaridad. We will only consider farmers who have participated in training sessions held by Solidaridad or their partner staff, extension workers and/or lead farmers that were trained by Solidaridad.

¹ The survey was conducted in 2023 based on the supplier data for 2022.



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In 2023, we were engaged in projects in Colombia, Honduras, Indonesia and Nigeria. Building on the very good cooperation with Solidaridad, we have developed concrete plans for the coming years to further expand our respective involvement. We participate in Solidaridad's **"National Initiatives for Sustainable and Climate-Smart Oil Palm Smallholders" (NI-SCOPS)** in Nigeria and Indonesia. The NI-SCOPS program engages at a landscape level in selected states and provinces worldwide, and is also involved in national policy and decision-making processes. Our engagement in Indonesia is primarily with smallholder farmers in the province of West Kalimantan. We work with these farmers to increase their production of sustainable, deforestation-free palm (kernel) oil and support them with the transition to agroforestry models. This project involves working with the local government, the forestry authorities and the communities that play a key role in forest management in the project region. To date, we have agreed to submit a proposal to legally designate 4,200 hectares as village forest and we contributed to the establishment of the local forestry organization (Forest Management Village Organization) in the village of Nekan.

In Nigeria, we completed a three-year project in the states of Akwa-Ibom and Cross River in the reporting year, primarily focusing on the activities of both independent smallholder farmers and palm oil producers. As part of the project to promote climate-friendly agriculture, we supported the establishment of 211 farmer groups, from which 206 were village savings and loan associations (Village Savings and Loans Agencies).

Additionally, we have increased their access to productive assets by establishing four tree nurseries (two per state), which are run by eight women and eight young people. Furthermore, 3,425 smallholder farmers participated in training on climate-smart agriculture. At the same time, they were given the opportunity to upgrade their equipment. In addition, women and young people gain access to clean energy sources, while at the same time the use of firewood as a source of energy in the traditional mills has decreased.

Other initiatives for sustainable palm oil and palm kernel oil

We support the physical transformation toward the use of certified products in the industry and the shift in the market toward certified sustainable palm (kernel) oil products. A multi-stakeholder approach is at the core of our initiative for sustainable management of palm oil and palm kernel oil. Through partnerships, projects and dialog, we engage with key players and are expanding our contribution to sustainable practices in the palm oil industry. Henkel is a committed founding member of the **Forum for Sustainable Palm Oil (FONAP)** in Germany and is a member of several of its working groups. This collaboration between companies, NGOs, associations and political bodies is pursuing the goal of significantly increasing the proportion of sustainably produced palm (kernel) oil, while also improving existing standards and certifications. We are also actively involved in the Roundtable on Sustainable Palm Oil (**RSPO**). The RSPO standard increasingly includes compliance with human rights along the entire supply chain, in addition to environmental aspects. In May 2023, our Global Supply Chain organization was again successfully certified in line with the RSPO's supply chain standard.

Henkel, along with other leading consumer goods manufacturers and companies in the oleochemical industry, is a member of the cross-industry **Action for Sustainable Derivatives (ASD)** initiative. The primary objective of the initiative is to generate more transparency in the complex value chain of palm oil and palm kernel oil derivatives. To that end, Henkel supports the efforts by ASD to develop an enhanced monitoring approach for the proactive detection and tracking of abuses and non-compliance with zero net deforestation requirements.



Careful use of water as an important resource

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At Henkel, water plays an important role along our value chain. We use water as a part of our production processes and as an ingredient in our products. Many of our products also require water during the use phase.

For this reason, reducing water usage during the production and use of our products is important for us. In order to identify suitable approaches for improvement, we have worked closely with various stakeholders. For example, we are investigating our impact on water along the value chain. This includes examining the water footprint of raw materials, our production processes and the consumption of water during the use of our products, as well as the treatment of wastewater. In 2023, we organized a number of workshops on water risks in collaboration with our partner **Bluerisk**. The aim of these workshops was to make further progress in determining key production sites and identifying relevant locations across our value chain. In our **water stewardship position**, we outline our approach to engaging in responsible water stewardship in further detail.

Our ambition: Circular management of water at relevant production sites

When we joined the **CEO Water Mandate**, an initiative of the UN Global Compact, in 2021, one of our commitments was to undertake a comprehensive assessment of our water use, which would form the basis for further developing our water conservation and wastewater treatment targets. One of the key findings of the analysis was that, with the further development of our sustainability strategy in 2021, we set the ambition to achieve circular management of water at all relevant production sites that are exposed to a water risk by 2030. In order to develop a roadmap for this goal, a detailed inventory of our relevant sites must be carried out. Within the scope of this water accounting, in 2023, we began collecting data on the circularity of water use and wastewater at 46 key sites around the world that are experiencing high water stress and significant water consumption. This serves as the basis for developing further conclusions for our circular water management strategy.

The water stewardship process at Henkel

We have established a three-step water stewardship process that begins with a comprehensive water risk analysis of our sites, assesses local water use, and is then used to identify which sites are relevant to our ambition.

Phase 1:

First, we carried out a water risk and consumption analysis at our production sites to facilitate a holistic water accounting.

We have been reporting our water consumption in hydrologically stressed areas¹ since 2020 and have reaffirmed our ambition to focus on saving water in regions where water is in short supply.

In 2022, we also used the **Aqueduct™ tool of the World Resource Institute (WRI)** and the **WWF Water Risk Filter screening tool** to carry out detailed investigations at a global level in order to identify production sites in regions with an increased water risk. It was especially important to identify locations and watersheds with elevated risk and significant water consumption. To this end, we have taken into account all qualitative, quantitative and regulatory risks that are relevant for us, as well as projected risks at our production sites.

We chose the composite index approach for our water risk assessment. This is a method in which multiple variables are aggregated into an overall score to translate hydrological data into intuitive water risk indicators. The fundamental risk groups were physical risk – quantity, physical risk – quality, and regulatory risk – reputational risk. The expected increase in risk when projected to the year 2030 was also considered.

Water consumption at these sites was also analyzed using our consumption data. The water consumption indicator based on annual water consumption was used to select relevant sites.

For the identified sites that had both a high risk index and a high water consumption index, our ambition is to establish circular water use by 2030.

¹ See e.g. GRI 303-5.



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Phase 2:

The second phase involves defining relevant circular economy indicators for our sites. We held several workshops during 2023 to prepare pilot projects relating to circular economy metrics based on the findings from data collection at relevant sites. We will continue these efforts in 2024 by introducing pilot projects at selected sites.

We identified the following three key control variables for attaining high levels of circular management.

1. Reduction in fresh water consumption

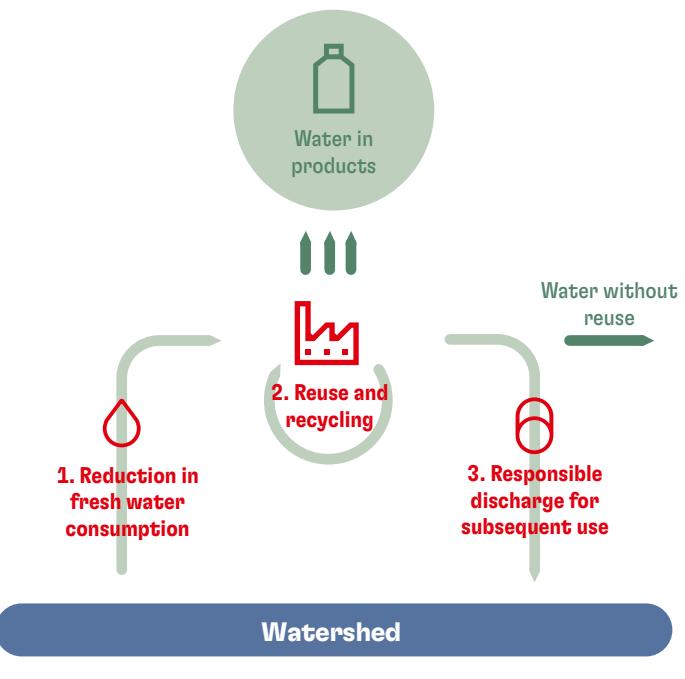
Our goal is to use 35 percent less water per ton of product by 2025 (base year 2010). By the end of 2023, Henkel had saved 24 percent. This commitment to efficiency provides a suitable starting point for further development. In order to achieve our goal, each production site carefully examines all of the ways it can reduce water consumption and avoid wastewater. We draw a large part of our water from local supply networks. We also use water from a wide variety of sources around the world, such as rainwater or groundwater, to reflect local conditions.

For example, to save water, our Consumer Brands business unit uses online metering systems and our "digital backbone" to identify optimization potential and increased water consumption. We also use new technologies to support the conservation and reuse of water. For example, a closed-loop heat pump system has been installed at the Consumer Brands site in Maribor, Slovenia, which is used for both heating and cooling at the same time. Energy that was previously released into rivers and the surrounding air in the form of waste heat from cooling processes in production as well as treatment plant, is now transferred into the heat pump system. This means that river water is no longer required for cooling processes and it eliminates the need for gas for heating in production and buildings. Based on these measures, we expect to reduce cooling water consumption by 80 percent and CO₂ emissions by 40 percent.

DID YOU KNOW?

Circular water use at our production sites

To achieve circular water use at our key production sites, our focus is on regenerative water use. We minimize water consumption, as well as the impact on the reservoirs from which we draw water and into which we return water.





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Water efficiency means using less water, as well as increasing the reuse of water. With our approach to pursuing a circular economy, we aim to view wastewater as a resource rather than as something to be disposed of. In hydrologically stressed areas, our focus is on conserving water, maximizing its use by minimizing losses and reclaiming rainwater or water from other sources. For this purpose, for example, we continuously review and optimize the amount of water needed to clean production lines.

Drawing on the experience of a wastewater reuse project in Tepic, Mexico, our Consumer Brands business unit launched an identical project in Belenes, Mexico, in which the wastewater from the water treatment plant is reused as washing water for tanks (first cycle) and for sanitary facilities (second cycle). The project is scheduled for completion in the first half of 2024, which means that the water savings will be evident in the second half of the year.

The overall water consumption at our Adhesive Technologies production site in Humen, China, is optimized through the reuse of waste water and the collection of rainwater. Clean rainwater is collected from a 3,600-square-meter roof and used for cleaning, flushing toilets and gardening. The pumps in the circular system are powered by renewable energy from solar cells. The existing wastewater treatment system has

been expanded to create a circular water network, enabling any recycled wastewater to be used on site for cleaning and to top up the wet scrubbers. These measures are expected to save 3,700 cubic meters of water per year on average. The site is planning to take further measures between now and 2030 to achieve the aim of a fully circular water system. The Adhesive Technologies site in Atsugi, Japan, also reuses wastewater from the treatment plant, saving an average of 5,900 cubic meters of water per year. In addition, the sludge filtered out during the water treatment process is used to produce cement.

3. Responsible discharge for subsequent use

In situations where wastewater from industrial applications must be properly discharged in accordance with legal requirements, Henkel carries out pretreatment using modern technologies to remove pollutants. In addition, we are planning to issue clear guidelines on the handling of wastewater. It will include the principle that wastewater should be returned to the watershed from which it was taken, as long as the receiving aquifer meets or exceeds water quality requirements. This helps ensure that we do not reduce the quality of wastewater. We align our activities with the requirements for water quality that is good enough for freshwater fish populations. Our aim is to ensure that the treatment plant is suitable for receiving the additional wastewater in the event of discharge via an external treatment plant.



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In the third phase, we aim to advance circular water management at our relevant sites and update our local implementation plans.

We will also engage our suppliers, such as local water companies, in water use and water impact assessments. We seek to share knowledge about sustainable water use, thereby motivating people to adopt appropriate practices, and to report regularly on the progress we have made toward our goals in each watershed. Because polluted watersheds have many stakeholders, we aim to build closer relationships with civil society organizations, especially at the regional and local levels, where we aim to work with agencies to address water sustainability issues and policies. This includes the development of technologies to increase drought resilience and water efficiency. Our plan also includes better understanding the water and wastewater challenges in the communities where we operate and identifying how we can impact the situation in a positive way. We consider ourselves to be active members of the local community, working together with local authorities, groups and initiatives to improve water and sanitation.

Conserving resources together with our consumers

We want to continually encourage the responsible use of our products to reduce water consumption. Life cycle analyses have shown that more than 90 percent of the water and energy consumption of our rinse-off products occurs during use. That is why our Consumer Brands business unit leverages

its brands to raise awareness among consumers about sustainable product use. By providing information on the products in the form of our "Be smarter" logo and on a comprehensive website, and through supporting measures at sales outlets as part of our  **"It starts with us" initiative**, we are supporting our consumers with tips on how they can contribute to resource conservation and sustainability when using our products. The initiative addresses the issues of recycling, energy and general behavior, in addition to water use. It now encompasses more than 30 brands and 100 countries. We are also developing products that do not require the use of water. Our leave-in conditioners and dry shampoos do not require water for rinsing, for example.

Innovative solutions that help our customers save water

In our Adhesive Technologies business unit, we want to support the conservation of natural resources by developing innovative solutions for adhesives, sealants and functional coatings that help our customers engage in sustainable water management. Our technologies help reduce water consumption in production processes and in the use phase.

One example is our Loctite® Aero infusion resins, which can replace water-intensive production processes in the aerospace industry. Autoclaves, which consume thousands of liters of water per day, are the conventional method for curing composite materials, such as aircraft fuselages and wings. Our infusion technology replaces this step in the process, saving large amounts of water while ensuring the same quality of cure.



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We are committed to ensuring that our consumer products do not cause any **micoplastics** to enter the environment. Microplastics are synthetic polymer microparticles (SPMs) that are solid, insoluble, and non-biodegradable, and that are five millimeters or smaller. These can enter rivers and oceans via wastewater and accumulate there permanently.

Several years ago, we stopped using microbeads in cosmetics, detergents and cleaning products, which were used as exfoliating or abrasive particles in certain products. In addition, we have been dealing more closely with solid synthetic plastics. These solid synthetic plastics are used as opacifiers in consumer products to give them a creamy white appearance.

In our cosmetic products, the switch to opacifiers that have a natural origin or are biodegradable was completed in early 2022. For our other consumer products, we replaced opacifiers with poor biodegradability with a newly developed opacifier with improved biodegradability in 2021. We are always on the search for a fully biodegradable solution that meets our technical requirements.

Certain types of perfume encapsulation are also under discussion because they are considered as microplastics. These encapsulated perfume oils are used in fabric softeners and certain detergents to create long-lasting fragrances with significantly less perfume than would otherwise be required. Our goal was to replace all synthetic perfume encapsulations with biodegradable materials by no later than the end of 2022. As reported in the previous year, we were able to achieve this in Europe in that timeframe. We also made further progress in other regions of the world. Due to specific product usage and consumer performance expectations in some regions, we still face technical challenges in replacing synthetic perfume encapsulations completely for certain product categories, but we are continuing to work on this.

We are already using biodegradable materials for encapsulation in other areas. For example, the water-soluble shells of our pre-dosed liquid detergent capsules, tabs and bars are biodegradable and made of soluble polyvinyl alcohol. To prevent improper disposal of our plastic product packaging from contributing to ocean pollution, we are striving for a **circular economy** for plastics.

← → ≡ Q ✖

THRIVING COMMUNITIES

We do everything we can to help people live better lives. Our social responsibility is to promote equity, strengthen diversity and respect human rights. We offer our employees lifelong learning opportunities, and an attractive and healthy working environment. We advocate for social progress and access to education worldwide, and we provide assistance in emergency situations.

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84 EDUCATION
92 WELLBEING



THRIVING COMMUNITIES

We actively contribute to people being able to lead a better life through our business and brands.

TARGETS AND AMBITIONS



EQUITY

Strengthen diversity, equity and inclusion, respect human rights and enhance the livelihoods of people.



Gender parity across all management levels (2025)



livelihoods of smallholder farmers and protection of nature

CONTENTS

- Corporate culture
- Fair working conditions
- Diversity, Equity & Inclusion
- Respecting human rights



EDUCATION

Support lifelong learning and education, and motivate people to take action for sustainability.



Expand our community education programs and volunteering



employees to be engaged and empowered to take action for sustainability



30 million lives globally (2010–2030)

- Employee development
- Social engagement



WELLBEING

Foster health and wellbeing, and help drive social progress.



Shape the future of work for our company and our employees

+60%

safer per million hours worked (2025 vs. 2010)

>90%

of our employees reached with global health campaigns (each year)

- Health
- Occupational safety
- Future of work



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Reducing inequities and leaving nobody behind – that is the key to meaningful social progress. This progress has been seriously challenged in the last few years. Global events have increased exclusion, intensified structural discrimination and hindered social development in the world around us.

We know that equity is at the heart of the solutions that can move us forward in times of crisis. This guides our agenda for the transformational impact of our actions. Equity is the link between different topics and the driving force behind a wide range of our activities.

Building a sense of belonging for people – with all of our differences – in our society and at our workplace is critical to fostering creativity and innovation. We all have to listen to different voices, and understand different perspectives and ways of thinking. Our shared path is to build a corporate culture based on trust where employees are encouraged to show initiative, think proactively and be open to sharing new ideas.

We embrace the role that companies can have as key players in reducing adverse impacts and promoting positive effects. This chapter presents the ways we are working to achieve both of these elements, and how we are making equity even more of a priority in shaping our decisions.



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♀ **39.5 %**

ratio of women in management

Accelerate Cultural Transformation

(ACT) introduced as a global initiative

"We need diverse voices, perspectives and ways of thinking to drive cultural change – especially in times of crisis. That is why maintaining an open corporate culture is an important factor for achieving greater sustainability in a globalized world."

SYLVIE NICOL

Member of the Management Board
Personnel/Infrastructure/Sustainability

Henkel has been recognized as a Diversity Leader 2024 by Statista and the Financial Times



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Corporate culture of open communication and trust-based collaboration

We are building an environment of trust in our company that is open to ideas and innovations, and that enables decision-making. This is only possible with a thriving leadership culture. We are committed to communicating openly with our employees and their representatives, and to pursuing ongoing, constructive dialog while promoting feedback. Our objective is to inform and involve our employees in a transparent and timely manner. This helps us to meet the challenges and changes in society, the economy and politics, and to continue to develop so that we remain competitive in the future.

With our **Leadership Commitments**, we want to establish a **corporate culture** in which employees show entrepreneurial spirit and initiative, think proactively, put team spirit into practice and take responsibility – no matter whether they lead a team or are a member of a team. Henkel's dedicated communication platform offers a range of workshops, learning and reflection elements that promote sustainable cultural change at our company and help anchor the Leadership Commitments in our behavior.

To support this empowerment and drive innovation in line with the needs of our employees, we continuously review our leadership programs and initiatives. Our portfolio includes a comprehensive Leadership Development Journey centered on the Leadership Commitments, as well as useful reflection tools such as the Iceberg Learning Module. This content supports all employees in living the Leadership Commitments in their day-to-day lives.

We are taking our corporate culture to the next level with our global initiative "Accelerate Cultural Transformation" (ACT). The initiative was launched in June 2023 with eight regional town halls and has reached more than 11,000 employees. To support our employees in accelerating our cultural

transformation, we created a "Team Moment" for each team worldwide to give them the opportunity to reflect on their progress and where they stand regarding our corporate purpose and our Leadership Commitments. The objective of the initiative was to foster and encourage dialog between the teams and to define concrete actions.

The important role of our employee representatives

Trusted cooperation with employee representative bodies is a key element of our corporate culture. An in-depth exchange of views and consultations with our management takes place at the operational level, for example with the local Works Councils, as well as across companies with the trade union.

We provide our employee representatives with information regularly and on a timely basis, and give them as much detail as possible about topics such as the corporate strategy. Alternative mechanisms are in place to ensure dialog and exchange about working conditions in countries where employee representation is not provided for or established, or for employees who are not covered by a collective bargaining agreement. Some examples of this are town halls, employee committees or an open door policy. These serve as voluntary, informal instruments that facilitate a close exchange with the management in each country. This enables us to improve communication with our employees, include their perspectives early on, and jointly shape future-oriented issues. It also helps Henkel to avoid conflicts of interest and strengthens employee identification with the company.

Employee representation plays a particularly important role in Europe. In 1995, Henkel was one of the first German companies to voluntarily set up a European Works Council (EWC) to continue the successful cooperation between management and employee representatives at the European level. Through the EWC, Henkel informs the representatives of its European companies about matters such as the economic situation, transnational initiatives of the company such as restructuring or reorganization programs, safety, health and the environment, and training and development programs.



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In Germany, Henkel also involves employee representatives in many decision-making processes beyond those for which worker participation is a statutory requirement. The results of this decades-long, open and constructive cooperation between employers and employee representatives include, for example, an improved → **work-life balance**, flexible working hours, → **accident prevention and health protection in the workplace**, → **company pension plans and retirement schemes**, and preventive healthcare.

Dealing with structural changes

Preserving jobs and dealing with necessary structural changes responsibly are important to us. In order to secure Henkel's competitiveness, we continually adapt our structures to market conditions. If jobs are affected by this, we enter into solution-oriented dialog with employee representatives before actions are taken. In doing so, we follow all applicable codetermination legislation and apply the required procedures for each action that affects employees. To date, we have been able to manage necessary restructuring measures through socially compatible solutions while reconciling interests. The actions involved range from special semi-retirement models and early retirement, through to support with professional reskilling and refocus.

In 2022, Henkel announced plans to merge the two existing business units Beauty Care and Laundry & Home Care. In the course of the organizational realignment, we worked closely with the employee representative organizations in each country to identify socially responsible solutions. At all times during the entire change process, our support was based on open exchange with the affected employees.

Fair working conditions

The appreciation for the work of our global team is an important element of our → **corporate culture**, and enables us to ensure our long-term and sustainable business success. For this reason, it is important to recognize our people's performance through appropriate, competitive remuneration in line with the market. We use performance-based components of compensation to reward individual contributions. In contrast to the globally standardized remuneration system for our managers, the compensation systems for our non-managerial employees are based on local requirements and existing collective agreements. There is no systematic difference between the compensation received by women and men. Our compensation scheme includes fixed and performance-related salary components as well as benefits in kind.

Attractive compensation and further benefits

Our remuneration system has as its foundation an appropriate and competitive level of basic pay, which all employees receive, respectively, in accordance with local market conditions, the demands of the job and the collective agreements in place. In addition to the basic pay, we strive to reward the individual performance of our employees with attractive incentives:

- **For our non-managerial employees**, we use locally adapted compensation components to reward their performance and their contribution to the company's success. Depending on the nature of the job and region, there are various bonus systems for employees, for example in our Sales and Production teams. These systems cover almost all of our non-managerial employees worldwide.
- **For our managers**, we use short-term variable remuneration components to reward individual contributions to the company's success. The Short Term Incentive (STI), which is paid out annually, takes into account both our short-term financial targets and each person's individual performance. Some of our managers with direct responsibility for sales are compensated through separate bonus arrangements that focus on sales-related targets, instead of through the STI.



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- **For top management**, the annual STI is complemented by a Long Term Incentive (LTI) plan, which since 2023 covers a period of three years. The objective of the LTI plan is to motivate and retain our top managers, and to make their active contributions to our financial and ESG targets visible.
- **For Management Board members**, we also use an annual bonus, as well as a bonus related to the company's long-term success as variable compensation elements. The remuneration system was adapted in 2023 to support our business strategy and the sustainable development of the company even more effectively. The performance parameters of the annual variable remuneration (STI) are the financial targets achieved in the relevant fiscal year and the individual performance and targets of the Management Board members. The performance parameters of the LTI plan – a virtual share plan comprising a three-year period for measuring target attainment and a subsequent one-year lock-up period – are financial and ESG targets. For details, please refer to the description of the remuneration system and the 2023 remuneration report. Both documents are available on our website at www.henkel.com/ir.

We always assess the performance of our employees in the context of our vision and corporate values. We are committed to leadership in sustainability – this is one of our five corporate values. Accordingly, contributions to Henkel's sustainability strategy and to its targets form part of the annual → **performance assessment**, which influences variable compensation. Where specific aspects of our sustainability performance, such as the reduction of energy use and waste volumes, fall within the sphere of influence of the employee concerned and have a clear bearing on business performance (as in the case of site managers), these are included in the individual performance assessment. In addition, almost every manager has to confirm compliance with the → **Henkel standards** in writing during their annual review. These include our Code of Corporate Sustainability, the SHE Standards, and Social Standards.

Our employee share plan

We believe it is important for our employees to share in the success of our business. This improves motivation, as well as the strength of identification with the organization. Since 2001, Henkel has offered a voluntary employee share plan. For every euro invested by an employee in Henkel preferred shares (employee shares) in 2023 (limited to 4 percent of salary, up to a maximum of 4,992 euros per year), Henkel added 33 eurocents, which was used to purchase additional shares and allocate them to employees (matching shares). Around 13,000 employees in 59 countries purchased Henkel preferred shares under this program in 2023. At year-end, around 17,000 employees held a total of around 3.2 million shares in the program's securities accounts, representing 1.8 percent of total preferred shares outstanding. The lock-up period for newly acquired shares is three years. If employee shares are sold during the lock-up period, the matching shares are forfeited.

Social security services and benefits

Our employees worldwide benefit from a high level of social security provisions. In countries where no state social security system exists or such a system covers only basic needs, we organize our own measures and initiatives to supplement state health and pension insurance provisions. In the USA, for example, we cover our employees almost completely with private health insurance plans. In addition, in many countries where this is usual market practice, Henkel provides company pension provision plans.

In cooperation with the Allianz Insurance Group, we offer all of our employees in Germany the opportunity to have selected preventive health checkups as private patients, with a free choice of doctor and without any employee contribution to the costs. We also offer "Henkel CareFlex," a supplementary company nursing care insurance policy developed jointly with the Industrial Union for Mining, Chemicals and Energy. In this way, approximately 9,000 employees and trainees in Germany have basic



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insurance for outpatient, inpatient and semi-inpatient care. The insurance is available without a medical examination and waiting period. In addition to the basic insurance, employees can add the supplementary long-term care insurance, and can add family members and partners. We also offer our employees a choice of leased bicycles as part of a deferred compensation model. There were 1,800 bicycles on active lease in 2023.

Where appropriate, we would like to give our employees the opportunity to individually structure their fringe benefits to suit their personal life situation. In some countries, for example, we offer flexible solutions that allow employees to pick and choose their own fringe benefits and top them up.

Beyond our company and along our value chain

We are committed to extending the principles that apply to our own employees beyond our direct business operations and into our value chain. One example of this in action is the goal of improving the livelihoods of smallholders in our palm oil supply chain. Our partnership with the development organization **✓ Solidaridad** focuses on this. Since 2013, we have used this approach to work on initiatives in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria. The objective of the projects is to support the livelihoods of **→ smallholder farmers** by adding value to the sale of sustainably produced palm oil and palm kernel oil, increasing their income and improving their access to markets. In our view, there is a special value in working with our partners to find innovative solutions and projects aimed at improving the working conditions and livelihoods of stakeholders along our value chain. We are also giving greater consideration to ecological aspects and support climate-smart agriculture. To date, more than 39,300 smallholder farmers have been reached and trained through these measures.

Diversity, Equity & Inclusion strengthen our culture of belonging

At Henkel, **✓ Diversity, Equity & Inclusion (DEI)** are a business imperative and form an integral part of our corporate culture. We aim to foster a culture of belonging and strive for equity to leverage the full potential of our diversity. We are convinced that a diversified workforce, as well as an open and appreciative corporate culture, are important success factors in a globalized world. Different perspectives, cultures and ways of thinking enable us to meet the needs of our increasingly diverse markets and stakeholders with creative and innovative products, services and solutions. Through a number of programs and training courses, we strengthen the understanding and appreciation of diversity while promoting an inclusive corporate culture.

Diversity at Henkel represents the variety of talents, perspectives, abilities and characteristics of our employees and business partners that make us unique and contribute to creativity, innovation and business success. Diversity for us includes – but is not limited to – gender, gender identity, LGBTQ+, ethnicity and religious background. It is the diversity of our around 47,750 employees that makes us strong and successful. That is why we want to create an inclusive working environment in which every employee is valued and individual performance is recognized. On principle, we also fill our job vacancies exclusively according to ability, potential and performance. Inclusive language is also consistently used in our job postings to appeal to and attract diverse talent. We do not tolerate discriminatory behavior when we hire new employees or in our daily interaction with each other. With our updated Global Diversity, Equity & Inclusion policy, we have promised to further strengthen diversity and the related appreciative behavior at Henkel.



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A number of partnerships underpin our commitment to DEI in the workplace and throughout society. We support the initiative **Business for Inclusive Growth (B4IG)**, a global business coalition for inclusive growth that is supported by the Organization for Economic Cooperation and Development (OECD). It aims to pool and strengthen the commitment of private companies to reduce inequality related to opportunity, gender and region. In Germany, we are a founding member of the Diversity Charter and have joined the 5,000 companies and organizations that have signed the Charter to promote recognition, appreciation and integration of diversity in corporate culture. We are also a member of the **LEAD Network**, a corporate initiative that aims to attract, retain and advance women in the retail and consumer goods industry in Europe through education, leadership and business development. As part of our commitment to this initiative, our CEO Carsten Knobel also signed the LEAD Network CEO Gender Parity Pledge in 2023. Our commitment to diversity and inclusion has been recognized several times in recent years. Henkel, for example, was recognized by Statista and the Financial Times as a **Diversity Leader 2024** and ranked 508th out of more than 13,000 companies evaluated in the international ranking.

As in previous years, global and regional campaigns related to DEI topics were held at our sites in various regions throughout the year. Examples include the continuation of our global DEI campaign "I am unique. We are Henkel." and events celebrating specific aspects of diversity, for example International Women's Day. To promote our open and appreciative culture, we offer an ongoing series of interactive videos on the topic of unconscious bias. A new interactive eLearning course on the topic of conscious inclusion complements the existing offers. We also provide preventative anti-harassment compliance training for managers to raise awareness of DEI issues and the protection of minorities and underrepresented groups.

Our diversity dimensions

At Henkel, we pursue a holistic diversity, equity and inclusion approach. While we recognize that many different attributes contribute to our diversity, our strategic initiatives and actions focus on the following core dimensions:

- **Gender:** Our goal is to continuously increase the ratio of women in the company at all levels, and we have the ambition to achieve gender parity across all management levels by 2025. The percentage of women in management positions was 39.5 percent in 2023, representing a further increase compared to the previous year. To achieve our ambitious goals, we have further intensified our efforts to promote equity at all stages of the employee life cycle. For example, we reviewed all job posting templates to ensure gender-neutral language and held training on inclusion for all recruiters.

We continue to strive to make it easier for women and men to combine their careers with their personal life plans. Our Smart Work concept offers employees worldwide greater flexibility in organizing their working lives. These models include mobile working, part-time and → **flexible working hours** or sabbaticals. We also offer some job sharing and tandem models, and have set ourselves the clear goal of further expanding these programs in 2024. We help families to achieve a work-life balance, for example, through the provision of childcare and our → **social services**. At the Düsseldorf site, there are 240 childcare places in three company daycare centers. Henkel also offers care places for 78 children at the company daycare center in Bratislava, Slovakia. In Germany, Henkel is a partner in the initiative **Success Factor Family**. Through this program, the Federal Ministry of Family Affairs, together with the largest business or industry associations in Germany and the German Trade Union Federation (DGB), are committed to more family-friendliness in the world of work.



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To underpin our commitment to equity with concrete measures, we announced the introduction of gender-neutral parental leave in 2023. These new global guidelines introduce gender-neutral parental leave of eight weeks for all of our employees during the course of 2024. This means that all parents are eligible for fully paid parental leave based on the role of the caregiver and not their gender or whether they are adoptive or biological parents.

- We also have a number of support programs for women in our business units and functions around the world. Our global, employee-led network RISE promotes gender balance in management positions, for example, through the participation of women in a mentoring program. The aim of the **Women into Science and Engineering program (WISE)**, sponsored by Adhesive Technologies, is to recruit, advance and connect women worldwide. Even outside our own company, we are seeking to counteract the underrepresentation of women in technical professions and driving forward gender diversity in the startup and technology sector. Our digital unit and platform for open innovation and collaboration, Henkel dx Ventures, hosted the **Xathon** ideation hackathon for female entrepreneurs for the fifth time in 2023. The Martha Schwarzkopf Award, which was presented for the second time in 2023, is another initiative designed to support women in science. The award honors the achievements of exceptional female scientists in hair and scalp health. In addition to the main award, a young talent award was also presented in the reporting year.
- **Internationality and origin:** With employees from a total of 124 countries, cultural diversity is a part of everyday working life at our company. An international workforce composed of people with different cultural backgrounds is important in a global company like Henkel, as it enables us to develop an understanding of our markets. We measure our progress

in this area using an internationality index that takes into account not just the diversity of our employees' passports but also their international experience. Based on this index, our overall internationality increased even further in 2023. To address the potential challenges of intercultural teams, we offer intercultural training and workshops to raise awareness of different value systems and their influence on daily actions. In 2023, we focused on the issue of racial and ethnic prejudices in particular and held a special internationality event that reached more than 21,000 people internally and externally both live and via recording. Henkel also encourages international transfers within employees' career paths. Our aim is to leverage the wealth of experience of our international workforce to reflect the markets in which we are represented. One model initiative to promote diverse and international profiles is the "Pipeline Boost Program," which is designed to promote talent diversity when filling top management positions.

- **LGBTQ+:** Henkel strives to create a working environment that is open to all people regardless of their sexual orientation or gender identity. We have LGBTQ+ networks in several countries and raise awareness of the topic through a range of events and activities. During Pride Month 2023, we participated in multiple Pride parades around the globe as well as a large number of local events to express our solidarity with the LGBTQ+ community. With the support of our employee resource group for transgender colleagues at Henkel, we organized a global event on Coming Out Day to raise awareness of transgender issues. Henkel has been a member of **Out Leadership** since 2021. This global LGBTQ+ business network provides insights and information on LGBTQ+ issues, as well as important tools for companies and employees to promote equality. We also underscored our commitment to LGBTQ+ rights by signing the **UN standards of conduct** for businesses to address discrimination against LGBTQ+ people.



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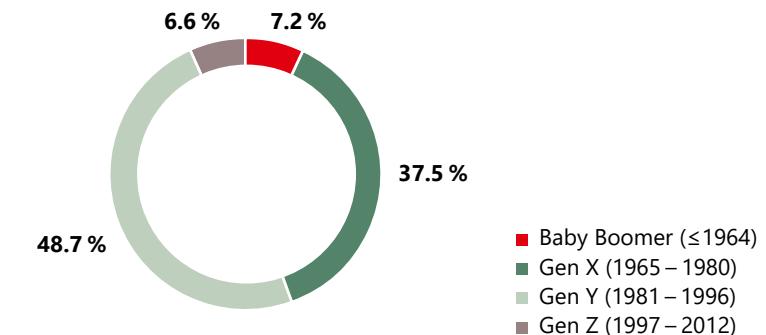
▪ **People with disabilities:** At Henkel, we strive for an accessible and inclusive work environment that focuses on the skills and individual talents of people with disabilities. We are continuing our partnership with the NGO **Disability:IN** to accelerate the inclusion of people with disabilities in the company. We also marked the International Day of People with Disabilities with a series of events to raise awareness of the topic among all employees. These measures include everything from awareness training to panels on neurodiversity and inspirational talks by people with disabilities. Through targeted programs, including in our emerging markets, we strive to offer everybody the same opportunities while always focusing on a person's individual strengths rather than their limitations. One representative example of this approach is an integration program at our Global Business Solutions Center in Manila, Philippines, which takes a holistic approach to integrating people with disabilities into the world of work.

▪ **Generations:** At Henkel, four generations – Baby Boomers, Gen X, Gen Y and Gen Z – work together under the same roof. We encourage **→ life-long learning** across all generations through appropriate training measures. Specifically, we use mentoring and employee networks in different business units and countries to promote knowledge transfer and an exchange of perspectives between experienced and less experienced employees. We also offer employees of all generations a wide range of programs for **→ maintaining physical and mental health**. Our social services help to provide support to employees facing challenges at different stages of their lives such as when they take on responsibility for relatives in need of care. With three models for semi-retirement, we want to actively shape the demographic change at Henkel. This enables

our employees at all sites in Germany to leave work up to six years early, depending on the semi-retirement model. This is particularly valuable for employees in demanding shift work. At the same time, we encourage the targeted training of qualified young people by having their experienced colleagues in semi-retirement coach them in direct preparation for the tasks in a specific role. To further develop our offers for a multigenerational workforce, we continued to focus on the key topic of generations in 2023 as part of the "Diversity Kompass" initiated by **→ "Stifterverband" (Association for the promotion of education, science and innovation in Germany)** and the Diversity Charter (Charta der Vielfalt). As part of this initiative, we are working to identify development needs and potential barriers facing the different generations at Henkel and the measures to counteract these.

Employees by generation

in % of the total workforce



As of: 12/31/2023



Respecting human rights

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Applying due diligence at all levels

Social and political debate is increasingly focusing on how companies fulfil their responsibility to **respect human rights** and exercise the appropriate due diligence. We are witnessing a significant legislative shift around the world, which further reinforces the corporate ambition to respect human rights. One example of this is the German Supply Chain Due Diligence Act, which came into effect on January 1, 2023. Over and above national and international legislation, the link between business and human rights constitutes an essential part of corporate responsibility and reflects stakeholder expectations, with accompanying demands for greater accountability for actions.

Our commitment to respecting human rights

Henkel has a clear policy of doing business in an ethical and legal manner. This is inseparably linked with our commitment to respecting internationally acknowledged human rights. As early as 1994, Henkel's Mission and Principles document emphasized that respecting social values and standards is an integral part of our company policy. Since then, we have developed and adapted a comprehensive set of **codes, standards and processes** to provide our employees, customers, suppliers, investors and the communities we operate in with a clear definition of the ethical and social values we uphold – including human rights expectations.

In 2000, we also introduced our Code of Conduct, including a clear and proactive commitment to support human rights: We expect our employees to respect local customs, traditions and social values, and to respect human rights for a free and fulfilling life. We underscored our commitment to human rights when we joined the **United Nations Global Compact** in 2003. We still refer to this commitment today as a fundamental element in our Code of Conduct and provide details of it in our Code of Corporate Sustainability, as well as in our Social Standards and SHE Standards.

In addition to auditing and compliance processes designed to ensure compliance with our codes and standards, we also recognize our responsibility for respecting human rights along the value chain through our supplier management system. Our membership in **Together for Sustainability – Chemical Supply Chains for a Better World (TfS)** and our commitment to the Forced Labor Resolution of the **Consumer Goods Forums (CGF)** support this approach.

We follow ongoing human-rights-related developments very closely at both international and national level, including the National Action Plans for Business and Human Rights, the German Supply Chain Due Diligence Act, the Corporate Sustainability Due Diligence Directive (CSDDD) proposed at European level, and the **UK Modern Slavery Act**. We continue to develop our approach in line with the resulting expectations. For example, in 2023 we continued to develop and add more contextual depth to our approach to human rights due diligence. This included establishing the role of a human rights officer and setting up an internal cross-functional and cross-business unit human rights office. The cross-functional and cross-business unit core team established in 2021 is also continuing its work. By expanding our activities and further formalizing the issue, we aim to drive forward our commitment to due diligence. Based on this work, we have updated and produced supplementary guidance to support the implementation of our commitments and provided global training for internal and external stakeholders, such as employees and suppliers.

In addition, we are in constant dialog with external stakeholders on human rights issues and actively participate in industry initiatives. For example, in 2023, we were involved in the development of the industry standard for sustainable value creation as part of the German chemical-pharmaceutical industry's sustainability initiative **Chemie³**. This standard provides a clear framework and practical guidance on implementing due diligence.



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Internally, we promote awareness of our obligation to respect human rights by integrating relevant content into eLearning courses and training sessions attended by our employees. In 2023, this included various learning opportunities relating to our updated [Social Standards](#), offered by both the HR department and the Corporate Audit team, as well as training on our Responsible Sourcing strategy for employees in [Purchasing](#), focusing in particular on the requirements of the German Supply Chain Due Diligence Act.

Our approach to respecting human rights

Alongside legal requirements, our codes and standards provide a basis for decision-making and engagement within our sphere of influence worldwide. In this context, we adhere to international labor standards as a minimum, and local statutes where these are more exacting. Our codes and standards also reflect our commitment to the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Conventions of the International Labour Organization and the UN Global Compact, as well as the expectations set out in the UN Guiding Principles on Business and Human Rights.

The UN Guiding Principles were adopted in 2011 and, through their "Protect, Respect, Remedy" framework, contribute to clarity regarding the different roles that states and companies play in relation to human rights. Within their own sovereign territory, states are responsible for protecting against human rights violations and ensuring access to the full range of human rights. Companies are expected to respect human rights, comply with national legislation, and establish reporting channels and provide access to remedy in the event of human rights violations. These guiding principles include key elements such as frameworks and policies, risk analysis, effective measures, and reporting and complaints mechanisms, which we have incorporated into our approach to respecting human rights. In addition, the OECD Due Diligence Guidance for Responsible Business Conduct acts as a benchmark for our approach, which we continuously review and develop as necessary.

Principles and policies

Our codes and standards cover a wide range of topics including working hours, occupational health and safety, data protection, non-discrimination, fair working conditions, freedom of association and collective bargaining, zero tolerance of child and forced labor, protection against land grabbing and protection of the environment. We have formulated the [codes and standards](#) according to the expectations relevant to our specific business. We revise the documents on a regular basis to conduct our business in a way that reflects our commitment to support and respect internationally proclaimed human rights. Our most important documents include: Code of Conduct; Code of Corporate Sustainability; Social Standards, which were revised in 2023; Safety, Health, and Environment (SHE) Standards; and the Responsible Sourcing Policy. We also publish a [policy statement](#) outlining our due diligence approach. An overview of human rights in the context of responsible business practices at Henkel is available on our [website](#).

Risk analysis

Henkel conducts annual and ad hoc risk analyses to identify potential human rights and environmental risks in its own business and in the supply chain. The risk analysis, which is subject to continuous improvements, serves as the basis for defining and prioritizing preventive measures. Where relevant human rights risks are identified, they are prioritized based on the severity of the potential violation and the likelihood of occurrence. To distinguish between an individual case of non-compliance due to a specific incident and a human rights risk that is relevant to the business, we also focus on identifying risk factors that could exacerbate the situation. This could be, for example, a structural lack of protection by the government in question or conditions that could potentially encourage repeated or systemic violations.

As part of our regular risk analysis, which we conduct for our own business, our supply chain, and our services and products, we identify issues and risks that we consider to be a priority based on their potential severity and our ability to influence them. In our global supply chains, for example, we

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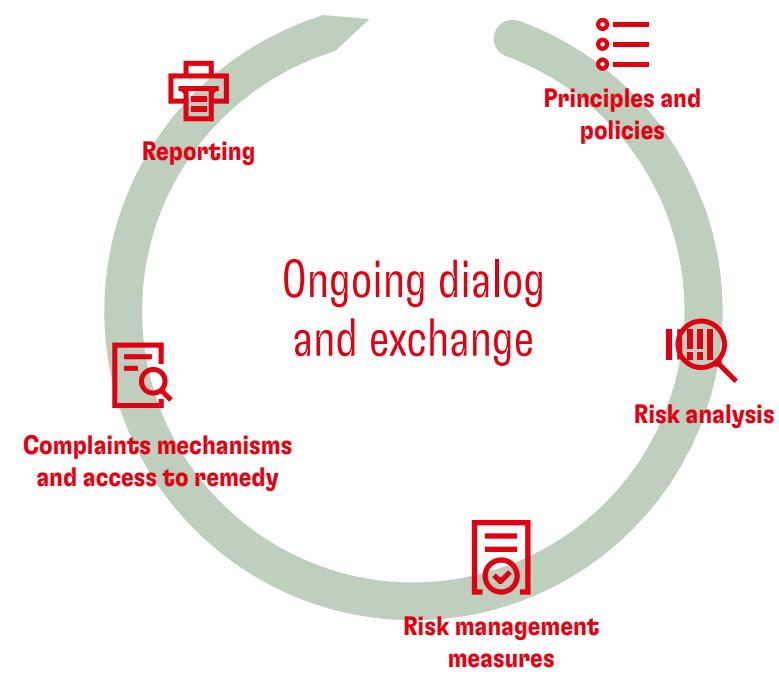
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use an early warning system for sustainability risks. This includes defining the risk potential in our procurement markets and evaluating value chains on a cross-industry basis. In doing so, we focus on countries that international institutions have classified as risk countries. Based on this, we define the riskiest markets by combining this analysis of risk countries with issues of particular relevance to our supply chains at that time, and take appropriate measures.

Approach to human rights due diligence



Risk management measures

The findings of our risk analysis determine the appropriate preventive measures and the monitoring of the respect for human rights at our sites. Preventive measures include documentation and process guidelines such as our codes, standards and guidelines with accompanying training. This is complemented by our Group-wide audit and evaluation program, which we use to independently and objectively assess and improve corporate governance and controls. This includes the audits that are part of our supplier management system.

Based on our risk analysis, we have essentially identified two relevant human rights risks in our supply chain at present: raw materials based on palm oil and palm kernel oil, and countries associated with the sourcing of so-called "conflict minerals."

In order to reduce risks in the palm oil industry, we have made a commitment to procure our palm-oil- and palm-kernel-oil based raw materials in line with the principles and criteria of the **Roundtable on Sustainable Palm Oil (RSPO)**. We also work closely with stakeholders along the value chain, from our suppliers to the RSPO, NGOs and smallholder farmers, to promote sustainable practices and respect for human rights.

Conflict-free supply chains are an integral part of our Responsible Sourcing Policy, in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas we conduct appropriate supply chain due diligence. We require our suppliers to engage in line with the requirements of the applicable legal frameworks on conflict minerals (including but not limited to the OECD Due Diligence Guidance, the EU Regulation and the Dodd-Frank Act). Suppliers have to provide documentary evidence that all the materials they source are conflict-free.

As a matter of principle, we maintain intensive dialog with our suppliers to promote sustainable practices and respect for human rights along the value chain. For example, we also work with partners across the entire chemical industry as part of the **TfS initiative**.



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Complaints mechanisms and access to remedy

Henkel employees and stakeholders (e.g. customers, suppliers, service providers), as well as anyone else affected by Henkel's business activities, can report potential misconduct via the [whistleblowing system](#). We have established clear due diligence and compliance processes to identify and assess the potential adverse impacts of our business activities (based on the risk analysis). We also ensure that access to remedy is established and accessible, where necessary.

Reporting

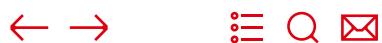
We carry out regular audits at our production and administration sites, and at our subcontractors and logistics centers, to verify compliance with our codes and standards. All audit results, including the review of our SHE and Social Standards, are reported directly to Henkel's Management Board in the annual report compiled by the Corporate Audit team. For 2023, we will publish our first annual report in accordance with the requirements of the German Supply Chain Due Diligence Act. This report will be made available on our [website](#) within the statutory period and forms an integral part of our general compliance reporting practices. The Henkel Management Board bears overall responsibility for the compliance organization. Any compliance issues and potential violations are reported to the Management Board, the Audit Committee of the Supervisory Board, the Shareholders' Committee and other local committees on a regular basis. Regular in this context means at least twice per year as part of the compliance report and on other occasions where required. This information is provided based on the results of audits or investigations by the human rights officer, the Audit department, the Compliance department and the relevant business unit/function representatives working in the human rights office, as well as external investigators where applicable. In each individual case, a case-specific protocol is created to define the relevant measures and monitor the implementation of these measures in accordance with the aforementioned guiding principles (prevention, detection, response).

Continued development and strengthening of our social impact

As a globally active company, our social responsibility extends beyond respecting human rights and compliance with minimum legal standards. We constantly strive to make a positive contribution to those people impacted by our business activities at the local level. Therefore, we are actively committed to equity, education and wellbeing.

However, the perception of what constitutes a positive impact differs across regions. In 2023, we decided to launch a strategic project aiming to further develop and strengthen our social impact at the global and local levels. The objective of this assessment was to combine different perspectives from the countries in which we operate and our existing social activities to create a global framework that pays special attention to local conditions. This equipped us, for instance, with a better understanding of how increasing social inequality, restrictions on personal rights and lack of access to education have differing impacts on social equity across countries.

Moving forward, we will now work with our partners in the regions to identify the main focus areas within which we can address stakeholder needs even more effectively, ultimately strengthening our social impact across our value chain.



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Education is one of the most powerful tools when it comes to enabling positive change. It enables people to acquire the knowledge and skills to lift themselves out of poverty, level inequalities, and stay healthy. Education and lifelong learning, as inherent rights and as a means of achieving other rights, are key elements that guide our strategy.

Continuous learning inspires innovation and creativity. Learning and development are critical elements of our daily work, but so is the opportunity to develop through learning outside of our core responsibilities. In contrast to traditional learning methods, we focus on innovative programs that take a holistic, engaged approach to learning, and that place a strong focus on knowledge, skills and mindset.

This key approach to learning starts with our employees, but goes further, to our customers and the communities we operate in. Our activities are designed to empower people with the skills and competencies needed to develop innovative ideas, sustainable behaviors and new digital solutions that will allow them to master future challenges and capitalize on opportunities.

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employees participated in the Sustainability Pioneer training

>500 days of
“time off from work”

were granted worldwide
for volunteer activities



projects supported as part of
our social commitment

Employee development

We promote the skills and knowledge of our employees to help them achieve their full potential. Regular and open feedback about performance and potential serves as a foundation for their development. This makes it easier to define individual development measures that address both the company's needs and each employee's potential, so that we can build a workforce that is fit for the future.



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Individual development planning through regular feedback

To foster the targeted development of our employees, we make use of regular development meetings and individual development plans, which we have established as part of our talent management approach. This helps us to systematically identify and develop talents within the company, and to plan internal succession. In 2021, we began integrating non-managerial employees into these global systems using the same approach, as we believe that each role is central to the business.

Each year, we assess around 26,000 of our employees as part of our globally standardized talent and performance management cycle. This process includes a performance appraisal and an assessment of potential as two separate steps:

1. To evaluate performance, managers and employees agree on an individual role ambition at the beginning of a year. The ambition contributes to the fulfillment of the company's strategic objectives. This is validated again in the middle of the year and a feedback meeting is held. If an employee changes role, a new ambition is agreed and documented during this discussion. The employee's performance is evaluated at the end of the year, and the performance achieved is discussed by the employee and their supervisor in a feedback meeting.
2. The potential assessment is based on an employee self-assessment in which employees are asked to consider their next steps, development and career interests. They are then evaluated by their supervisors. The evaluation is made on the basis of uniform principles and clearly defined criteria such as expected leadership commitment and strategic skills. Supervisors then discuss the assessment results with their employees in personal feedback meetings and, together, they agree on individual development measures. These can include training in the workplace, such as seminars and workshops, as well as job enlargement, for example by taking on additional management tasks.

Henkel uses a **digital feedback tool** to complement the assessment interviews. Employees can use this tool to receive recognition and direct feedback from colleagues and superiors alike – at any time. The objective is to promote a day-to-day culture of dynamic and open feedback at Henkel.

Career launch and lifelong learning programs

Henkel helps many young people to embark on a successful career. The company offers 26 vocational training and five dual-study programs in Germany. In 2023, 131 new trainees and students started pursuing a professional qualification at Henkel. A total of 465 people are participating in our vocational training programs at eight German locations.

Lifelong learning is a core element of continuous development at our company. We put great emphasis on learning in our everyday work, as well as through handling a varied range of tasks. Henkel encourages this by offering opportunities to take advantage of new roles both locally and in other countries.

We learn from supervisors, team members, other colleagues and our trainees and students on a daily basis. We have made great strides in the topic of digitalization, with a digital upskilling concept that provides trainees and students with further digital qualifications during their training in a three-year journey.



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Lifelong learning is also encouraged by Henkel's "Global Learning Festival," which took place for the third time in 2023. With the support of more than 100 internal and external experts, the company-wide event centered on our learning culture and its critical role in our growth as individuals and as a company. The festival brought together 7,500 colleagues from around the world in a variety of in-person and virtual events to promote the sharing of knowledge.

Expansion of digital training opportunities

For several years now, Henkel has been making use of virtual training opportunities in addition to traditional classroom formats to train its employees around the world. To do this, we use a global learning platform that offers trainer-led training programs as well as eLearning, podcasts, videos and virtual sharing formats. As all services on the Henkel Learning Hub are cloud-based, they can be accessed at any time – not only in the office environment, but also on the road or at home.

In 2023, we continued to expand our training formats in line with our Purposeful Growth agenda. We developed and digitalized new global and regional learning programs. There was a particular focus on our cultural transformation at Henkel and the development of high-performing teams in the reporting year. In 2023, the average training time of our employees was around 2.5 days.

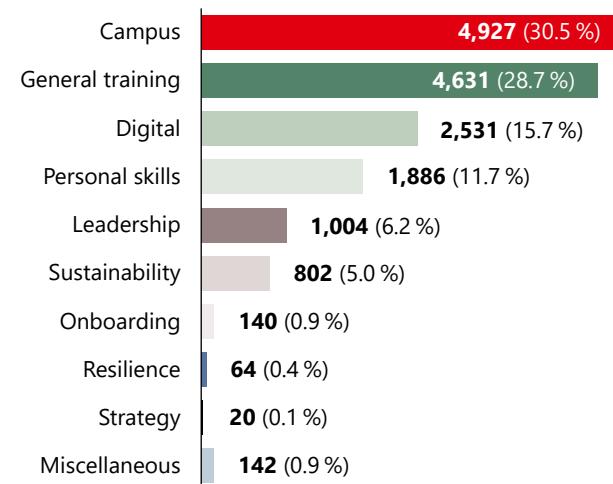
We structure the learning content in a way that allows us to react more quickly and individually to new requirements for knowledge within the organization. The Henkel Learning Hub hosts all formal training courses in one place. These include basic knowledge – such as management, process, and software training – as well as content specific to our business units and material related to improving soft skills. Leadership skills represent a key element of the learning content. The main aim is to train new competencies and skills that will provide our managers with the best possible preparation for future challenges. Based on our Leadership Commitments, we want to foster a global, → **value-oriented leadership standard** that takes account of different regional and cultural considerations.

Digital learning formats also play an important role for us in making training opportunities available flexibly worldwide. Where possible, general in-person training courses are complemented by digital and virtual services. As a result, the Henkel Learning Library and the LinkedIn Learning platform offer all employees with mobile access a choice of more than 30,000 online courses in 13 languages.

The digital transformation in the world of work is moving faster than ever before, and there is much greater emphasis on virtual cooperation. In this context, IT security has become more important than ever. Henkel has further expanded its Group-wide cyber-awareness campaigns. To increase employee awareness of cyber attacks, the company organized numerous events and presentations on the subject of cyber security, specifically as part of the worldwide Cyber Awareness Month in October 2023.

Training categories

Number of training courses


 As of: 12/31/2023



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Commitment and training for sustainable development

When it comes to implementing our → **sustainability strategy**, it is our people who make the difference – through their dedication, skills and knowledge. Because of this, we want to foster our people's commitment to sustainability. We have expanded our existing training opportunities to include a holistic engagement program, which was rolled out in March 2022. The Sustainability at Heart program builds on our Sustainability Ambassador program, which has trained our dedicated employees worldwide since 2012. Our ambition is to engage and empower all employees to take action on sustainability. The objective is to comprehensively equip our employees with the knowledge, skills and mindset that are central to Henkel's role as a leader in sustainability. We also engage and empower our employees to become actively involved in sustainability in their work environment and in their private lives.

The program comprises a basic training course, which explains the key terms and concepts as well as the global challenges of sustainability in a business context. It then presents how Henkel meets these challenges and implements sustainability to contribute to transformational change. The Sustainability Pioneer training was developed in collaboration with the IESE Business School and is available to our employees as an eLearning course in six different languages. By the end of 2023, more than 10,000 employees had participated in the training. We have also launched a training format based on this content that has been designed specifically for team training for production employees. This training format was rolled out globally as part of a World Environment Day initiative in June 2023.

In addition, we offer further in-depth training on specific topics and special sustainability training courses offered by the business units. For example, our climate training, which is available company-wide, provides employees with an understanding of the basics of climate change, the impact on society, and concrete proposals for action in their private and professional lives, all presented in a series of micro-learning chapters. We continued to expand our training opportunities in 2023 with the addition of the Sustainability Incubator Lab. This is a new format that enables employees to work on specific ideas relating to sustainability.

Sustainability at Heart is designed as a holistic and global program. On this central platform, employees find extensive training opportunities, as well as information about our sustainability strategy, a discussion forum, inspirational examples from inside and outside the company, and opportunities for social engagement. With this knowledge and capability, our employees can make an important contribution to sustainability at our sites, and by engaging with our customers and other partners within our business environment.

A good example of this is our school program, which offers employees the opportunity to visit schools and teach children about sustainable action in their everyday lives. This helps the next generation to understand how to use resources efficiently from an early age. At the same time, the children multiply the impact by imparting their knowledge and enthusiasm to others around them. School visits are an important element of our commitment to reaching schoolchildren through educational initiatives.

Consumer Brands employees in North America had the opportunity to take part in a range of different activities during Earth Month. The school program was restarted and there was a campaign to encourage employees to complete the Sustainability Pioneer training, as well as various other initiatives.



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We also organized the → **Global Sustainability Forum** in 2023. This internal event was attended by around 140 colleagues, who were all keen to build on their shared understanding of relevant sustainability issues.

In addition, we want to enable our employees to engage in our central volunteer opportunities and make their own contribution to the communities in which we operate. For example, our → **"MIT Volunteering" (Make an Impact on Tomorrow)** initiative is designed to support our employees and pensioners around the world in their volunteer work.

Social engagement

Corporate citizenship firmly anchored in our corporate culture

∅ **Corporate citizenship** has been an integral part of our ∅ **corporate culture** ever since the company was established by Fritz Henkel in 1876. It is also clearly reflected in our corporate purpose. Together with our employees, pensioners, customers, consumers, partners and charitable organizations, we are committed to making a lasting contribution to society worldwide, above and beyond our business activities.

Henkel's commitment is based on three pillars: Volunteer engagement by our employees, partnerships with charitable organizations, and emergency aid with a focus on natural disasters. Our overarching goal is to reach 30 million people through our social engagement activities by 2030 (base year 2010). We exceeded this in 2022. In the period from 2010 until the end of 2023, we reached more than 33 million people. This is primarily due to our contribution to combating the global COVID-19 pandemic and our involvement in the Ukraine crisis. In the past fiscal year, we supported a total of 2,007 projects and reached around 3.5 million people. Donations (of cash and products, excluding additional time off work for employees) amounted to about 12.8 million euros during the reporting year.

Corporate citizenship is our way of "Making society future-fit." Our activities are designed to empower people through education to obtain the skills and competencies needed to develop innovative ideas, sustainable behaviors and new digital solutions that will put them in a position to master future challenges and capitalize on opportunities. This is reflected by our own initiatives such as the ∅ **Forscherwelt (Researchers' World)**, as well as by our partnerships with non-profit organizations and our volunteer activities.

Our Corporate Standard "Donations, Memberships and Sponsorships" sets out how projects are selected. Corporate citizenship contributes significantly to the Education component in the Thriving Communities dimension of our sustainability framework.



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Our three pillars**Voluntary commitment of employees**

Since the foundation of the initiative MIT Volunteering (Make an Impact on Tomorrow) in 1998, we have supported the **volunteer work** of Henkel employees and pensioners in over 18,000 projects and more than 100 countries around the world. At the same time, more and more employees and pensioners are joining forces to implement larger social projects.

**Social partnerships**

As part of our corporate engagement, we support social initiatives and public institutions together with non-profit organizations at Henkel sites worldwide. Our focus here is to promote education in the areas of digitalization, sustainability and innovation.

**Emergency aid**

We support people who find themselves in an emergency situation due to crises, conflicts or natural disasters quickly and unbureaucratically, and we offer immediate aid in cooperation with the Fritz Henkel Stiftung.

Example: Corporate volunteering

We celebrated the 25th anniversary of our initiative MIT Volunteering (Make an Impact on Tomorrow) in 2023. The initiative was launched in 1998 and supports our employees in their social volunteer work, either with cash and product donations or with paid time off to work on a social project. To mark the anniversary, we hosted a wide range of information events for our employees and pensioners, created additional volunteering opportunities and recognized the individual activities of our employees and pensioners.

For example, we successfully introduced our Volunteers at Heart program, which gives five employees the opportunity to support one of five NGOs for a whole month each based on their individual skills and expertise. As part of this program, one employee from Purchasing worked on a palm oil project in Malaysia in cooperation with **Solidaridad**, a development organization committed to securing fairer and more sustainable supply chains. Another employee spent a whole month with the **Ashoka Network**, supporting the development of a business plan for a social entrepreneurship project in the US. The other three NGOs supported by our employees were Habitat for Humanity, **United Way** and the **German Commission for UNESCO**.

Competence-based volunteer work was also a key element of our collaboration with the ReDI School for Digital Integration. During the spring and winter semesters, 22 employees from our Henkel dx unit shared their IT skills and offered mentoring to refugees and immigrants to help prepare them for the job market. A total of 377 refugees and immigrants were reached by this initiative.

We also supported the Special Olympics once again during the anniversary year. The Special Olympics is the world's largest sports movement for people with intellectual and multiple disabilities. 63 volunteers from Henkel traveled from across all five regions to support the Special Olympics World Games in Berlin.

We also continued our well-established building trip commitment globally during 2023. In collaboration with Habitat for Humanity, six teams of 121 Henkel colleagues carried out construction projects around the world – in Chile, Dubai, Poland, Romania and Hungary – to build or renovate houses for families in need. More than 370 Henkel employees have taken part in this initiative over the past nine years.



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In 2023, Henkel continued its commitment to achieving a sustainable circular economy and preventing plastic waste from entering the environment through Trashfighter, our global employee initiative. As part of this initiative, we partnered with the non-profit international environmental protection organization **Ø Rhine CleanUp** and Blockblocks Cleanup GmbH. These organizations conduct waste cleanup events, especially on riverbanks, but also in other public areas. The aim is to raise awareness of waste in the environment and of the value of recycling.

Example: Social partnerships

During the reporting year, Henkel – in conjunction with the Fritz Henkel Stiftung – established a new partnership with the German Commission for UNESCO, the German intermediary of the United Nations Educational, Scientific and Cultural Organization. Within the scope of this partnership, Henkel in collaboration with the Fritz Henkel Stiftung will support educational work at World Heritage Sites, biosphere reserves and global geoparks that hold universal value for humanity. The purpose of the cooperation is to start developing and testing learning packages on the topic of sustainability for visitors to these sites, using the latest technology. Additionally, both partners are seeking to promote volunteer work by Henkel employees at these sites.

The non-profit educational initiative Teach First Deutschland encourages and supports young people to achieve more at school. It organizes university graduates to support schools in disadvantaged communities. As additional teachers, they help students to find their own path. Outside Germany, Henkel has been supporting the **Ø Teach for All** organization in collaboration with the Fritz Henkel Stiftung for 11 years in Argentina, Austria, Brazil, Canada, China, Colombia, India, Italy, Kenya, Latvia, Ukraine, the US and Vietnam.

In addition, our brands are also involved in partnerships with social initiatives and public institutions around the world in line with our sustainability strategy:

Schwarzkopf Million Chances initiative

The sixth Schwarzkopf Million Chances Award was presented in 2023, sponsored by the Fritz Henkel Stiftung and the brand Taft. Three winners received a prize of 10,000 euros each in the categories "Build up," "Move up" and "Start up." "Build up" promotes the education of girls, "Move up" helps women enter the workforce, and "Start up" supports women facing professional or personal challenges. Additionally, a fourth prize was awarded: The Million Chances Mentor Award went to a person committed to empowering women and solidarity. The prize money from this new award will be donated to a charitable organization of the mentor's choice that promotes equal opportunity, equity and empowerment for girls and women.

Shaping Futures initiative by Schwarzkopf Professional

Since 2010, Schwarzkopf Professional has been working with non-profit organizations as part of the long-term **Ø Shaping Futures** initiative to offer young adults the opportunity to obtain training in basic hairdressing techniques and the basics of setting up a hair salon business so that they can establish livelihoods. The volunteer efforts of hairstylists and employees have made it possible to train over 2,900 young adults in more than 30 countries, including Armenia, Lebanon, Myanmar, Poland, the Philippines and Spain.

Pritt "We craft for children" initiative

Since its launch in 1969, the Pritt brand has supported the development of the motor and creative skills of children in handicrafts at school and in everyday life. For many years, Henkel has been committed to numerous educational projects worldwide with its global **Ø We craft for children initiative**, in cooperation with a large number of non-profit organizations. In 2023, Pritt entered into new partnerships with non-profit organizations in Brazil, Germany, Italy, Mexico and Türkiye that are dedicated to improving the learning conditions and quality of education in schools.



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In 2023, Persil and the drugstore chain Rossmann again worked together to promote environmental awareness among children as part of the "Naturkinder" initiative. Since the initiative was launched in 2013, we have supported more than 23 projects in schools and kindergartens. The initiative provided support for a number of projects, including a new habitat for plants and animals, a learning island, a Kneipp facility, explorer stations and a bat garden.

Power Kiste initiative

Henkel, represented by the Persil brand, is one of the industrial partners supporting the Power Kiste initiative launched by Tafel Deutschland e.V. The aim of this initiative is to ensure that students at participating schools get a healthy breakfast. The children prepare the meals, sit at the table together and eat without any distractions – a new experience for many of them, as 20 percent of children are (or are at risk of) living in poverty and often do not have a proper breakfast before school. The Power Kiste initiative is currently supporting around 2,000 students at 27 schools in 13 states across Germany. Around two million breakfasts have been distributed since the project first started in 2009.

Example: Emergency aid

2023 was marked by numerous natural disasters around the world. One of the main focuses of our emergency aid measures was on mitigating the impact of these disasters on the people affected. In 2023, we worked with the Fritz Henkel Stiftung to put together comprehensive emergency aid programs worth around 1.8 million euros. It consisted of cash, product and material donations to charitable organizations such as Aktion Deutschland Hilft, I.S.A.R. (International Search and Rescue) and the International Red Cross, as well as paid time off for employees.

After the devastating floods in Slovenia and Greece, we moved fast to put together emergency aid packages. Henkel donated money and products to non-profit organizations such as the Red Cross worth 375,000 euros for Slovenia and worth around 390,000 euros for Greece. To support relief efforts following the earthquake in Morocco, we donated 20,000 euros to the German Red Cross/Red Crescent.

As the war continues in Ukraine, so too does our support for aid measures in the country. In the reporting year, we donated 20,000 euros to Technisches Hilfswerk (German Federal Agency for Technical Relief) after the Nova Kakhovka dam collapsed in June.



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These times of crisis have underscored the need to rethink wellbeing – including in the workplace. Wellbeing is becoming increasingly viewed from a holistic perspective that sees the physical, mental and social aspects as inextricably linked. That is how we understand it at Henkel.

Understanding the role that the physical workplace plays in determining our wellbeing is becoming pivotal in a time where the places we work have shifted. In order to create an optimal work environment that fosters creativity and supports resilience, we design our workplaces to better meet the needs of our employees.

Mental health measures continue to be an important consideration in the implementation of our wellbeing strategy. We also recognize the benefits of digital tools in promoting employee wellbeing and are making further positive changes in this area.

As our knowledge and understanding of employee wellbeing continues to grow, we remain committed to a holistic approach to integrating wellbeing into our corporate culture.

Maintain and improve health and wellbeing

We promote the health and vitality of our employees to help create an agile, high-performance organization. To do so, we rely on globally uniform health and safety standards, and provide health and preventive care programs to guard against workplace risks that could lead to illness. The broad range of services offered at our sites has two aims: promoting our employees' physical health (via seminars for giving up smoking, health checkups, AIDS prevention, etc.), and maintaining their mental vitality (through stress management and similar measures). We pick up on important social trends, such as the demographic change, with our program for maintaining working capacity. In addition to a number of regional and local programs, we have been carrying out a major joint health campaign with all sites every year. The aim here is to reach more

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of all Henkel employees worldwide reached by health campaigns

>10,000

Health Scout training courses completed in ergonomics, mental health and nutrition

**“Safety is
in our DNA”**

was our slogan for World Safety Day

than 90 percent of employees globally, which is a key target of our sustainability strategy.

Our approach to global health management

In order to ensure holistic health care at all sites, we work continuously to establish uniform principles. These include the availability of first responders, the offer of flu shots and participation in the global health campaign, as well as conducting emergency medical drills and occupational health screenings. These screenings are based on a risk assessment of the workplace, evaluating work with biological, chemical or physical hazards such as germs, dust or noise, as well as psychological hazards such as night shifts. To monitor these health protection measures, we collect metrics worldwide, which are reported annually by all Henkel sites. In addition, the sites report occupational diseases as soon as they have been officially con-



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firmed by the authorities. The medical infrastructure is also assessed and used as the basis for global and regional coordination measures for the further expansion of our programs. Furthermore, we have introduced an internal health certificate which is awarded to sites that take a holistic approach to the health of their employees. 110 sites were awarded this certificate in 2023.

The Henkel Health Procedure describes the minimum global standards for protecting and promoting health. Regional health managers provide support for management and employees by driving local implementation of internal health standards, policies, programs and regulatory requirements. An annual conference also takes place enabling the physicians from all Henkel sites in Germany to discuss their experiences. Our global and regional health managers hold monthly meetings and weekly updates with the Global Head of Health Management to promote consistent standards and strategy implementation. On-site medical staff report to regional health managers to ensure that uniform standards of care are implemented by local experts at country and site level.

Boosting the mental and physical health of our employees

At the end of 2021, we conducted a global wellbeing survey in the areas of crisis management, health needs, wellbeing and workplace concerns. The results of the survey were analyzed at the regional and national levels. One of the key findings of the survey was that the COVID-19 pandemic has had a negative impact on employee wellbeing, with mental health highlighted as a key area of concern. Based on these findings, action plans were put together with measures focusing on mental health and self-efficacy. Since then, the regional health managers have coordinated the process and the implementation of the measures, and have adapted health management approaches to meet the needs of local employees.

Since 2021, the availability of employee assistance programs (EAP), particularly for employee mental health support, has been continually reviewed and expanded, as has the quality of these programs. We are also training Health Scouts to act as multipliers and ambassadors for health and well-being. Every year, we add a health topic relating to the subject of that year's health campaign in order to expand the areas covered even further. The Ergo Scout training (ergonomics) has been completed by more than 3,500 employees since 2021, while 4,200 employees have completed the Mental Scout training (mental health) since 2022 and more than 3,000 employees completed the Nutri Scout training (nutrition) in 2023.

The annual global health campaign is a holistic approach that addresses the mental, physical and social aspects of health. The 2023 campaign was entitled "Eat Smart – Take Part" and aimed to improve employees' mental resilience by bringing people together, uniting cultures and exploring the topic of healthy eating and cooking. The global health campaign reached 94 percent of all Henkel employees worldwide with this approach.

Our health management system takes greater account of increasingly flexible work requirements. A key element of the → **Smart Work** strategy is a central digital platform for health and wellbeing called MyCare. A wide range of programs in this area focus on both physical and mental wellbeing, with an increasing emphasis on prevention and better individual support. For example, we offer services that provide our employees with support in coping with professional and family problems, as well as help in the event of physical or mental illness. The portfolio includes travel and emergency assistance, as well as medical services.



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We added lots of new interactive features and content to the MyCare platform in 2023, including topic and location-specific channels that encourage employees to participate in events and take advantage of new offers such as mindfulness, nutrition and fitness. The platform also offers global competitions that motivate employees to get involved. Wellbeing checkups also enable the provision of personalized health plans, as well as site-specific, anonymous analyses.

In addition to providing individual psychological and social counseling, our social services at all of our German sites also offer assistance with workplace integration management and the → **work-life balance**, for example in the search for childcare or in the case of relatives in need of care. At all locations in Germany, Austria and Switzerland, we also offer preventive health training aimed at strengthening the individual's own personality, identifying existing resources and teaching helpful coping strategies for dealing with daily challenges at work and in everyday life.

Demography and Work 4.0

We launched a demography program at our headquarters in Düsseldorf in 2013 to promote long-term employability against the backdrop of demographic change. This holistic concept includes a combination of preventive occupational healthcare with a general medical checkup, workability index and employee surveys. This program is complemented by the TOP Check 4 Health assessment for mental stress. In this process, supervisors and employees systematically analyze work flows, work organization and environment, and teamwork and leadership. Where improvement is needed, they also initiate measures to address problems. This also includes specific suggestions and offers for improving and maintaining the health and performance capabilities of participating employees.

Occupational safety

"Zero accidents" as a long-term goal

Occupational safety within the company and along the value chain is a top priority for us. We remain focused on our long-term objective of zero accidents and want to improve our occupational safety by 60 percent by the end of 2025 compared to 2010. We have anchored this overarching goal as a key performance indicator in our sustainability strategy. In 2023, we recorded 0.7 occupational incidents per million hours worked by our employees. This is an improvement of 42 percent over the base year 2010. There were two fatal occupational incidents in 2023. One case involved a supervised employee of an external company working on behalf of Henkel at a Henkel site. The second case involved a Henkel employee in a traffic accident during a business trip.

To achieve our goal, we invest in training to raise awareness and increase technical safety standards. We regularly review whether our *[Safety, Health and Environment \(SHE\) standards](#)* are being strictly adhered to and we are committed to improving occupational safety at our subcontractors and that of other companies' employees working at our sites.

Regular training courses are held at all sites to ensure that our employees are able to identify and eliminate accident risks. We are extending the programs already in place in certain areas to cover the entire company. We also conduct global safety campaigns aimed at creating even greater awareness of the most important safety issues among our employees.



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Measures for improved workplace protection and safety

In 2023, all business units continued their efforts to increase the engagement and participation of our employees in safety programs.

Our global SHE training program for managers teaches important skills and knowledge. Optimized company processes also make it easier to integrate SHE requirements into everyday working life. Some examples of this include the modeling of our reporting and governance processes as well as the definition and implementation of internal controls. The aim here is to promote employee understanding of SHE issues and the implementation of SHE requirements. The purpose of expanding our global governance structure is to improve efficiency, transparency and control mechanisms at the organizational management level across all business units. Increased knowledge sharing promotes cross-business unit collaboration and accelerates learning to promote a culture of responsibility for safety, health and environment. These initiatives underscore our commitment to a safer, healthier and more sustainable future.

Building on the success of the previous year, our business units all came together once again in 2023 to implement the World Safety Day campaign. The focus of this year's campaign was the safety culture and the slogan was "Safety is in our DNA." Sites could choose from a program of ten different activities in the form of games focusing on one or more safety concepts. As well as the activities on site, there were two virtual live quiz events. The quiz challenged four managers to put their safety knowledge to the test. The colleagues who participated in the live events also had the opportunity to test their knowledge.

The Adhesive Technologies business unit continued its efforts to achieve the target of "SHE ambition 0:0:0, zero lost time accidents, zero process safety incidents and zero environmental pollution incidents." All key improvement initiatives are aimed at achieving this goal. One of the key focus areas in 2023 was the definition of new SHE standards for Adhesive Technologies. This initially includes ten standards that are designed to simplify, consolidate and clarify the SHE requirements. Another focus area was the communication and sharing of experiences. A Global SHE Hub has been set up with a "Lessons Learned" platform for sharing experience and findings from past incidents, as well as best practices. Both of Henkel's business units are now working together to expand the platform and transform it into a cross-business unit learning platform.

The Consumer Brands business unit has also introduced key performance indicators focusing on proactive and preventive measures in order to examine the effectiveness of safety activities and identify potential problems. A dedicated app has been developed to track these indicators and is available on Henkel devices. In addition to reporting near misses and unsafe behavior, the app can be used as an everyday tool for general safety awareness.



Future of work

Flexible working prioritized

At Henkel, we measure performance by results and not by presence. This is why we have been promoting flexible working models for many 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. By signing our global *Work-Life Flexibility Charter* in 2012, the Management Board has been emphasizing the importance of this topic at Henkel for many years. Our managers are instructed to put opportunities for flexible working into practice and to support them actively.

We are using the experiences and insights we gained from virtual and mobile working during the COVID-19 pandemic to actively shape and develop our corporate culture and working environment. We want to create the *workplace of the future* for our employees. Our sites and offices will at all times serve as places to collaborate and exchange ideas. At the same time, a future-oriented working environment also offers employees more flexibility and freedom to find an optimal balance between their professional lives and their private lives.

Smart Work concept with four elements

In a world with ever-growing demands that is becoming increasingly complex and dynamic, operational measures to maintain mental health are becoming more and more important, particularly in these tumultuous times. Launched in 2021, Smart Work is a holistic approach to preparing our employees and our organization for the future of work. It covers the way we frame mobile versus office work, and also covers ways that our offices can better support creativity and collaboration among our employees, as well as how we can improve our health program and how we can explore the potential of our digital landscape.

We have developed four elements to shape the future of work at Henkel together with all our employees: "Let's get mobile," "Let's get inspired," "Let's get healthy" and "Let's work digitally."

"Let's get mobile" is a global mobile working policy allowing eligible employees to work mobile for up to 40 percent of their working time, in alignment with their supervisors and teams. We opted for a percentage because it provides maximum flexibility to eligible employees based on their working arrangements. The mobile working guidance has been launched and actively communicated worldwide since the global rollout of Smart Work.

Another key element contributing to wellbeing is the design of workplaces. "Let's get inspired" also marks the revision of our global office strategy. Step by step, Henkel is renovating its offices around the globe to make them more inviting and to help improve work efficiency, promote collaboration and creativity, as well as advancing sustainability and wellbeing. For example, we are combining office space and activity areas to serve as collaboration and fitness areas, allowing for flexible use of the space. This smart linking of spaces makes them more appealing to employees and helps them achieve their health goals at work. Standardized digital tools and physical equipment are available to enable individually guided practice. "Let's get healthy" builds on the current health concept by incorporating the aspect of greater flexibility in work requirements and integrating health programs into the digital and physical world of work.

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A key element of the Smart Work strategy is the central digital internal platform for health and wellbeing → **MyCare**. This platform raises awareness of all local and global health and prevention services, ranging from vaccinations to our collaborations with sports and fitness providers, which we have also expanded globally. The concept was further developed in 2023 to include a personal mobile app and new features designed to help our employees reach their personal health goals. The app can also be used on private smartphones, so once the rollout is complete it will allow all employees to access all health and wellbeing offers and initiatives at Henkel – even if they do not have a digital company device. In the first phase of the rollout in 2023, the expanded platform was successfully launched in ten countries (Brazil, Germany, Mexico, Nigeria, Portugal, South Korea, Spain, UAE, the US and Vietnam) and is now available to more than 23,000 employees. All other countries and employees will follow in 2024.

Using the slogan “Let’s work digitally,” we are exploring improvements that can be made to the digital workplace and how we can improve virtual collaboration and digital participation for all. In Germany, for example, we have provided all non-managerial employees with an iPad to give production workers access to our digital programs. In 2023, we developed a Smart Work training course for all employees to explain the overarching concept of Smart Work and to support leaders and employees with creating a hybrid working environment that promotes collaboration, motivation and productivity, and that enables team members to stay in contact virtually. The training course is divided into three modules: The first module focuses on understanding the four elements of Smart Work, the second educates on the skills needed to work effectively in a hybrid working environment, and the third provides practical tips for implementing Smart Work in the team. It has been developed as a self-guided online format and has been translated into ten different languages so that all employees are able to learn more about our Smart Work approach and how they can put it into practice in their teams.

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TRUSTED **PARTNER**

We draw on our value-oriented corporate culture and our scientific and technological expertise to strengthen our performance while maintaining our integrity. We deliver safe and best-in-class product and technology solutions to our customers and consumers. We integrate sustainability into our portfolio and our business processes, and we provide transparent reporting about this to our stakeholders.

100 PERFORMANCE
108 TRANSPARENCY
121 COLLABORATION



TRUSTED PARTNER

We are committed to product quality and safety while ensuring business success with integrity.

TARGETS AND AMBITIONS



PERFORMANCE

Reliably deliver best-in-class product performance and chemical safety as the foundation of our business success.

Each new product

contributes to sustainability



Provide our customers and consumers with a comprehensive sustainability profile of our products (2025)

Become

3x

more efficient (2030 vs. 2010)

CONTENTS

- Products and technologies
- Product safety



TRANSPARENCY

Integrate sustainability into our business governance with transparent reporting, disclosure and engagement.

100%

transparency and traceability for palm and palm kernel oil (2025)

- Measurement, assessment and reporting of ESG data
- Sustainable finance
- External assessments



COLLABORATION

Scale sustainability impact with our partners, leading to responsible business practices in our supply chains.

100%

responsible sourcing together with our partners

- Sourcing
- Together for a sustainable supply chain
- Cooperation along the value chain and beyond



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With our wide range of product solutions and technologies, we aim to support economic, environmental and social transformation – and to drive it forward together with our partners. This will make it possible for us to contribute effectively to sustainable development both locally and globally, and to shape our business responsibly while increasing our economic success. To achieve this, we must offer our customers and consumers reliable, best-in-class product quality and safety.

It is our continuous ambition that each new product contributes to sustainability. We also intend to provide our customers and consumers with a comprehensive sustainability profile of our products by 2025. We aim to measure sustainable transformation with respect to our product portfolio and our company. Our target for 2030 for the entire company is to triple the value we create for the environmental footprint made by our operations, products and services (compared to the base year 2010). We call this target to become three times more efficient "Factor 3." The increase in efficiency results from the ratio of revenue per sales volume relative to the environmental footprint per production volume. The three dimensions of the environmental footprint – CO₂ emissions, waste and water – are equally weighted. In 2023, we increased revenue per sales volume by 51 percent compared to our base year of 2010. In addition, we reduced CO₂ emissions by 61 percent per ton of product, used 24 percent less water and generated 38 percent less production waste compared to our base year of 2010. On average, we were able to reduce the environmental footprint across these three dimensions by 41 percent. The increase in efficiency totaled 156 percent in 2023.

A high degree of innovativeness is essential for sustainable and efficient transformation, which is why criteria for → **assessing the sustainability** of our products are systematically anchored in our innovation process. In 2023, an annual average of around 2,750 employees worked in research and development. Adjusted R&D expenditures totaled 580 million euros.

It is our obligation and our commitment to ensure that our products are safe for people and the environment. This reflects our commitment to operating our business in an ethically and legally appropriate manner, which is crucial to fostering and maintaining trust in our products. We conduct comprehensive risk analyses and audits to ensure compliance with external requirements and our internal standards worldwide.

HIGHLIGHTS

580 million euros



for research
and development

Around 2,750

employees in research
and development

 **156 %**

overall efficiency (vs. 2010)



Products and technologies

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Contribution of our product portfolio to sustainability

Our → **business units** in consumer goods markets, as well as those that serve business and industrial customers, align their brands and technologies with the specific sustainability challenges that are most relevant for their product portfolio. They also integrate sustainability strongly into brand and business strategies. Sustainability is a key element of the business units' innovation strategies.

Since the beginning of 2023, Consumer Brands has been the multi-category platform for our consumer brands and corresponding businesses. Henkel started merging its former Laundry & Home Care and Beauty Care units to form this new business unit in 2022. Our common goal is to transform our product portfolio, while taking our customers and consumers with us on this journey. We place a particular focus on innovation, as well as further developing our approach to sustainable packaging and sustainable ingredients. This aspiration includes our consumer brands in hair & body care and laundry & home care.

Our Adhesive Technologies business unit is developing solutions that enable our business and industry customers to make a greater contribution to sustainability through a combination of technical materials expertise and science-based innovations. With our customized solutions, we want to help reduce emissions, increase energy and material efficiency, recycle valuable resources and improve safety during the manufacturing and use phases, as well as for end users.

Developments in the consumer goods business of Consumer Brands

Our consumer goods business continued to drive forward the sustainable transformation of its → **product portfolio** in 2023. In order to promote a circular economy, we are driving the use of more sustainable packaging solutions across our brands by increasing the share of recycled plastic, among other things. With our new Persil laundry detergent bottles in Europe, we are contributing to improve the circular economy by adapting

the bottle material and using recycled plastic. The new white polyethylene (PE) bottle bodies are also recyclable.

In 2023, Henkel and CCL (a global specialty packaging company) were recognized with the AWA (Alexander Watson Associates) Sleeve Label Award in the Environmental Contribution category for the sustainable design of Henkel's fabric softener bottles for the Vernel and Silan brands. To improve the recyclability of the PET bottle bodies used for its fabric softeners in Europe, Henkel uses a new technology from CCL called Eco-Float®, which is based on a floatable polyolefin material for the sleeve that surrounds the bottle like a jacket. When the empty bottle arrives at the recycling plant, the material is shredded and then separates out by itself during the washing process: The material from the bottle sinks to the bottom in the form of heavy PET flakes, while the sleeve fragments float directly to the surface thanks to the technology. The bottle bodies of Vernel fabric softeners in Europe are also already made of 100 percent recycled PET. With the addition of the new sleeve material they are now specifically designed for recyclability.

Additional product innovations in our hair and body care segment also contributed to the sustainable transformation of the product portfolio in 2023. This is the case with the launch of a box made of polypropylene (PP) monomaterial for the BlondMe brand. This contributes to our sustainability target that aims to make 100 percent of our packaging recyclable. Our Dial personal care brand continued its active support for sustainability and the circular economy in 2023 by introducing new shower gel bottles with 100 percent PET in the bottle body, as well as by engaging in partnerships with organizations including → **Solidaridad**.

To further promote the circular economy, we use aluminum tubes made from 100 percent recycled metal as packaging for our hair color brands such as Igora, Live, Brilliance and Natural & Easy. We plan to adopt this process for our entire hair color portfolio. Since 2022, we have also expanded our concept for the professional brand → **Authentic Beauty Concept** with refill stations in hair salons and further extended our range. Both hairstylists and consumers can use these refill stations to refill their favorite products again and again in a suitable bottle.



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Developments in the business and industrial customer segment of Adhesive Technologies

The focus of our Adhesive Technologies business unit is on enabling sustainability for our customers, as well as on optimizing the footprint of our own operations. To this end, we develop customized technological solutions in the areas of bonding, sealing and coating. Even though our *✓ products* typically make up only a small proportion of the end product, they can be a relevant factor that helps our industrial customers and business partners achieve their sustainability goals. We have identified three focus topics in which we want to particularly advance sustainability through our technologies: climate, circularity and safety.

- Our products help to reduce emissions in production and promote the conservation of resources through the efficient use of energy and materials. This will particularly reinforce the future trends that we expect to shape the sustainable development of our industries. Examples of this include solutions in the area of electromobility, including adding an innovative injectable, thermally conductive adhesive to our portfolio of solutions for electric vehicle battery systems. In addition to its heat management properties, the new *✓ Loctite® TLB 9300 APSi* adhesive combines good electrical insulation with high bonding performance on a variety of surfaces. The adhesive is also solvent-free and cures at room temperature without the need for additional energy consumption.
- Our solutions ensure that valuable resources are kept in the economic cycle. We achieve this by using renewable raw materials in production and by supporting the extension of product life cycles with maintenance and repair. For instance, with *✓ Loctite® Pulse* Henkel offers digital Internet-of-Things solutions that use data-enabled technologies to support maintenance processes. In 2023, Henkel brought *✓ Loctite® Pulse Smart Steam Trap* to the market, a solution that enables 24/7 monitoring of industrial steam traps. It uses patented technology to monitor

steam traps, allowing any leaks and irregularities to be detected at an early stage so proactive maintenance can be carried out. This helps to prevent energy losses and production shutdowns. Henkel received the Digital Innovation Award by BEMAS, the Belgian Maintenance Association, for its Loctite® Pulse solutions at the Maintenance 2023 trade fair.

- We attach great importance to continuously optimizing the safety and environmental compatibility of our products. We adhere to all relevant legal requirements and are committed to avoiding substances of concern. For example, we have launched a non-skin-sensitizing, light cure *✓ adhesive for medical devices* that ensures these devices perform as intended. The formula of this adhesive does not contain IBOA or CMR substances, which demonstrates Henkel's commitment to offering its customers safe and reliable adhesive solutions.

The sustainable alignment of our portfolio is supported by an → **internal portfolio assessment process** that we use to perform a systematic, science-based analysis of the sustainability contribution of our products along the value chain. An external audit confirmed the share of sales from products that contribute to sustainability in line with criteria defined by Henkel.

We place a strong focus on collaboration with our stakeholders in order to holistically drive sustainability. Each year, for example, we recognize outstanding supplier performance with awards in the area of sustainability. In 2023, the → **award** went to Kraton, a global specialty chemical supplier based in Houston, Texas, USA. Kraton manufactures polymers and renewable chemicals derived from pine by-products. We also aim to work with our industrial customers to promote sustainable change in our industries. In 2023, we used the → **Sustainability Days** in Latin America as an opportunity to further strengthen our collaboration with key customers on sustainability-related topics.



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We also strive to use our broad market access to put innovative approaches into practice across industries. The use of renewable carbon sources through the mass balance principle is one example. This is a transparent model for tracking the amount of certified and non-certified material along the entire production process.

Promoting sustainable consumption and the responsible use of resources

Our products are used millions of times a day in households and industrial processes. This is why we concentrate on developing products that enable resources such as energy and water to be used efficiently. Our aim is to help our customers and consumers save → **CO₂ emissions** through our products and expertise. Through targeted communication, we also strive to encourage responsible-minded behavior while using our products. The use phase accounts for up to 90 percent of the environmental footprint of many of our consumer goods products. This means that every individual is able to make a contribution to greater sustainability through their behavior.

In our Consumer Brands business unit, we launched the initiative "It starts with us" in 2023 to educate consumers. By making simple changes to their everyday behavior, consumers can help to reduce their carbon footprint, for example by taking shorter showers or using the ECO program on their dishwasher. This initiative was launched as part of a 360° communication campaign.

When it comes to reducing the personal carbon footprint of consumers, it is essential to raise awareness of water's role as an important resource. Using the slogan "Be smarter. Save water.", our aim is to encourage the responsible use of water as part of the "It starts with us" initiative. Using less hot water can also reduce CO₂ emissions. The initiative includes

information provided on product packaging for various consumer goods brands and a related *ø website*. We are also raising awareness of the need to save energy when washing clothes by placing the "be sustainable – wash cold" logo on our laundry detergent packaging to draw consumers' attention to this topic. Through continuous research and development partnerships, as well as significant investments in new formulations, we enable our consumers to achieve excellent washing results when using increasingly concentrated dosages at lower temperatures – or even when washing laundry in cold water.

In addition, the *ø #RethinkFashion* initiative from our Perwoll brand has been encouraging a more conscious approach to clothing since 2018. This includes proper care to prolong the life of textiles, as well as the upcycling of clothing. In France, 600 people attended the #RethinkFashion pop-up event by French brand Mir at "Recyclerie de Paris" in the reporting year. The aim was to show a young and engaged audience insights into the brand's slow fashion commitment, as well as Mir's renew effect. The program included roundtables with slow fashion specialists and influencers, alongside upcycling workshops.

We are also addressing the important topic of the circular economy by launching repair and upcycling campaigns in our adhesives business. The aim is to raise awareness among consumers of the need to give used or damaged everyday objects a second chance and to find creative ways to restore their value instead of throwing them away. Since 2022, for example, we have been running free-to-attend "Loctite® 2nd Chance" shops with our Loctite® brand in the United Kingdom in London, Birmingham and Manchester. The *ø brand website* also provides a wide range of information, such as repair instructions and inspiration for consumers to carry out their own projects.



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Product responsibility as an important lever for sustainability

Our business and industry customers, as well as consumers, should be able to rest assured that our products are safe when used as intended. All raw materials and finished products are subjected to numerous assessments and tests to ensure a high level of safety during production, use and disposal. This is based on ensuring compliance with legal regulations and farther reaching *Henkel standards*.

Our researchers, product developers and *product safety* experts assess ingredients according to the latest scientific findings and safety data. They continuously track Henkel products on the market and incorporate the insights gained into the assessments. We follow a risk-based approach in accordance with scientific standards when assessing the consumer safety and environmental compatibility of materials and products. A key step in this assessment process is that, in addition to the safe concentration for using a substance, we also determine the extent to which humans or the environment are exposed to it. Since exceeding the safe concentration for use may result in a risk to humans and/or the environment, we restrict the use of the substance in these cases to relatively low concentrations and/or certain product categories. In individual cases, this can also lead to a substance not being used at all.

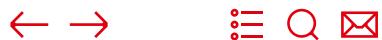
Many of our products pass into wastewater after use – including our detergents and cleaning agents, as well as hair and personal care products. For this reason, their composition has been designed to minimize the impact on the environment. Wastewater from chemical engineering applications is treated using state-of-the-art technology to remove harmful substances, and is then disposed of properly.

In selecting and using ingredients, we also follow controversial discussions in the general public about the safety of chemical ingredients in products as part of our monitoring. If this gives rise to reservations about product safety, and if the scientific data and findings cannot dispel these doubts, we either avoid using a substance altogether or restrict its use so that it will still meet our stringent safety criteria.

At the same time, it is becoming increasingly important to enable consumers to learn about the ingredients contained in our products. In line with this, we are enhancing global transparency about the substances used and their respective safety. Regular internal audits are carried out to verify compliance with corporate product safety requirements and procedures. The business units are responsible for the implementation of the related measures.

Identifying hazards – assessing risks

In assessing the safety of a product, the first step our experts take is to determine whether ingredients of the product could pose a hazard to people or the environment. An exposure analysis is carried out in a second step to clarify the extent to which people or the environment could be exposed to this substance. This analysis is important as, in most cases, a harmful effect will only occur when the quantity and concentration of the questionable substance reach a certain level. The results of these two steps have to be combined to arrive at a comprehensive risk assessment. It is only by considering this overall picture that our experts can make reliable statements about whether a product will be safe when it is used. A simple example is acetic acid, which represents a potential hazard because it can cause serious harm in high concentrations due to its caustic properties. When used as vinegar in diluted form in our food, however, it does not pose a risk.



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Evaluation of the substances used

Regarding substances with certain dangerous properties, we have decided that these will not be used at all for certain applications. For other substances, we have introduced strict internal constraints and restrictions and, by doing so, we go beyond legal requirements. In other cases, we work to further improve health compatibility by developing alternative ingredients. One example of this is the switch from solvent-based to water-based formulations for our consumer and contact adhesives.

Assessment of the products

Once they have evaluated all of the individual ingredients, our experts perform a further safety assessment focusing on the overall formulation of a product. This looks at the properties of the individual ingredients, their concentrations in the product and the conditions under which the product will be used. Products for use on the human body are additionally evaluated dermatologically. The results of these evaluations and assessments then form the basis for defining the required precautionary and protective measures for safe use of the product. These measures are specifically adapted as appropriate, taking account of whether the product is to be used by consumers or industrial professionals, and can range from package design features, through to detailed instructions and warnings, or restrictions regarding use.

Controversially discussed ingredients

Scientists and the general public often take different views regarding the risks that chemical substances might pose. There are many reasons for this. Particularly often, we see that a direct link is made between the potential hazard a substance may have for humans or the environment and the ensuing risk, without taking into account the extent to which humans or the environment are actually exposed to that substance. It is our view that a differentiation must be made between hazard and risk, and that this is in fact essential to ensure that safety assessments of ingredients

reflect reality. Irrespective of our differentiating approach, we generally consider that any discussion regarding ingredients is sufficient reason to critically review the scientific basis underlying our assessments with particular care.

Monitoring within the context of continuous development

Continuous monitoring of our products on the market is a key element of product safety. Our product developers and product safety experts routinely incorporate the insights we gain from this process into their assessments. For example, for our monitoring we apply the so-called Cosmetovigilance, an approach for systematically monitoring cosmetic products after they have been placed on the market. We evaluate and analyze the information we receive and take appropriate corrective action where necessary. Our product safety governance processes and regular meetings of company experts ensure that safety information and best practice examples are shared efficiently within the company. This is in line with our approach to continuous development.

Product recall process

Although our products undergo numerous tests and assessments to ensure a high level of safety, unforeseen deviations from our high quality standards may occur in very rare cases. In preparation for any such cases and to ensure the best possible health and safety of customers and consumers, in 2009 Henkel introduced a corporate standard for potential product crises and product recalls that applies to all sites. An updated version of this standard was made available company-wide in 2020. This global corporate standard defines binding procedures, clear responsibilities and guidelines for an appropriate and rapid response if deviations and unforeseen events were to occur in connection with our products, despite all of the safety precautions we have taken. Digital training on this topic has also been available in multiple languages since the end of 2020.

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Alternative methods

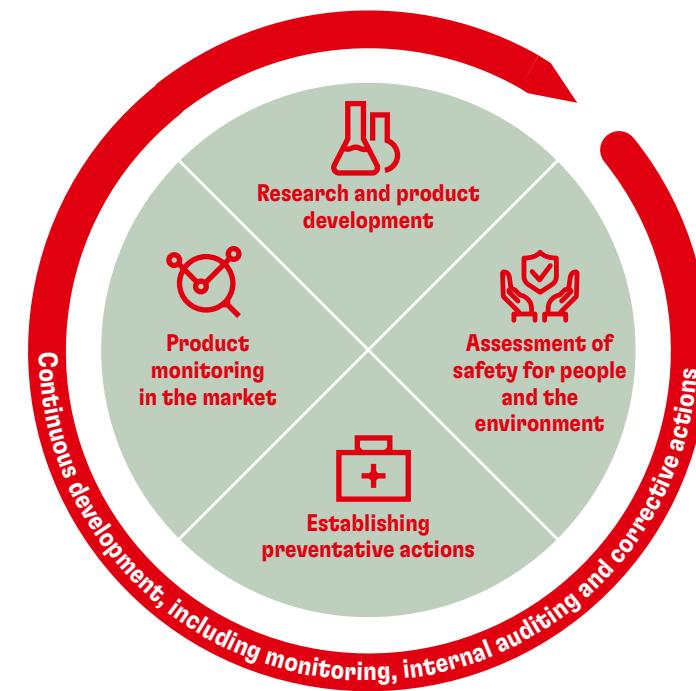
We have a clear **commitment**: We do not test our hair and personal care products, our detergents and cleaning products, or our adhesives for industrial customers, consumers and craftspeople on animals. Unfortunately, we cannot claim that animal testing no longer plays any role at all. This is because there are some countries where animal testing is still mandatory to obtain market and/or regulatory approval for products such as cosmetics, detergents and cleaning products, or adhesives. We are working together with the relevant industry associations and in cooperation with our suppliers. This also includes convincing the authorities to abandon animal testing. Furthermore, we believe being present in these markets and supporting the non-animal testing agenda will ultimately help to gain acceptance for alternatives to animal testing.

We and other manufacturers in our industry cannot rule out the possibility that an ingredient was tested on animals at some point before it was introduced to the market. In particular, this is because we mostly source our ingredients from suppliers, and manufacture very few ingredients ourselves. In this context, it is also important to know that ingredients used in products including detergents, cleaning products and adhesives are chemical substances. This means they must be secured by the respective manufacturer in line with the relevant legal requirements for chemicals, such as the **REACH regulation** in Europe. In some cases, animal testing is still required by law to ensure safety and compatibility for humans and the environment. This is because recognized alternative methods are not yet available for all aspects of testing. We use recognized, alternative testing methods or existing data to demonstrate the safety of our ingredients.

For over 40 years now, we have been intensively committed to developing alternative testing methods ourselves. Henkel was one of the companies that founded the **"European Partnership for Alternative Approaches to Animal Testing" (EPAAT)** in 2005, together with the European Commission and several industry associations. Since then, this partnership has

advanced numerous projects that have successfully promoted alternatives to animal testing and made them usable for conducting safety assessments in line with the REACH regulation. We are also a founding member of the **International Collaboration on Cosmetics Safety (ICCS)**, established in 2022. The aim of this global initiative is to advance the adoption of animal-free assessments of cosmetics and their ingredients for human health and environmental safety.

Product safety assessments





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Wherever possible, questions regarding the skin compatibility of ingredients are now investigated with the help of in-vitro tests. For this purpose, Henkel uses skin models produced in its own laboratories under the **Phenion®** brand. For instance, we offer the Phenion® Full-Thickness (FT) Skin Model, a three-dimensional human skin equivalent. We also developed open-source cornea models. Our scientists are currently working to ensure that the skin and cornea models can also be used to research other chemical safety issues. You can find more information on the website of the European Commission's **Scientific Committee on Consumer Safety**. A variety of in-vitro tests have been developed over the past decades by Henkel in cooperation with external partners. They have been proposed for international recognition by the Organization for Economic Cooperation and Development (OECD) as a substitute method for animal testing.

Additionally, we make our expertise available to legislators through a range of associations to shorten the lengthy processes leading to recognition of an alternative test method and to promote the acceptance of proven alternatives. Computer-aided analysis is also playing an increasingly important role in our testing and assessment strategies.

Innovations for health and safety

We test and assess our raw materials and finished products throughout the entire product life cycle to make sure they meet the highest standards. Our business and industry customers share our commitment.

This focus will gain even more importance with regard to consumer protection, as a result of the European Union's new Chemicals Strategy for Sustainability, which is part of the Green Deal. The European Commission established a High Level Round Table, made up of a group of experts, to support the achievement of the goals of the EU Sustainable Development Strategy. Our company was also a member of the Round Table in 2023, with our Executive Vice President Human Resources and Chair of the Sustainability Council, Sylvie Nicol, representing us.

In addition to the chemical safety of our products, we also support health and safety along the value chain. Many of our innovations in Adhesive Technologies support this approach. The Loctite® 402 high-temperature and durable instant adhesive, for example, is suitable for use with a wide range of substrates and offers greater occupational health and safety thanks to a new, patented formulation.



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Transparency is essential for assessing responsible action and sustainability performance. This applies both inside and outside the company.

Business partners and consumers, as well as investors and the financial market, are increasingly interested in products and solutions that are sustainability-oriented, and they attach more and more importance to understanding the impact of our activities along the value chain. International developments in sustainable finance and legislation are further strengthening the drive for greater transparency.

At the same time, it is crucial for us to be able to assess and manage our own sustainability and to measure the progress that we make toward our targets across the entire company and our value chain. To this end, we are driving digital solutions and drawing on cross-business unit and cross-functional collaboration and external partnerships worldwide. This strengthens our information base and builds necessary confidence in our sustainability performance. Our aspiration is to further integrate sustainability into our business governance, processes and policies while promoting transparent reporting, compliance with disclosure requirements and engagement.

The assessment and recognition of our performance by independent sustainability experts also creates transparency. As investors and customers increasingly focus on ESG topics, this is also reflected in the importance of these external assessments. Our participation in recognized ratings and rankings and our inclusion in numerous sustainability indices enable us to meet these information requirements.

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 >99 %

of annual sales is covered through product life cycle appraisals

 52 %

traceability of palm (kernel) oil back to the plantation

89 %

traceability of palm (kernel) oil back to the mill

Measurement, assessment and reporting of ESG data

We use a variety of methods and tools to assess our progress across the entire company and our value chain. We are continuously developing these methods and tools, which include trend and market analyses, as well as the evaluation of ratings and life-cycle analyses. In addition to the achievement of our → **sustainability targets**, we continuously review our management processes and optimize them where needed. This includes measures in the areas of environmental protection and occupational safety, technical developments and process optimization to reduce resource consumption and costs. These measures are supported and implemented by our business units, our corporate functions and our regional and national companies.



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They are also working together on a cross-functional and cross-business-unit initiative to increase the transparency of sustainability data in order to further develop the steering and reporting of this data, leverage the expansion of digital solutions and strengthen the foundation for further developments. This includes the requirements of the European Corporate Sustainability Reporting Directive (CSRD), which will entail new reporting requirements from fiscal year 2024. We are closely monitoring the evolving understanding and expectations of ESG data both nationally and internationally as we develop our approach.

With regard to packaging, for example, our actions in 2023 included the further development of the underlying database, the introduction of an internal analysis and visualization tool, and the provision of training on the latest developments for employees. We are continuing to update our digital reporting tools to support the interaction of our data systems, for instance for site-related and supplier-related data. This initiative gives us a broader base to meet our markets' growing transparency requirements, drive profitable growth and better manage our existing portfolio when it comes to sustainability.

Today, our innovation process employs a variety of tools to systematically analyze, measure and evaluate our products. For the product categories, sustainability topics and metrics are considered in the innovation process. Our researchers have to identify the points in the value chain and the strategic areas in which the product offers concrete advantages. Each product receives a separate sustainability profile based on this data. To make it easier to optimize our products during the development phase, we integrate the environmental profiles of potential raw ingredients and packaging materials into the information systems of our product and packaging development processes. This allows the footprint of a new formulation to be calculated as early as the development phase.

DID YOU KNOW?

CSRD: New EU Directive governing sustainability reporting

The European Union (EU) has significantly increased the reporting requirements for sustainability. The existing Non-Financial Reporting Directive (NFRD) is set to be replaced by the Corporate Sustainability Reporting Directive (CSRD) and the binding European Sustainability Reporting Standards (ESRS). Large publicly traded companies like Henkel will be required to start reporting in accordance with the new regulations in fiscal year 2024. The CSRD is embedded in the European Green Deal, which aims to transition the EU to a sustainable and climate-neutral economy and decouple growth from resource use.



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Footprint across the entire value chain

We use representative life cycle appraisals for all product categories, and simplified life cycle appraisals to assess our footprint along the entire value chain. We also assess data covering the raw ingredients and packaging materials we use, as well as relevant transport operations. We cover, among other activities, more than 99 percent of annual sales through full or partial life cycle appraisals of the relevant greenhouse gas emissions. This involves determining the climate-relevant greenhouse gas emissions throughout the value chain of a product – from the extraction or cultivation of Henkel raw materials, through to production, processing, use and disposal of our products. In this way, we ensure validated reporting on the emissions of our products.

In preparing life cycle analyses, we use our own primary data as well as specific data from our suppliers, customers and other partners along the supply chain. We make use of reliable and specific databases for secondary data like emission factors or average values. One example is Carbon Minds, a chemical-specific database for raw materials. To further develop metrics and indicators, we collaborate with external partners on topics such as product carbon footprints. We also participate in international initiatives such as the [Sustainability Consortium](#) and the [Consumer Goods Forum's Measurement Group](#). In addition, we take part in technical initiatives, such as [Together for Sustainability](#), [Catena-X](#), [A.I.S.E.](#), the [Eco Beauty Score Consortium](#) and the [Renewable Carbon Initiative](#). The aims are to standardize and harmonize the methodology for calculating product life cycle analyses, improve data quality, integrate supplier-specific data and primary data, and drive digital data exchange. For this reason, Henkel participates in pilot projects in the USA and Europe with the aim of driving forward the development of a reliable and internationally harmonized method of determining product life cycle analyses.

Supply chain transparency

As part of our supplier management approach, we are also working to improve the transparency and traceability of our upstream supply chains. We see these as the key to ensuring sustainable agricultural practices and fair working conditions, as in the palm oil industry, for example. This is why Henkel is a member of the cross-industry initiative [Action for Sustainable Derivatives](#), founded in 2019, in which companies are working toward the shared goal of generating more transparency in the palm (kernel) oil value chain.

In 2023, we were able to maintain the traceability rate to the mill to 89 percent and increase the traceability rate to the plantation to 52 percent by engaging with our suppliers to [map our joint palm-based supply chain](#).¹ We did this with the support of an external sustainability consultancy. We are joining forces with pioneering partners to explore digital technologies with the potential to increase traceability and transparency in the palm oil industry. This is how we continue to build on our commitment to sustainable sourcing.

Sustainability assessment by the business units

Our aim is to measure the sustainable transformation of our product portfolio. This assessment process involves identifying and mapping the products in the portfolio that make a substantial contribution to sustainability. The assessment criteria cover the entire value chain and take into account the impact across all areas.

At our Adhesive Technologies business unit, we analyze the sustainability contribution of our portfolio based on an internal portfolio assessment process. By integrating this assessment into our strategic management and product development, we are able to sustainably align our portfolio

¹ The survey was conducted in 2023 based on the supplier data for 2022.



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based on the latest scientific findings. The assessment criteria focus on the key topics of climate, circularity, safety and natural resources along the value chain. Based on these criteria, the products evaluated are classified into four categories. Products in the Challenged and Straight Performer categories do not directly contribute to sustainability. Products in the Contributor category have a positive contribution. And products in the Pioneer category have an exceptionally positive contribution.

A systematic and fact-based approach means that specific supporting documentation must be available for all products with a contribution that is judged to be significant. We use an internal digital tool to ensure the traceability and transparency of all assessments and documentation. The methodology underlying the portfolio assessment is subject to be reviewed internally every two years so that it can be further developed on the basis of external standards and requirements. The most recent assessment was completed in the first half of 2023. The share of sales from products that contribute to sustainability in line with criteria defined by Henkel was subject to an independent **external audit** by the auditing firm PwC. We have trained more than 900 employees from our Adhesive Technologies business unit in the implementation of this portfolio assessment process since it was developed. In-depth and refresher training sessions were held for employees in 2023.

Our Consumer Brands business unit is also working on a sustainability assessment for its consumer goods portfolio, complete with a classification system. The assessment criteria include the areas of climate, packaging as well as ingredients (with regard to being based on renewable raw materials, safety and biodegradability). We plan to further develop this portfolio assessment process in 2024. The intention is to publish the product portfolio's sustainability assessment to increase transparency about the sustainability performance of our product portfolio.

Consumer Brands attaches particular importance to the principle that the results obtained are based on accurate raw data, external traceability and plausibility. A multi-tier plausibility check will serve as an assessment criterion for the reliability of the data. The purpose of portfolio mapping is to visualize how individual parameters change over time so that the desired specification of the data to be imported automatically can be generated. New scoring parameters can easily be added for the global assessment.

We take into account the results of previous projects and initiatives in the development of a portfolio sustainability assessment. This is because we have already been working on assessing the sustainability of our products in the consumer goods segment for a number of years now, including in cooperation with partners and associations. In collaboration with the European Commission and various stakeholders, for instance, the European International Association for Soaps, Detergents and Maintenance Products (Wasch-, Pflege- und Reinigungsmittelverband **A.I.S.E.**) conducted a multi-year pilot project running until 2019 on the Product Environmental Footprint (PEF) of heavy-duty liquid detergents for machine applications to reduce the overall footprint of products. Henkel was joined in the project by other companies, national industry associations, and the external organizations **CESIO**, **Global Standards 1**, **SGS**, the **Sustainability Consortium**, the **Swiss Federal Office for the Environment**, and the **Technical University of Berlin**. The project resulted in the publication of rules relating to product categories, as well as life-cycle-based rules. This is the first method based on a harmonized and transparent life cycle assessment (LCA) in Europe. However, it is not yet sufficiently mature at the current stage of development to allow accurate product comparisons, as LCA science is still evolving. For example, some impact assessment methods are not yet ready to be applied to comparative, detailed assessment at the product level or to market communication. However, they are useful for reviewing, prioritizing and managing the eco-design of products



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within the company. As an active member of A.I.S.E., we support the association's goal of integrating a harmonized PEF method into the regularly updated product evaluation of the **“Charter for Sustainable Cleaning,”** which has been in place since 2006. We also contribute to the working groups on the Green Deal together with our industry partners.

As part of the Charter Revision project, A.I.S.E. has commissioned an independent consultancy firm with the aim of further developing the A.I.S.E. Charter for Sustainable Cleaning in a future-proof manner with regard to changing regulatory requirements. Initial analyses have already been carried out for some product categories in the areas detergents and spray cleaners based on data from the association's members. The data collection covered ingredients, transport, logistics, packaging and production.

A.I.S.E. also continues to work on the new ecodesign regulation for sustainable products. The association is pursuing the review of the Unfair Commercial Practices Directive (UCPD), with a focus on sustainability labels and certification schemes. The A.I.S.E.'s main priority is to ensure a balanced and reliable approach to the future legal framework for sustainability labels (such as the A.I.S.E. Charter for Sustainable Cleaning). A.I.S.E. continues to work with other trade associations such as **AIM** on aligning the rules for sustainability labels, as well as other relevant green claims. Today, some retail chains offer consumer apps that evaluate products in the non-food sector, particularly when it comes to their ingredients.

In this context, in 2021 we started an internal project in the area of laundry detergents and household cleaners to evaluate country-specific consumer apps for the market in France. As a result, our Product Development teams were able to compare various external evaluations from consumer apps with the internal, scientific analysis of ingredients. At the beginning, health-related aspects were the main focus of the evaluations of ingredients. The software has now been rolled out worldwide and further criteria from the areas of the environment, packaging and sales are included in the decision-making process.

In the area of hair and body care products, we have been supporting the development of the Cosmile-App for several years. The safety of cosmetic ingredients in hair and body care products is subject to controversial discussions about ingredients by some stakeholders. The risks posed by the ingredients are often assessed differently by scientists and the public. We fully understand that consumers want more transparency about which ingredients and their functions are behind so-called INCI names. This is why we support the creation of the free Cosmile app from haut.de, a science-based consumer platform. This app is planned to be rolled out at European level in the future. It enables consumers to obtain detailed information about all of the ingredients contained in a **cosmetic product** by simply scanning the EAN barcode on the packaging.

To promote sustainable consumption, Henkel partnered with cosmetics companies Unilever, LVMH, L'Oréal and Natura to establish an **Eco Beauty Score Consortium** (EBS) in 2021. EBS now brings together more than 70 companies and associations from around the world. The goal of the initiative is to develop an industry-wide system for assessing the environmental impact of cosmetic products to make it easier for consumers to make sustainable shopping decisions. This approach, which is based on the latest research, is designed to take into account the entire product life cycle. We also have plans to create a database of standard cosmetic ingredients and their environmental impact and the **PEF-based impact categories**. After two years of scientific work, a first prototype of the scoring systems was a key milestone for the EBS in 2023. Henkel is actively contributing to this initiative and brings in its own expertise on different levels.



Sustainable finance

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Increasing relevance for investors

Sustainability is a key component of our **strategic agenda for purposeful growth**. This topic is already highly relevant for investors and the global financial markets today, and continues to increase in importance. This means that the proportion of investors who use sustainability criteria as a basis for both their strategic portfolio management and their specific investment decisions is increasing. Institutional investors are increasingly including sustainability in their risk and opportunity management, as they are convinced that sustainable companies are more successful in the long-term. This assessment is reflected in high demand from investors for corresponding financial instruments that have a clear sustainability footprint, either because they issue sustainable financial products or because they are rated as a sustainable company in general.

This development is also being actively promoted by political decision-makers at the global level – with concrete legal requirements that will lead to a significant expansion of mandatory reporting on sustainability aspects for companies, as well as initiatives for greater climate and environmental protection. For example, the European Commission's **"Green Deal"** includes measures for the financial market, and the political agreement on an **"EU Green Bond Standard"** establishes an additional framework for the issuing of green bonds in Europe. In this respect, sustainability is an increasingly critical success factor for competitiveness as an issuer on the capital market. ESG (Environment, Social, Governance) is therefore a key pillar of our financing strategy.

Integrated dialog with our shareholders

For many years now, we have been engaged in intensive dialog with our shareholders on the topic of sustainability. As part of our capital market communications, we regularly report on our strategy, goals and concrete initiatives and progress in this area. Sustainability has been an integral part of our financial reporting in our Annual Report since 2001. It is also a significant topic at our Annual Press Conference as well as our Annual General Meeting – not least because it is deeply anchored in Henkel's cor-



"We are proud that Henkel is perceived as a sustainable partner on the capital markets and that around 80 percent of our outstanding bonds have been issued as sustainable products."

MARCO SWOBODA

CFO and Executive Vice President
Finance/Purchasing/Global Business
Solutions

porate strategy, culture and values. In addition, we engage with investors, banks and other capital market players in one-on-one meetings as well as at conferences and roadshows. In particular, events with a special focus on ESG offer an important platform for these exchanges. We also provide transparent information about our positions, activities and progress in the area of sustainability by responding to in-depth questionnaires from investors. This also provides us with detailed insights into the interests and requirements of capital market players with regard to relevant ESG criteria.

Sustainable financing

Henkel implemented innovative solutions in the area of sustainable finance at an early stage. We introduced an ESG Framework for Pension Asset Management in 2015 and updated it in 2020 by integrating ESG ratings for active fund managers and ESG index benchmarks for passively managed investments. In 2018, Henkel was the first company in Germany to conclude a syndicated **sustainability-linked loan**, a credit facility linked to Henkel's performance in the Sustainalytics, EcoVadis and ISS-oekom sustainability ratings. In July 2020, we also became the first company worldwide to issue a **Plastic Waste Reduction Bond**. The bond consists



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of two tranches – 70 million US dollars and 25 million euros – and has a maturity of five years. The proceeds will be exclusively invested in projects participating in Henkel's activities to reduce plastic waste. This bond underscores our commitment to promoting a circular economy and reducing plastic waste.

We further expanded our commitment to sustainable finance in October 2021 by defining the **✓ Sustainable Finance Framework**. This **✓ Framework** enables the issuance of two types of bonds: sustainability-linked bonds and green bonds. The financing costs for sustainability-linked bonds are linked to the achievement of sustainability targets, while the proceeds from the issuance of green bonds are used exclusively for sustainable investments. The framework was reviewed by the independent ESG rating agency ISS ESG, which confirmed the environmental added value and the compliance of the framework with the Green Bond and Sustainability-Linked Bond Principles of the International Capital Market Association (ICMA). With this Sustainable Finance Framework, we aim to align our business as well as our financing with our commitments and values by creating a direct link between our **→ sustainability strategy** and our funding strategy. This underscores our commitment to achieving our sustainability targets, as well as our Henkel Finance team's ongoing commitment to actively supporting our sustainability agenda. After Henkel successfully issued two **✓ sustainability-linked bonds** with a total volume of around 720 million euros under this framework in November 2021, another bond in the amount of 650 million euros with terms linked to sustainability targets followed in September 2022.

Another important area of sustainable finance connects the field of finance with the field of procurement. Henkel links the sustainability performance of its suppliers to its supplier finance programs. All Henkel supplier finance programs in the five regions now include sustainability criteria. This provides an incentive for our suppliers to improve their ESG profile, which is based on their EcoVadis rating, so that they can benefit from lower financing rates.

EU Taxonomy

The **✓ EU Taxonomy** is a central instrument of the European Union's "Green Deal". The aim of this EU-wide classification system for economic activities is to promote investment in environmentally sustainable economic activities.

According to the Regulation (EU) 2020/852, an economic activity is considered environmentally sustainable if it substantially contributes to achieving one or more of the defined environmental objectives. At the same time, an economic activity must not significantly harm the other environmental objectives. The environmental objectives defined in terms of the EU Taxonomy Regulation are: climate change mitigation (CCM); climate change adaptation (CCA); the sustainable use and protection of water and marine resources (WTR); the transition to a circular economy (CE); pollution prevention and control (PPC); and the protection and restoration of biodiversity and ecosystems (BIO). According to the EU Taxonomy, the economic activity must also be carried out in compliance with the minimum safeguards and meet the technical screening criteria defined by the EU Commission by means of delegated acts. The technical screening criteria specify the performance requirements for a specific economic activity, determining to which extent the activity makes a substantial contribution to achieving a particular environmental objective and does not significantly harm (DNSH) the other objectives.

In 2021, the Climate Delegated Act introduced the first set of technical screening criteria to determine which activities contribute significantly to achieving the first two environmental objectives set out in the EU Taxonomy Regulation: climate change mitigation and climate change adaptation. In this reporting year (2023), the Taxonomy-eligible activities established under these two environmental objectives must be checked for Taxonomy-alignment. For all economic activities newly introduced in 2023 for the two climate change objectives and the four other environmental objectives, only Taxonomy-eligibility has to be reported due to a transitional arrangement. This means that the Taxonomy-alignment of these activities will be assessed and reported for fiscal year 2024 (in 2025).



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Accounting policy

The definition as well as the subsequent determination of turnover, operating expenditure (OpEx) and capital expenditure (CapEx) under the EU Taxonomy are based on the International Financial Reporting Standards (IFRS).

Turnover is therefore determined in accordance with IFRS 15 "Revenue from Contracts with Customers." With regard to turnover, please refer to the corresponding item "Sales" in the consolidated income statement in the *Annual Report 2023* on page 212. For further information on the principles of revenue recognition, please refer to Note 24 (pages 320 and 321) of the Annual Report 2023.

According to the EU Taxonomy, the denominator of operating expenditure includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes research and development expenses recognized as an expense in the income statement during the reporting period in accordance with IAS 38 (see page 322 of our Annual Report 2023). Lease expenses were determined in accordance with IFRS 16 and include expenses for short-term leases and leases of low-value assets (see pages 253 and 254 of our Annual Report 2023). Maintenance and repair costs and costs for building renovation measures are calculated and allocated appropriately.

The share of operating expenditure (OpEx KPI) associated with economic activities that are categorized as Taxonomy-aligned is determined as follows: Proportion of total operating expenditure that is Taxonomy-aligned (numerator) divided by total operating expenditure as defined in Annex I of the Delegated Regulation on reporting obligations (denominator).

The share of capital expenditure (CapEx KPI) associated with economic activities that are categorized as Taxonomy-aligned is calculated as follows: Proportion of total capital expenditure that is Taxonomy-aligned (numerator)

divided by total capital expenditure in accordance with Annex I of the Delegated Regulation on reporting requirements (denominator).

The determination of the denominator of capital expenditure follows IAS 16 "Property, Plant and Equipment" (IAS 16.73(e)(i) and (iii)) as well as IAS 38 "Intangible Assets" (IAS 38.118(e)(i)) and IFRS 16 "Leases" (IFRS 16.53(h)).

The capital expenditure for 2023 is calculated based on the aggregate of the corresponding lines "Acquisitions," "Additions to existing business" and "Additions to right-of-use assets" for property, plant and equipment in the Annual Report 2023 on page 250 and "Acquisitions" and "Additions" under intangible assets on page 242 of the Annual Report 2023. Goodwill is not included in capital expenditure for the purposes of EU Taxonomy reporting. For more information on property, plant and equipment, intangible assets and leases, please refer to pages 240 to 254 of the Annual Report 2023.

Turnover

After a thorough examination involving all business units and functions, it was determined that Henkel's revenue-generating economic activities are not covered by the delegated acts on the climate change objectives and the other four environmental objectives and are therefore not considered eligible under the EU Taxonomy. Consequently, the share of sales from Taxonomy-eligible economic activities in total sales is 0 percent.

Operating expenditure

As in fiscal year 2022, the operating expenditures (OpEx) in accordance with section 1.1.3 of Annex I of the Delegated Regulation on reporting obligations (699 million euros) are insignificant for the business model in relation to Henkel's total operating expenditure in fiscal year 2023. The corresponding Taxonomy-eligible share is therefore 0 percent.

Capital expenditure

Total capital expenditure (CapEx) in accordance with section 1.1.2 of Annex I of the Delegated Regulation on reporting obligations amounts to 863 million euros in fiscal year 2023.



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To avoid double counting of Taxonomy-eligible and Taxonomy-aligned investments, either individual investment projects or individual investments and leasing contracts are clearly assigned to the most relevant economic activity for reporting in fiscal year 2023. If an economic activity also contributes to other environmental objectives, this allocation is recorded separately and reported in accordance with Annex V of the Disclosure Delegated Act Annex II a).

To maintain the balance between the costs of obtaining information and the benefits of publishing that information, only economic activities for which the total capital expenditure of the individual economic activities exceeds 2 million euros and capital expenditure of individual investments exceeds 25 thousand euros, are reported as Taxonomy-eligible. The sum of excluded activities is not material for the calculation of the CapEx KPI.

To increase comparability with other companies, changes were made to the categorization of capital expenditure for economic activities defined in the EU Taxonomy compared to the previous year. In last year's reporting, a distinction was made between vehicles purchased or leased from the respective manufacturer (CCM 3.3) and all other purchased or leased vehicles (CCM 6.5). In the reporting for fiscal year 2023, all vehicles were uniformly allocated to the economic activity CCM 6.5. Furthermore, all investment projects with new buildings were reported as economic activity CCM 7.7 instead of economic activity CCM 7.1, as the construction of new buildings carried out by Henkel is intended for own use and not for resale. This means that the same standardized measurement criteria can be applied for new construction projects and leases. Accordingly, similar circumstances are measured using the same methodology. This allows for better comparison, both over time and across companies. In line with this, an option for CCM 7.1 and CCM 7.7 was defined in the "Notice of the European Commission on the interpretation and implementation of certain provisions

of the delegated act on disclosure requirements under Article 8 of the EU Taxonomy Regulation (2023/305)," question 147. The information from the previous year was adjusted accordingly in the reporting templates.

Taxonomy-eligible capital expenditure

Taxonomy-eligible capital expenditure was assessed and classified for the reporting year. Assets or processes that relate to revenue-generating economic activities or that are part of a CapEx plan are not currently relevant in accordance with section 1.1.2. a) and b) of Annex I of the Delegated Regulation on reporting requirements, as Henkel's revenue-generating economic activities are not covered by the EU Taxonomy.

Therefore, only capital expenditure related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably individual building renovation measures in accordance with section 1.1.2. c) from Annex I of the Delegated Regulation on reporting requirements, are relevant.

Output is a product or service provided or performed by another company that generates revenue from the respective activity, such as the acquisition or lease of buildings or cars. In these cases, the alignment criteria (technical screening criteria for a substantial contribution as well as the DNSH criteria) and minimum safeguards must be checked by the supplier and corresponding evidence must be provided.

In the case of individual measures, Henkel is responsible for managing the project and thus also for checking Taxonomy-alignment. As described above (1.1.2. c), only individual measures that contribute to reducing greenhouse gas emissions have been classified as Taxonomy-eligible. As the economic activities of the new environmental objectives do not typically



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result in a reduction in greenhouse gas emissions, individual measures are not relevant for the new environmental objectives.

The eligibility of investment projects and leasing contracts was evaluated in an analysis process via our financial reporting systems and, if necessary, in interviews with the responsible employees.

In this analysis process, Henkel has identified activities that are related to the climate change mitigation objective and the circular economy objective. These include purchased and leased vehicles (CCM 6.5), the renovation of existing buildings (CCM 7.2, CE 3.2), the installation of energy efficiency equipment (CCM 7.3), the installation of equipment for measuring, regulating and controlling the energy performance of buildings (CCM 7.5), the installation, maintenance and repair of renewable energy technologies (CCM 7.6), the acquisition and ownership of buildings (CCM 7.7), and the purchase and leasing of electrical and electronic equipment (CE 1.2).

Based on the assessment of all relevant projects in the area of intangible assets and property, plant and equipment, including leases, corresponding additions in Taxonomy-eligible economic activities were identified.

In addition to projects and leases, two acquisitions were made by Henkel in 2023: Earthwise in New Zealand and Critica Infrastructure in the USA. Earthwise is a trademark with which no EU Taxonomy-eligible assets were acquired. In the case of Critica, buildings incl. leasing (CCM 7.7), cars (CCM 6.5) and IT equipment incl. leasing (CE 1.2) were acquired.

Henkel does not report any Taxonomy-eligible activities under the environmental objective "climate change adaptation" as the EU Commission's announcements require that such investments were made specifically for the reduction of physical climate risks.

In total, the Taxonomy-eligible capital expenditure (CapEx) as defined by the EU Taxonomy Regulation amounts to 215 million euros. This corresponds to 25 percent of total capital expenditure (CapEx).

Taxonomy-aligned capital expenditure

Demonstrating Taxonomy-alignment of these additions to intangible assets and property, plant and equipment continued to pose challenges for both Henkel and its suppliers. Suppliers were either unable to provide the required information at all or not in a timely manner. Furthermore, the criteria for the Taxonomy-alignment of the activities for most investment projects and leases were not met or could not be verified due to the tremendous documentation requirements and the highly ambitious requirements. In addition, comparable regulations for the EU Regulations or EU Directives regularly referenced in the technical screening criteria are not implemented in non-EU countries. This concerned both the criteria for the substantial contribution and the DNSH criteria, for example with regard to climate change adaptation, the transition to a circular economy or the pollution prevention and control. As Henkel is a globally active company, a large proportion of its investments are carried out in non-EU countries. Therefore, with the exception of activities CCM 7.5 and 7.6, no Taxonomy-aligned capital expenditure could be identified.



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For the activities CCM 7.5 and 7.6, the relevant criteria for the substantial contribution to the environmental objective of climate protection and the DNSH criteria were systematically analyzed. For both activities, carrying out the activity as such is sufficient to fulfil the substantial contribution. In the case of CCM 7.5, this relates to investment projects in the area of measuring energy consumption in office, warehouse and production buildings. CCM 7.6 mainly relates to investment projects for building-related photovoltaic systems, heat pumps and heat recovery systems. Henkel also reviewed the DNSH criteria. For activities CCM 7.5 and CCM 7.6, a robust climate risk and vulnerability assessment in accordance with Annex A of the Climate Delegated Act was carried out for all relevant sites. For many investment projects, this assessment has shown the economic activities not to be affected. However, risks were identified for some investment projects. In the case of identified risks for investment projects, the most important physical climate risks that are relevant for this activity could be significantly reduced through various adaptation measures. For example, heavy rainfall events can lead to flooding at the relevant sites. Some sites or buildings are built on plateaus or higher foundations that prevent such flooding. Further, risks stemming from forest and wildfires can be mitigated by Henkel's own fire brigades. Possible adverse effects of storms on photovoltaic systems can be sufficiently reduced by means of static calculations and calculations that also take wind loads into account. For a few investment projects, the adaptation solutions were not sufficient or could not be identified.

In accordance with Article 18 of the EU Taxonomy Regulation (EU) 2020/852, compliance with minimum safeguards is a further condition for economic activities to be considered environmentally sustainable. The minimum safeguards were assessed on the basis of Commission Notice 2023/C 211/01. Compliance with the specified criteria for the areas of human rights, corruption, taxation and fair competition was checked centrally in cooperation with the relevant departments. The review confirms that Henkel complies with the minimum safeguards in all areas.

The Taxonomy-aligned investments for CCM 7.5 amount to 3 million euros while the Taxonomy-aligned investments for CCM 7.6 amount to 4 million euros. Investments in both activities exclusively represent additions to property, plant and equipment while intangible assets are not affected.

The EU Taxonomy Key Performance Indicators are presented in the **→ Indicator** section. The reporting templates in accordance with Delegated Regulation (EU) 2022/1214 were not completed as Henkel does not engage in any of the economic activities listed in those reporting templates.



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Assessment and recognition from independent sustainability experts increases transparency and provides important feedback about how effectively we are implementing our sustainability strategy.

Sustainability ratings and indices in 2023

EcoVadis Rating	Henkel was again awarded the Platinum Medal this year by sustainability rating agency EcoVadis . This is the highest assessment category in the rating, placing Henkel in the top 1 percent of the companies assessed.
ISS ESG Rating	Henkel retained its Prime Status from ISS ESG . With the rating B+, Henkel was the best performer in the consumer goods sector.
Sustainalytics Rating	The sustainability rating published by Sustainalytics recognizes Henkel as a global leader in its "Household & Personal Products" sector comparison and once again places Henkel in the "Low Risk" category.
MSCI Rating	In 2023, Henkel was assigned an MSCI ESG rating of "AAA."
ECPI Index	Henkel is listed in some ECPI-Indices like the "ECPI Global Ethical Equity" and "ECPI Euro Ethical Equity." According to the screening procedure adopted by ECPI, the 150 market-capitalized companies included in the ECPI Indices constitute the most highly recommended investments in the European market (Euro) and the European Monetary Union (EMU), respectively.
Solactive Corporate Social Responsibility Indices	Henkel is included in the "Solactive Europe Corporate Social Responsibility Index" and the "Solactive Global Corporate Social Responsibility Index." Solactive is a globally operating German index provider.
Euronext V.E. Indices	Henkel was again listed in the Euronext Vigeo World 120, Europe 120 and Eurozone 120 sustainability indices. They are issued by the international stock exchange Euronext and the rating agency Vigeo Eiris (V.E.) , and include the 120 highest ranking companies.

FTSE4Good Ethical Index	Henkel is once again included in the FTSE4Good ethical index, which was introduced by the Financial Times and the London Stock Exchange in 2001.
Global Challenges Index	Henkel was again one of only 50 companies worldwide to be listed in the Global Challenges Index, which is provided by the Börse Hannover and ISS ESG.
MSCI ACWI ESG Leaders Index	Henkel is again represented this year in the sustainability indices MSCI ACWI ESG Leaders and MSCI ACWI SRI, which comprise companies with strong opportunity and risk management in relation to environmental, social and corporate governance issues.

Other assessments and rankings

Carbon Disclosure Project	Henkel has been participating in the Carbon Disclosure Project (CDP) since 2004 to foster transparency in our markets and for our investors. In 2023, the company achieved an "A–" rating in climate change and a "B" in water. For its commitment to forests, Henkel received an "A–" rating for palm oil and a "B" for wood/paper.
Global 100 Most Sustainable Corporations in the World	Henkel was listed in the "2023 Global 100 Most Sustainable Corporations in the World" (Global 100 Index) of Corporate Knights, a media and investment advisory company. Companies named in the Global 100 index are the top overall sustainability performers in their respective industrial sectors. Henkel was ranked fourth in the "Personal Products" sector.



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Awards and customer recognition

External assessments of our sustainability performance also include awards from our customers, as well as awards from local and national environmental, business or governmental organizations. A selection for the year 2023 is presented below.

Henkel recognized as one of the "World's Best Employers" in 2023

Forbes has named Henkel as one of the 150 best employers in the world for 2023.

The *"World's Best Employers"* were chosen based on a survey of more than 170,000 employees of multinational companies from over 50 countries. The employers were assessed based on what they offer employees in areas such as talent development, parental leave and work-life balance. Henkel came in the top five for the "Packaged Goods" industry.

German Packaging Award 2023 awarded to Adhesive Technologies

Sustainability can be improved in the packaging industry by working in close partnership with others in the value chain. The German Packaging Institute rewards this approach with its *packaging award* in the sustainability category.

The institute chose the deinkable, recyclable pouch developed jointly by Siegwerk, ExxonMobil, Henkel, Kraus Folie and Windmöller & Hölscher for its award. The companies' aim was to develop a system that would transform the packaging back into a colorless, high-quality recycled material at the end of its life cycle.

Persil: A trusted detergent brand

Persil has a long history of innovations that make everyday life easier and deliver shining bright laundry. By using recycled material in its new packaging, Persil is also supporting the circular economy. As in past years, these strong qualities have once again been confirmed by consumers. In the 2023 *Trusted Brands study* conducted by Reader's Digest magazine, Persil was named one of the most trusted brands in Germany for the 23rd time in a row and once again took first place in the laundry detergent category.

Henkel Packaging Adhesive wins the IFCA STAR AWARD 2023

This *award* was presented by the Indian Flexible Packaging & Folding Carton Manufacturers Association (IFCA) in Mumbai, India, for AQUENCE ST 9070 LM, a high-performance adhesive used for paper drinking straws. It offers fast-drying capabilities and excellent bonding, ensuring smooth production and high quality standards. This product is the sustainable choice for all paper straw production requirements.



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Sustainable development requires a commitment to action, as well as cooperation with effective partners. The interlinking of different perspectives is an especially good basis for embracing the complex and globally interlinked context of sustainability.

This is how specialized knowledge and resources can be effectively combined to drive transformational change. We understand collaboration to mean adopting responsible business practices and acting sustainably in partnership along the entire value chain.

Accordingly, we use a responsible sourcing approach to take a comprehensive view of sustainability aspects along our supply chains, including cooperation with our suppliers. Cooperation with our customers is equally important. With our solutions, we aim to create the greatest possible value for our industry customers and business partners, and to drive sustainability in the focus areas of climate, the circular economy and safety. We also believe it is important to work closely with our retail partners to promote sustainable and resource-efficient consumption.

Furthermore, we are committed to engaging in active dialog with our stakeholders. We are involved in initiatives worldwide together with industry representatives and civil society players, and participate in political and social discussions. This networking helps us to make a more holistic assessment of impacts on the economy, the environment and society, and to develop systemic solutions together.

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Around 140 

Henkel employees attended the global sustainability conference

 **Around 17,900**

TfS assessments and audits

Around 97 %

of our purchasing volume¹ covered by Responsible Sourcing Process

Sourcing

Responsible sourcing underpins holistic growth

Our responsible sourcing approach focuses on sustainability aspects along our supply chains for the benefit of people and our planet with the aim of driving transformational change together with our partners. Intensive dialog and close cooperation with our suppliers are essential for achieving sustainable business, processes and production practices. Over a decade ago, we established a framework for sustainable procurement in the supply chains of the chemical industry based on cooperation, trust and responsibility.

¹ In the areas of packaging, raw materials, and contract manufacturing.



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100 percent responsible sourcing strategy

100 percent responsible sourcing together with our partners represents our ongoing ambition. The key element here is our **responsible sourcing strategy**, which places a clear focus on a shared fundamental approach. To establish sustainable procurement practices, all decision-makers in the global supply chains must consider the importance of sustainability in their actions. This requires a fundamental recognition of this responsibility, as well as adopting the right attitude and building skills and knowledge.

Our strategy is based on our comprehensive **risk management** and **compliance** approach. The aim here is to gather and provide transparent key figures on the sustainability performance and risks of our suppliers as a basis for fact-based decision-making in sourcing processes and the awarding of contracts. The transparency gained in this area also benefits dialog and cooperation with our suppliers. With respect to **climate action**, we are contributing to a low-carbon economy within our Purchasing department by driving the reduction of greenhouse gas emissions from fossil sources in our supply chains and implementing appropriate sourcing solutions. We are supporting the **transition to a circular economy** in sourcing raw materials and packaging from sustainable sources and adopting a circular approach. Our Purchasing department makes an important contribution to social progress by demanding and promoting sustainable business practices and **respect for human rights** along the entire value chain. In the areas of strategic sustainability in sourcing mentioned above, a large number of indicators are collected and made available to measure the value contribution as a basis for strategic sourcing decisions.

Henkel currently has business partners from 120 countries, and places the same exacting demands on all business partners worldwide. We expect their business conduct to be consistent with our sustainability requirements. In selecting and working with our business partners, we also consider their performance with regard to safety, health, environment, social standards and fair business practices. This is based on our corporate **Safety, Health and Environment Standards**. Our corporate purchasing standards continue to apply. The Chief Procurement Officer (CPO) is responsible for all procurement activities and for ensuring responsible supply chain management. He reports directly to the Chief Financial Officer (CFO).

Compliance with the cross-sector Code of Conduct of the **German Association of Materials Management, Purchasing, and Logistics (BME)** is mandatory for all of Henkel's suppliers worldwide. The BME Code of Conduct is based on the ten principles of the **UN Global Compact**. This Code of Conduct makes international application possible and, in addition to the **Responsible Sourcing Policy**, also serves as the basis for contractual relationships with our strategic suppliers. The Responsible Sourcing Policy that is integrated into the purchasing-supplier cycle was revised in 2023 to add specific aspects of supply chain due diligence.

Cooperation with strategic suppliers and partners

Our current cooperation with our suppliers centers on the definition and implementation of a common plan for Henkel's sustainability targets for 2025 and beyond. We use different platforms and forums to develop pioneering innovations in the field of sustainable products and technologies together with our suppliers.



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We use target agreements as a tool to steer sustainable sourcing solutions with our strategic suppliers. As part of our risk management approach, we are working to continuously improve the transparency of our upstream supply chains with regard to sustainability risks. We therefore also require selected suppliers in the raw materials and packaging sectors to be transparent about the emissions levels of the product portfolio supplied to Henkel. The suppliers selected for participation in this Climate Commitment Program collectively account for more than 50 percent of our Scope 3.1 footprint. In 2023, we were able to validate more than 2,500 product carbon footprint data points on raw materials collected from suppliers and make this information available internally as a primary data source. We expect suppliers to make a contribution to reducing CO₂ emissions along their supply chains in line with our science-based target for Scope 3 greenhouse gas emissions in order to support targeted climate action.

Henkel also has a longstanding practice of rewarding outstanding performance by suppliers. In 2023, the **Adhesive Technologies** business unit presented the sustainability award to Kraton in recognition of the supplier's commitment to supporting Henkel with the transformation of its product portfolio to improve sustainability performance in packaging and consumer goods. As a market leader in certified mass balance alternatives, Kraton has also enabled access to nature-based raw materials. The **Consumer Brands** business unit presented the Sustainability Award for 2023 to Evonik in recognition of its achievements in developing a plant-based esterquat for use in Henkel's fabric finishing products.

As another milestone on the path to greater sustainability in the value chain, in 2022 Henkel joined forces with Deutsche Bank to link the sustainability performance of suppliers with an existing **supplier financing program** in Europe. Based on their EcoVadis rating, European suppliers that are already participating in supply chain financing with Deutsche Bank

can benefit from better financing terms. Financing rates are gradually lowered as the ESG rating of suppliers continues to improve. This means that all five regional supplier finance programs are now linked to sustainability criteria. Other countries will be gradually integrated into these programs as necessary to further increase the coverage of the Henkel supply chain.

In addition, we encourage sustainable innovation by engaging in dialog with suppliers and setting individual targets. This is how we ensure that focus topics such as biodegradability are systematically integrated into Henkel's holistic approach to sustainability. We established a successful cooperation in the area of raw materials, for example, with our enzyme supplier Novozymes. Enzymes are important high-performance ingredients used in our detergents and cleaning agents. Within the framework of a long-term initiative with Novozymes, we have developed new variants for the main solid and liquid enzymes over the past few years, while increasing their concentration by up to 40 percent. Beyond this, we are reducing the number of container and drum deliveries, which saves on transport costs while reducing the storage space required for enzymes in Henkel production facilities. This was implemented in Europe and North America in 2023.

Six-step process as an integral component of our procurement activities

Our six-step Responsible Sourcing Process is a central element of our strategic risk management and compliance approach, which focuses on risk identification and defining appropriate measures to minimize risk. Based on the assessment of our suppliers' sustainability performance, we use the resulting transparency to support our buyers in working with suppliers to make lasting improvements in the value chain. These continuous improvement processes are based primarily on knowledge transfer and competence building with respect to process optimization, resource efficiency, and environmental and social standards.



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The Responsible Sourcing Process is an integral component of our sourcing activities. This process is initiated before the start of any new cooperation. It culminates in a recurring cycle of review, analysis and continuous improvement with existing suppliers. We have further developed and expanded this as part of our cross-functional and cross-business unit task force on → **human rights due diligence**. Using this six-step process, we cover about 97 percent of our purchasing volume in the areas of packaging, raw materials and contract manufacturing.

Step 1: Pre-check and risk assessment

This approach to assessing sustainability risks in the supply chain is part of the Group-wide risk management system. We assess risk potential at the regional and country level, as well as at the level of the value chain. In doing so, we concentrate on countries identified by international institutions as being associated with heightened levels of sustainability risks. The assessment includes criteria related to human rights, environment and corruption.

Step 2: Onboarding

The results of the risk assessment are then incorporated into our onboarding process for suppliers. We expect them to acknowledge our supplier code of conduct as well as our Responsible Sourcing Policy. Our onboarding process is anchored in a globally uniform registration system and provides a standardized summary of our sustainability requirements.

Step 3: Initial assessment or audit

At the start of a new business relationship, suppliers are asked to either disclose existing sustainability performance results, or to complete a questionnaire that provides transparency about their sustainability performance. We do this for the significant share of our external purchasing volume using an assessment methodology developed by *o EcoVadis*.

These questionnaires cover expectations in the areas of safety, health, environment, quality, human rights, employee standards and anti-corruption. In 2021, we introduced the use of *o IntegrityNext* for suppliers with a lower purchasing volume. This software-as-a-service solution is based on a compact self-assessment questionnaire on sustainability performance and risks. Since the start of the collaboration, we have received around 2,400 self-assessments from our suppliers worldwide.

Selected suppliers undergo an audit in addition to the assessment. Our supplier base also includes contract manufacturers from which we sourced around nine percent of our production tonnage in 2023. Our requirements regarding quality, environmental, safety and social standards are an integral part of all contractual relationships and order placements, and are reviewed as necessary. In this process, Henkel works with specialized independent auditors to monitor supplier compliance with the defined standards. Our audits consist of on-site inspections (e.g. at production sites) and include both factory inspections and discussions with employees at all levels of the hierarchy.

Step 4: Analysis of the performance assessment

External sustainability experts, as well as the supplier owners in our Purchasing team, analyze the results of the audits or the results of the EcoVadis assessment to identify sustainability deficits and improvement areas. At the same time, the suppliers are assigned to different sustainability risk classes. A standardized process ensures that suppliers implement the corrective actions that have been specified. Repeated serious non-compliance is handled via a defined escalation process and leads to termination of the supplier relationship.

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Step 5: Corrective actions and continuous improvement process

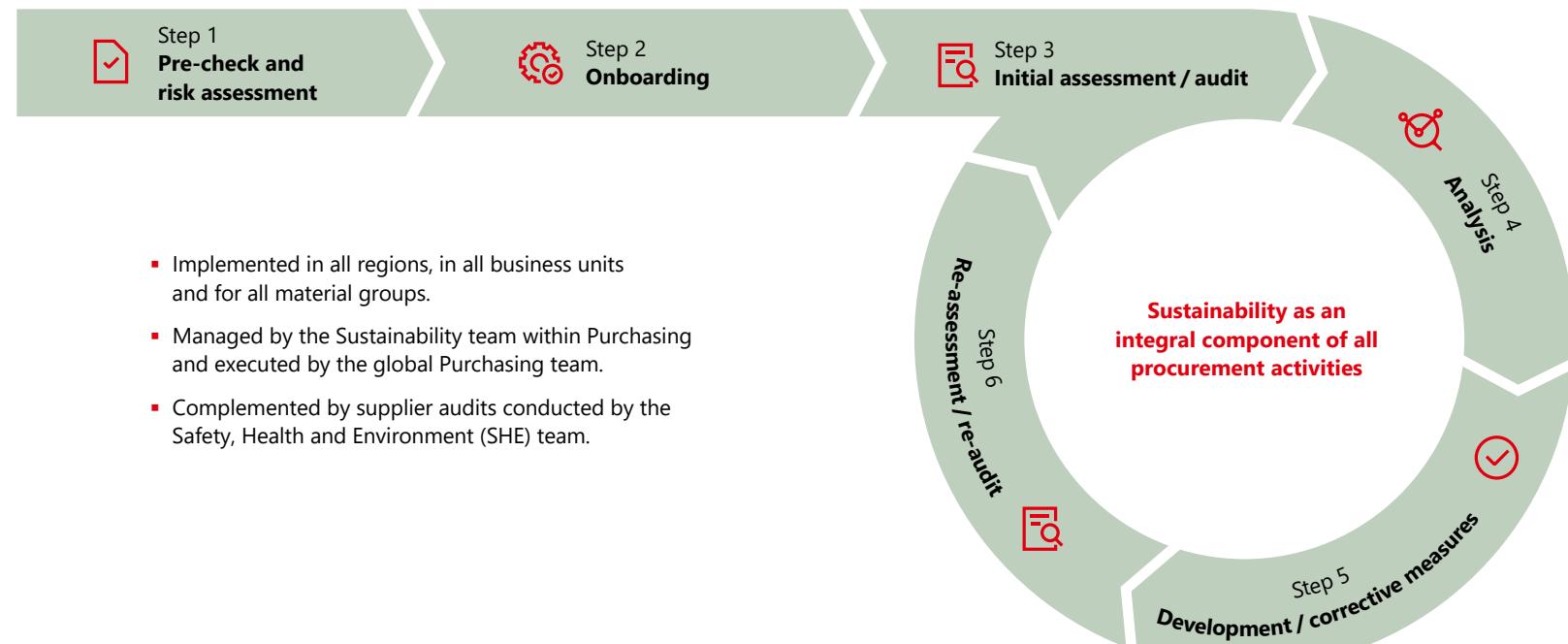
Independently of the results of an audit or assessment, we ask our assessed suppliers to draw up a Corrective Action Plan and to work on the defined areas of potential improvement. We monitor the progress made in the implementation together with our suppliers in the course of the period until the re-assessment or re-audit takes place.

Step 6: Re-assessment/re-audit

We use recurring re-assessments or re-audits to monitor the performance progress of our suppliers and ensure a continuous improvement cycle consisting of evaluation, analysis and corrective measures. Data on the measured sustainability performance of our suppliers is made available in real time via digital platforms.

Responsible Sourcing Process

Six-step supplier management process



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Development or termination of the supplier relationship

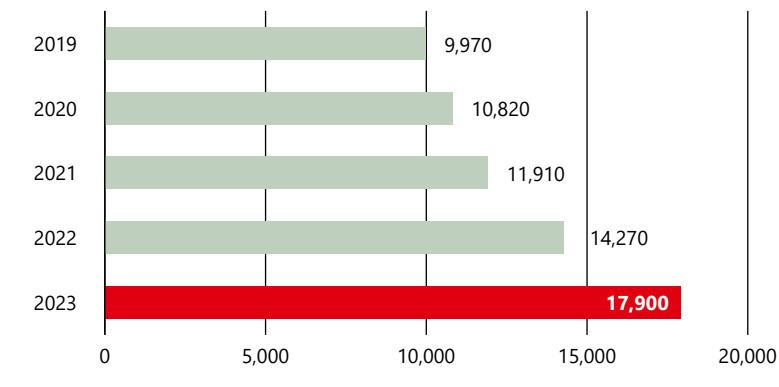
We work intensively with our suppliers to improve their sustainability performance. The focus is on initiating positive change throughout the value chain, for instance, through training programs and joint projects. During 2023, we did not receive any notifications of an infringement by any of our strategic business partners that would have given cause for terminating our relationship with that supplier.

Together for a sustainable supply chain

A strong partner in the “Together for Sustainability” (TfS) initiative

In 2011, Henkel and five other companies in the chemical industry introduced the initiative **Together for Sustainability – Chemical Supply Chains for a Better World (TfS)**. It is based on the principles of the **UN Global Compact** and the Responsible Care Initiative of the **International Council of Chemical Associations (ICCA)**. It aims to harmonize increasingly complex supply chain management processes with regard to sustainability and to optimize dialog among worldwide business partners, as well as to use resources more efficiently. The TfS initiative has grown

Active TfS assessments and audits*



since it was first established and today consists of 50 members, representing total expenditures of more than 500 billion euros.

In 2023, TfS had a pool of around 17,900 active TfS assessments and audits. In the same year, around 2,830 Henkel suppliers underwent a TfS assessment or audit. As a large number of TfS members are also direct suppliers of Henkel, and these suppliers also assess and audit their suppliers, we achieve a more in-depth approach (tier n) to sustainability practices along the value chain.

One significant milestone in the history of the TfS initiative was the release of the **Scope 3 Product Carbon Footprint (PCF) Guideline** for the Chemical Industry in 2022. TfS members have worked with global NGOs, corporate sustainability experts, chemical industry experts, and organizations such as the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD) to ensure compatibility of the TfS PCF Guidelines with global best practices for emissions accounting. Henkel was represented by experts in the PCF working groups. The new guideline consolidates existing PCF calculation approaches with regard to the specifics of the chemical industry, and enables business and industrial customers as well as consumers to establish direct comparability and an assessment of the climate impact of products in the future. In 2023, TfS piloted the IT platform SiGreen, which allows companies and suppliers to share upstream PCFs.

Another core element of the TfS initiative is the **TfS Academy** – a tailored learning and skill-building platform that is designed to provide member companies and their suppliers with continuing education on key sustainability topics in the supply chain. The TfS Academy offers more than 390 courses in 11 languages. The courses cover topics including health and safety, the environment, sustainable procurement, labor and human rights, management and governance, as well as information about TfS itself. The learning content is all linked to corrective actions resulting from TfS audits and assessments. This provides suppliers who have been evaluated with a range of concrete learning opportunities that are directly related to the



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results of the audit, and which support them in their continuous improvement efforts. By the end of 2023, more than 230 learners at Henkel were enrolled in 470 courses at the TfS Academy.

Training and development of suppliers and buyers

During 2023, Henkel continued to focus on building competence and expanding the knowledge of its buyers and suppliers. Henkel experts trained purchasing experts and suppliers in focus areas like palm (kernel) oil, greenhouse gas emissions, contract manufacturing and trade products. Experts at TfS, together with representatives from the strategic supplier evaluation partner EcoVadis, were also trained in the implementation of the assessment process. In total, more than 3,270 participants were trained in various webinars in four languages in 2023. At the annual China Petroleum and Chemical Industry Federation (CPCIF) event in 2023, the regional TfS team provided refresher training to suppliers on program content such as audits and assessments, as well as the newly introduced TfS PCF Guideline.

As in previous years, internal Henkel stakeholders and new employees in the Purchasing department were also trained on the contents of our responsible sourcing strategy, with a special focus on the requirements of the Supply Chain Due Diligence Act. More than 400 employees in the Purchasing department underwent extensive human rights due diligence training in 2023, focusing on → **human rights due diligence** in supply chains.

More diversity in the supply chain: Supplier Diversity Program

To drive progress in the areas of diversity, equity and inclusion, our Procurement function is helping to strengthen diversity among our suppliers. As part of this effort, we launched our Supplier Diversity Program in North America to provide certified suppliers interested in doing business with Henkel with more opportunities for collaboration. The program targets women-owned businesses and businesses run by members of minority groups such as the disabled or veterans, among others. A registration form developed by our Supplier Diversity team on our North American [website](#) provides a way to connect potential diversity suppliers directly with our purchasing organization. In addition to a number of corporate memberships, including the National Minority Supplier Development Council (NMSDC) and Women-owned or Minority-owned Business Enterprise (WMBE), the Supplier Diversity team is involved in numerous supplier diversity matchmaker events. In this way, we aim to link high-quality procurement solutions with an inclusive and dynamic supplier base. We intend to take advantage of the experience gained from this program in the important North American market to expand our global activities.

Close collaboration with partners

In addition to our work in the TfS initiative, Henkel is a member of [AIM-PROGRESS](#), a forum of companies from the consumer goods industry. The objective here is also to encourage member companies to share experiences in the area of sustainable sourcing and to utilize synergies. The forum also focuses on holding regional supplier events to improve sustainability performance within the value chain. We are also a founding member of the → **Action for Sustainable Derivatives (ASD) initiative**. It brings together organizations from along the palm oil derivative supply chain to support efforts to increase transparency and promote compliance with NDPE (No Deforestation, No Peat, No Exploitation) principles to positively transform the palm oil industry.



Cooperation along the value chain and beyond

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We are convinced that we can only drive sustainable change by forging strong partnerships along our entire value chain: from the purchase of raw materials and packaging materials all the way through to our company, including production, logistics and the use of our products by consumers, as well as reuse in material cycles.

Engagement in the company

When it comes to implementing sustainability, it is our employees who make the difference – through their dedication, skills, knowledge and collaboration. To further support this we introduced → **Sustainability at Heart**, a holistic engagement program that builds on the previous Sustainability Ambassador program from 2012. Alongside offering a range of sustainability training courses, the new program gives employees the opportunity to share their experiences with colleagues and discuss projects they are working on.

With the aim of continuously driving awareness and a shared understanding of sustainability within the company, various sustainability experts from Henkel gathered in Düsseldorf in May 2023 to attend a global sustainability conference. The two-day internal event provided the opportunity for discussion, inspiration and best-practice sharing, including workshops where participants explored challenges and solutions for the main sustainability issues. Consumer Brands also held its first sustainability town hall in June 2023. The business unit presented its strategy and progress in the area of sustainability using examples and case studies. The participants were also issued a clear challenge to maintain their commitment to sustainable practices.

With business partners from industry and retail

We are working with our business partners from industry and retail to develop sustainable solutions and create strong platforms for discussions about current and future challenges.

The **Henkel Inspiration Center Düsseldorf**, which opened in 2022, is intended to further expand our innovative and technological strength in the field of adhesive technologies. Interactive tours at the center give visitors the opportunity to experience the central role that sustainability plays in the product development and innovation of our adhesives, sealants and functional coatings. We have also incorporated a modern customer center into the building, where our customers and partners from all over the world can experience the full range of our technologies and solutions close up. They also collaborate on the development of pioneering solutions and applications with our more than 650 experts from research and development in over 30 laboratories. For example, we are helping to advance the joint development of next-generation battery solutions for electric vehicles with our integrated **Battery Engineering Center** which opened in 2023.

Henkel also opened the **Adhesive Technologies Technology Center** in Bridgewater, New Jersey, USA, in May 2023 as a central point of contact for our strategic partners and customers. Our company's entire technology portfolio is presented here, including adhesive solutions for sustainable packaging for consumer goods and innovations for sustainable palletization. Our new **Application Center for Sports & Fashion** in Vellore, India, also aims to drive innovation in the sports industry. The center is a flagship project for Henkel's latest sustainable adhesive solutions for the sports industry, particularly for the automation of shoe production.



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Sustainability was also addressed on a local and regional level during the reporting year in dialog with customers and stakeholders along the value chain. This included the first Latin American Sustainability Days in São Paulo, Brazil, in April 2023. This event was organized by our Adhesive Technologies business unit and aimed to further strengthen our collaboration with key customers on sustainability-related issues. It provided a chance for cross-industry dialog on the importance of sustainability in Latin America and the regional opportunities available in this area. Representatives from along the value chain were able to attend inspiring talks and participate in discussions on the future of sustainable transport, the path to net-zero greenhouse gas emissions and the promotion of sustainable product design.

Our priority remains working together with our retail partners to ensure a sustainable future by sharing our expertise and experience, and by offering sustainability training. As part of our Green Academy & Salon Project initiative, we are providing sustainability training to hairstylists and salon owners to promote the sustainable transformation of the hairdressing industry. In 2023, we also organized external Educational Sustainability Retailer Broadcasts for our retail partners once again. These events focused on relevant sustainability topics. Over the past year, these broadcasts have promoted dialog on the topics of energy efficiency in production, the EU Packaging and Packaging Waste Directive, and green claims. Experts from the respective areas joined the live broadcast, as well as a Q&A session with retail partners.

With our partner organizations

To jointly boost synergies and sustainability, we work, for example, with the international development organization → **Solidaridad** and the social enterprise → **Plastic Bank**. The partnership with Solidaridad, which has been maintained for many years, helps us to engage in the palm oil supply chain on the ground. In this way, we aim to play an active role in shaping sustainable development. In collaboration with our partner, we are striving to initiate progress in building a sustainable palm oil economy, improve the livelihoods of smallholders and promote sustainable farming practices. In collaboration with Plastic Bank, we are addressing the global challenge of a circular economy. The idea behind Plastic Bank is to reduce plastic waste in nature as well as providing new opportunities for people living in poverty. In 2023, we continued to support Plastic Bank's commitment to expanding the local recycling infrastructure in Egypt, with 24 collection centers established so far.

In networks beyond the value chain

We see cooperation between industry and science as a sustainable approach to incorporating stakeholder perspectives, aligning our actions with their expectations and jointly promoting sustainable change. Our aim is to create value through these partnerships by building a pioneering network that combines the academic expertise of our partners with our extensive industry experience. This will help us work together to break new ground and drive thought leadership.

One example is our partnership with the → **Circular Valley Initiative**, which we entered into during 2023. The aim of the Circular Valley Accelerator program is to develop the Rhine-Ruhr region into an attractive location for young companies and researchers interested in the circular economy. The initiative serves as a platform for discussing new technologies and innovative approaches, sharing knowledge and best practices, and providing fresh momentum that will drive forward the transition to a circular economy.



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Since September 2023, we have also been working with [MedTech Europe](#), the European trade association for the medical technology industry. The aim of this cooperation is to drive innovation and advance sustainable developments in medical technology. In addition, we recently became a member of the [International Aerospace Environmental Group \(IAEG\)](#). This non-profit organization is a cooperation platform for its 50 member companies, who are working together to develop uniform standards and innovative solutions for challenges related to environmental and chemical legislation, as well as sustainability more broadly. The aim is to promote a responsible and sustainable aerospace industry.

Henkel is also an active member of the [CLIB \(Cluster Industrial Biotechnology\)](#), an industry association in which a number of large companies have joined forces with universities and other service providers to work on practical research and development projects to replace fossil carbon in raw materials. Another high-profile Henkel activity involves scientific projects from both business units in the [“Bio4MatPro”](#) research project, which is coordinated by RWTH Aachen University as part of the structural transformation of the Rhenish mining district. These projects develop innovative polymers and bio-based ingredients for adhesives and detergents.

We also work with external innovators to drive cutting-edge technologies. These partnerships effectively merge the capabilities of other companies with our expertise to create sustainable value for our customers. Our investments support the growth of startups, for example, while also promoting the development of new business areas at Henkel. In addition, we strengthen our portfolio with the acquisition of sustainable brands. In 2023, for instance, Henkel acquired the laundry detergent and household cleaner brand [Earthwise](#) in New Zealand.



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The indicators we record throughout the company provide transparency while helping us to identify potential improvements, manage activities and monitor achievements. We show the progress of each of our indicators over a five-year period. In this Sustainability Report, we focus on the publication of our globally relevant core indicators. The figures in the tables within this chapter have been rounded up or down. As a result, the rounded figures in some of the rows in the tables may not add up to the totals as indicated.

Environmental indicators for our production processes

The production-related data for 2023 were determined at all 161 Henkel sites in 55 countries. This means the data represent 100 percent of our production volume. The data were validated centrally for year-end reporting and verified at the sites within the framework of our internal audit program. Any differences discovered or reported at a later date are corrected retroactively in our reporting system. Since our production structures are constantly changing – due to the start-up of new sites or closure of existing sites, for example – the number of sites contributing data changes accordingly. To ensure the comparability of the annual data, we also show their progress as an index relative to the volume of production.

Employee indicators

Occupational accidents are registered using a globally uniform reporting system. 99 percent of Henkel employees were covered in 2023. In line with this, the published employee indicators also cover 99 percent of our employees.

Adjustment of reported indicators

Acquisitions and divestments: Initial and historical data are only adjusted in exceptional cases in which disruptive acquisitions or divestments do not permit a meaningful comparison of timelines.

Updates in methodology: Initial and historical data are corrected where possible. The resulting changes are highlighted and commented on.

Updates in data: Where target-relevant or necessary for clarity, changes are highlighted and explained. Updates of individual or cumulative values are made when greater than 1 percent of the value of the superordinate indicator (for example, total energy consumption), including the subordinate indicators (for example, bought-in energy consumption).

Effects of the discontinuation of business activities in Russia on our key figures

In April 2023, Henkel announced the conclusion of an agreement on the sale of its business activities in Russia and subsequently completed the transaction. The impact of the sale on our global key figures for the full year 2023 was reviewed by our specialist units and assessed as not material. Therefore, the key figures for 2023 are reported for all key figures excluding Russia. For our product and production-relevant key figures, the key figures for previous years are also reported without the Russian business for the sake of comparability. If, in exceptional cases, this is not the case, this is indicated in a footnote. The key figures for our employees in previous years are shown including Russia.



Financial indicators

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	2022	2023
Sales in million euros	22,397	21,514
Adjusted ¹ operating profit (EBIT) in million euros	2,319	2,556
Adjusted ¹ return on sales (EBIT) in percent	10.4	11.9
Adjusted ¹ earnings per preferred share (EPS) in euros	3.90	4.35
Dividend per ordinary share in euros	1.83	1.83²
Dividend per preferred share in euros	1.85	1.85²

¹ Adjusted for one-time charges/gains and restructuring expenses.

² Proposal to shareholders for the Annual General Meeting on April 22, 2024.

Sales performance by region

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales 2023³	8,270	2,071	6,073	1,681	3,260	159	21,514
Sales 2022 ³	8,970	2,193	5,984	1,548	3,474	228	22,397
Change versus previous year	− 7.8 %	− 5.6 %	1.5 %	8.6 %	− 6.2 %	−	− 3.9 %
Organic	2.2 %	24.7 %	2.4 %	11.7 %	− 1.5 %	−	4.2 %
Proportion of Group sales 2023	38 %	10 %	28 %	8 %	15 %	1 %	100 %
Proportion of Group sales 2022	40 %	10 %	27 %	7 %	16 %	1 %	100 %

³ By location of company.



Environmental indicators

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Our operational CO₂ footprint

The following table presents the CO₂ emissions associated with our business activities along the value chain. Henkel's own CO₂ emissions (Scope 1 and Scope 2 from a net viewpoint)¹ are primarily caused by energy generation and consumption. Other sources of CO₂ emissions

are not relevant to our business operations. The same applies to emissions of other greenhouse gases. We present the principal Scope 3 emissions along the entire value chain.

In thousands of metric tons of CO₂ / CO₂ equivalent

	1. Raw materials	2. Operations⁴	3. Logistics	4. Use	5. Disposal / recycling
Direct CO₂ emissions (Scope 1)		Production: 221 Vehicle fleet⁵: 29 Emissions from biofuels: 33			
Indirect CO₂ emissions (Scope 2)		Bought-in energy (electricity, steam): 45			
Indirect emissions in CO₂ equivalents (Scope 3)¹	Chemicals²: 6,400 Packaging: 1,345 Raw materials transportation: 234	Employee commuting: 60 Production waste⁶: 13 Business travel⁵: 44 Fuel and energy related activities: 129	Transportation of our products³: 575	Use of our products: 22,215	Disposal of our products: 1,503
	7,979 (24.3 %)	574 (1.7 %)	575 (1.8 %)	22,215 (67.6 %)	32,518 (99.0 %)
Total: around 32,846 thousand metric tons of CO₂ / CO₂ equivalent					

¹ For explanations about Scope 1 and 2 from a net viewpoint, see GRI 305 in the → [GRI-Index](#). For Scope 3, see also GRI 305 and the information provided in the → [Scope 3 methodology document](#). As part of our continuous improvement process, and in order to create more transparency, we are working on reviewing and further developing the Scope 3 inventory and the allocation between the areas of the GHG Protocol.

² For explanations about scope and changed calculation method, see GRI 305-3 in the → [GRI-Index](#). The values for 2023 are lower than for 2022 and take changes in the portfolio into account, among other things. In addition, the values for 2023 take into account increased use of the data made available by suppliers from 2020 to 2023 (instead of the generic emission factors that were previously used).

³ The logistics footprint was calculated by using the well-to-wheel (WTW) method.

⁴ Includes the new breakdown into the categories "Production," "Vehicle fleets" and "Emissions from biofuels" under Scope 1 and the new categories "Employee commuting" and "Fuel- and energy-related activities" under Scope 3.

⁵ The emissions reported under "Vehicle fleets" (based on assumptions) were reported under "Business travel" in previous years. In 2022, emissions from business travel excluding "Vehicle fleets" amounted to 22 thousand tons of CO₂-eq.

⁶ Methodological changes in the emission factors for recycling led to adjusted values.



Product and production-related indicators

	Unit	2019	2020	2021	2022	2023
FOREWORD						
HIGHLIGHTS 2023	Production volumes	1,000 t	8,494	8,454	8,324	7,722
The changes shown include the pro rata annual production of our acquisitions.						
COMPANY PROFILE						
STRATEGY	ENERGY CONSUMPTION*					
REGENERATIVE PLANET	Direct energy consumption					
THRIVING COMMUNITIES	Coal	1,000 MWh	84	82	77	55
TRUSTED PARTNER	Fuel oil	1,000 MWh	107	103	109	103
INDICATORS	Gas	1,000 MWh	1,352	1,314	1,301	1,071
INDICES	Other combustibles	1,000 MWh	7	4	4	2
SCOPE AND REFERENCE FRAMEWORK	Biofuels	1,000 MWh	0	0	41	148
CREDITS	Generated renewable energy ¹	1,000 MWh	2	4	7	10
Indirect energy consumption						
	Bought-in electricity	1,000 MWh	726	709	694	682
	Share of bought-in renewable electricity	%	12	51	66	73
	Bought-in steam/heat	1,000 MWh	40	41	49	51
	Total energy consumption	1,000 MWh	2,318	2,257	2,283	2,122
	Share of renewable energy consumption	%	4	16	22	31
	¹ "Generated renewable energy" is understood as electricity and thermal energy generated on-site using fuel-free sources such as wind and solar power.					
SCOPE 1 AND 2 CARBON DIOXIDE EMISSIONS*						
	Own emissions ² (Scope 1)	1,000 t CO ₂	332	321	319	263
	Emissions from bought-in energy ³ (Scope 2)	1,000 t CO ₂	291	174	129	99
	Total	1,000 t CO ₂	623	496	448	361
	Emissions from biofuels ²	1,000 t CO ₂	0	0	8	29
	Vehicle fleets ⁴	1,000 t CO ₂	–	–	–	–
	Grand total	1,000 t CO ₂	623	496	456	390

² The net volume of emissions is shown. Emissions from the generation of energy for sale to third parties are not included in these figures. Energy generation accounts for almost all of the carbon dioxide released as a result of Henkel's activities.

³ Emissions are calculated using the market-based method in accordance with the Greenhouse Gas (GHG) Protocol.

⁴ The emissions reported under "Vehicle fleets" were reported in the "Business travel" category (Scope 3) in previous years.



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	Unit	2019	2020	2021	2022	2023
SBTI INDICATOR¹: SCOPE 1 AND 2 CARBON DIOXIDE EMISSIONS² PER TON OF PRODUCT*						
Emissions	1,000 t CO ₂	623	496	448	361	266
Emissions per ton of product	t CO ₂ /t of product	0.073	0.059	0.054	0.047	0.039
Emissions per ton of product (vs. 2017)	%	-9	-27	-33	-42	-51
<small>¹ Regarding "Science Based Targets initiative" (SBTi) see also → p. 38, chapter "Regenerative Planet / Climate / On-site measures."</small>						
<small>² Emissions from the generation of energy for sale to third parties are not included in these figures. Emissions are calculated using the market-based method in accordance with the Greenhouse Gas (GHG) Protocol.</small>						
SBTI INDICATOR³: SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS AND SERVICES PER TON OF PRODUCT*						
Emissions	1,000 t CO ₂ -eq	10,946	10,700	10,098	9,371	7,745⁴
Emissions per ton of product	t CO ₂ -eq/t of product	1.29	1.27	1.21	1.21	1.14
Emissions per ton of product (vs. 2017)	%	-6	-8	-12	-12	-17
<small>³ Regarding "Science Based Targets initiative" (SBTi) see also → p. 42, chapter "Regenerative Planet / Climate / Engagement along our value chain."</small>						
<small>⁴ The reduction in emissions in 2023 compared to 2022 results, among other things, from changes in the portfolio and increased use of data provided by our suppliers. This also affects "emissions per ton of product (vs. 2017)" in the line below.</small>						
EMISSIONS OF VOLATILE ORGANIC COMPOUNDS*						
Emissions of volatile organic compounds	Metric tons**	425	503	510	546	422
WATER CONSUMPTION AND VOLUME OF WASTEWATER*						
Water consumption	1,000 m ³	7,821	7,754	7,643	7,386	6,386
Volume of wastewater	1,000 m ³	3,204	3,330	3,133	3,106	2,586
<small>The volume of wastewater is smaller than the volume of water consumed because water is lost by evaporation and water is contained in many of our products.</small>						
COD EMISSIONS TO WASTEWATER*						
COD emissions to wastewater	Metric tons	8,119	8,466	7,643	8,144 ⁵	6,221
<small>Chemical oxygen demand (COD): Measure of the pollution of wastewater with organic substances.</small>						
<small>⁵ The change in value in 2022 compared to 2021 results from new production sites and equipment that commenced operation. Acquisitions have an impact on production volumes, and also on the volume of COD emissions.</small>						
EMISSIONS OF HEAVY METALS TO WASTEWATER*						
Zinc	kg**	624	464	604	552	593
Lead, chromium, copper, nickel	kg**	237	250	181	207	284
Total	kg**	861	714	785	750	877
<small>Particularly hazardous heavy metals, such as mercury and cadmium, are not relevant in our production.</small>						

* Data has been adjusted, among other things, due to the sale of business activities in Russia.

** Emissions shown are partly based on projections using values from previous years and/or were derived on the basis of a few measured values.

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	Unit	2019	2020	2021	2022	2023
WASTE FOR RECYCLING AND DISPOSAL*						
Non-hazardous waste						
Waste for recycling	1,000 metric tons	39	35	38	33	26
Energy recovery	1,000 metric tons	12	12	15	15	18
Incineration	1,000 metric tons	5	5	7	6	5
Landfill ¹	1,000 metric tons	26	24	19	14	11
Hazardous waste						
Waste for recycling	1,000 metric tons	6	5	6	5	5
Energy recovery	1,000 metric tons	12	13	11	12	11
Incineration	1,000 metric tons	9	7	8	7	7
Landfill ¹	1,000 metric tons	2	2	2	1	2
Total	1,000 metric tons	111	103	106	95	85
Construction and demolition waste						
	1,000 metric tons	21	17	23	33	42

We have removed the share of construction and demolition waste from our footprint and shown it separately, as the presence or absence of some larger construction projects have a significant effect on our waste footprint. This has enabled us to show the performance of our sites and our progress more transparently.

¹ The category "Landfill" includes a non-significant amount of waste which is disposed of via other methods.

PACKAGING INDICATORS OF OUR PRODUCTS²

Share of recycled plastic content for all packaging of our consumer goods products	%	11	15	16	16	19⁴
Share of packaging designed for recyclability and reusability ³	%	85	89	86	87	87⁴

² The calculation of key figures is based on a mixed calculation. On the one hand, this calculation is based on a detailed evaluation of packaging materials. On the other hand, we use an estimate. The key figures for 2023 are reported without the Russian business. In contrast to the other reported production and product-related key figures, the packaging key figures for 2019–2022 are reported including Russia for technical reasons.

³ The reported value for design for recycling reflects the technical recycling capability of the packaging, but not the recyclability. Plastic recyclability is based on a detailed assessment, while the assessment for glass, paper and metal is based on an expert evaluation. The change in value from 2021 compared to 2020 results from, among other factors, an adjusted calculation methodology.

⁴ The indicator calculation takes our → **Packaging footprint** into account as a basis. In 2023, the method was changed from using purchasing data to sales data, among other things. The comparability of the previous year's data with this year's footprint data remains guaranteed. For details, see → p. 49, chapter "Circular economy."

DUST EMISSIONS*

Dust emissions	Metric tons**	253	261	253	228	204
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The values include aerosols, since these are difficult to distinguish from dust during measurements.

SULFUR DIOXIDE EMISSIONS*

Sulfur dioxide emissions	Metric tons**	63	84	78	82	71
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* Data has been adjusted, among other things, due to the sale of business activities in Russia.

** Emissions shown are partly based on projections using previous year's values and/or were derived on the basis of a few measured values.



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	Unit	2019	2020	2021	2022	2023
NITROGEN OXIDE EMISSIONS*						
Nitrogen oxide emissions	Metric tons**	402	427	397	339	329
USE OF CHLORINATED HYDROCARBONS*						
Use of chlorinated hydrocarbons	Metric tons	1,399	1,128	1,133	1,164	1,036

Occupational safety

99 percent of Henkel employees were covered.

	Unit	2019	2020	2021	2022	2023
OCCUPATIONAL ACCIDENTS*						
Henkel employees	Per 1 million hours worked	0.7	0.6	0.7	0.7	0.7
External employees ¹ who work at Henkel sites and are directly contracted	Per 1 million hours worked	0.6	0.7	0.3	0.6	0.7
At least one day lost (excluding commuting accidents)						
SERIOUS OCCUPATIONAL ACCIDENTS (HENKEL EMPLOYEES) WITH MORE THAN 50 DAYS LOST TIME (EXCLUDING COMMUTING CASES)*						
Accidents for production sites	Number	12	12	22	15	14
Accidents for logistic sites	Number	0	0	0	0	1
Accidents for R&D sites	Number	0	1	0	0	1
Accidents for office sites	Number	1	0	1	3	2
Accidents for training sites ²	Number	0	0	0	0	1

This year, changes were made to the category "Serious occupational accidents with more than 50 days lost time." This is not an expansion of the scope of the report, but a change in the form of presentation. Instead of focusing exclusively on production activities or walking/moving incidents, accidents are now classified by location. Our reporting will now include the segments "Production," "Logistics," "R&D," "Offices" and "Training." This adjustment offers the advantage of a more precise presentation by providing detailed insights into the specific areas where accidents are concentrated.

² The "training sites" category includes our "ASK" and "Bricoteca" locations, which were reported as office locations in previous years.

* Data has been adjusted, among other things, due to the sale of business activities in Russia.

** Emissions shown are partly based on projections using previous year's values and/or were derived on the basis of a few measured values.



Employee indicators*

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	Unit	2019	2020	2021	2022	2023
EMPLOYEES (AS OF DECEMBER 31)						
Henkel worldwide ¹	Headcount	52,450	52,950	52,450	51,200	47,750
Structure of workforce						
- Non-managerial employees	%	77.5	76.5	75.4	74.5	72.6
- Managers	%	21.2	22.1	23.2	24.0	25.9
- Top managers ²	%	1.3	1.4	1.4	1.5	1.5
Employee fluctuation worldwide ³	%	6.6	4.6	7.1	7.8	5.9
AGE AND SENIORITY (AS OF DECEMBER 31)						
Average seniority in years	Years	10.6	10.7	10.6	10.7	10.9
Average age of employees in years	Years	41.1	41.2	41.2	41.5	41.8
Age structure						
16 – 29	%	15.3	15.1	14.8	14.0	13.8
30 – 39	%	33.0	32.8	33.0	32.5	31.9
40 – 49	%	27.1	27.3	27.7	28.2	28.3
From 50	%	24.6	24.8	24.6	25.2	26.1
The age structure at Henkel reflects the diversity of our customers and markets, and enables us to satisfy the differing needs of our consumers and markets.						
GENERATIONS (AS OF DECEMBER 31)						
Gen Z	%	1.1	1.8	3.2	4.8	6.6
Gen Y	%	43.9	46.1	47.9	48.4	48.7
Gen X	%	41.9	40.6	39.2	38.4	37.5
Baby Boomers	%	13.1	11.5	9.7	8.4	7.2

* The employee indicators are shown including the Russian business for 2019–2022. For the 2023 reporting year, however, the Russian business is excluded.



	Unit	2019	2020	2021	2022	2023
NATIONALITIES (AS OF DECEMBER 31)						
FOREWORD	Headcount	120	125	124	124	124
HIGHLIGHTS 2023	Managers	88	93	98	93	99
COMPANY PROFILE	At headquarters in Düsseldorf	72	73	76	78	80
STRATEGY	The internationality of our workforce reflects our business policy of filling local positions with local employees, and ensuring that we have international teams at our corporate headquarters in Germany.					
REGENERATIVE PLANET						
THRIVING COMMUNITIES						
TRUSTED PARTNER						
INDICATORS	PART-TIME EMPLOYEES (AS OF DECEMBER 31)					
INDICES	Part-time contracts, global	%	3	3	3	3
SCOPE AND REFERENCE FRAMEWORK	Western Europe (including Germany)	%	10	9	9	9
CREDITS	Germany	%	12	12	11	12
	Part-time work models are of relevance mainly in Western Europe and especially in Germany. In other regions, such as Asia/Pacific, IMEA and Latin America, there is significantly less demand for part-time work models.					
	PERSONNEL DEVELOPMENT					
	Internal promotion (managers)	Headcount	1,501	1,356	1,504	1,386
	International job rotations	Headcount	282	242	241	245
	Trainees (Germany) ²	Headcount	534	519	498	469
	Average number of training days ³	Headcount	1.8	1.5	2.3	2.2
	² Initial vocational training includes trainees and Bachelor students.					
	³ Our employees have many different development opportunities. In addition to traditional training courses and in-person seminars, they also include eLearning modules and on-the-job training.					
	EMPLOYEES WITH COLLECTIVE AGREEMENTS (AS OF 31 DECEMBER)					
	Share worldwide	%	47	49	50	49
	Share in the European Union (EU)	%	68	68	68	70
	EMPLOYEE SHARE PROGRAM (AS OF DECEMBER 31)					
	Participation rate	%	30.2	29.6	30.1	27.7
	Around 13,000 employees in 59 countries purchased Henkel preferred shares under this program in 2023. At year-end, some 17,000 employees held a total of around 3.2 million preferred shares, representing approximately 1.8 percent of total preferred shares outstanding.					



Social indicators

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	Unit	2019	2020	2021	2022	2023
SOCIAL ENGAGEMENT						
Total number of projects supported	Number	2,044	2,655	2,047	2,055	2,007
Number of people supported	Number	1,324,806	7,362,052	7,029,323	4,147,508	3,537,044
Time off from work for employee-initiated projects	Days	301	71 ²	174 ²	442	512
Donations (financial and product donations, not counting time off)	Thousand euros	8,096	29,992 ¹	23,815 ¹	12,808	12,840

¹ The total amount of donations in 2020 and 2021 was significantly higher than in previous years. This is attributable to our contribution to the fight against the global COVID-19 pandemic.

² Due to the specific circumstances in 2020 and 2021, employee projects required fewer days off from work than in the prior years. Generally speaking, employees may request up to five days off from work per year for volunteer activities.



Percentage of projects supported per United Nations Sustainable Development Goal

in percent

	2023
FOREWORD	32.2
HIGHLIGHTS 2023	1.2
COMPANY PROFILE	17.7
STRATEGY	42.9
REGENERATIVE PLANET	3.1
THRIVING COMMUNITIES	0.3
TRUSTED PARTNER	0.1
INDICATORS	0.1
INDICES	0.2
SCOPE AND REFERENCE	0.3
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CREDITS	0.4
SDG 1: No poverty	0.6
SDG 2: Zero hunger	0.1
SDG 3: Good health and well-being	0.1
SDG 4: Quality education	0.1
SDG 5: Gender equality	0.1
SDG 6: Clean water and sanitation	0.1
SDG 7: Affordable and clean energy	0.1
SDG 8: Decent work and economic growth	0.1
SDG 9: Industry, innovation and infrastructure	0.1
SDG 10: Reduced inequalities	0.1
SDG 11: Sustainable cities and communities	0.1
SDG 12: Responsible consumption and production	0.1
SDG 13: Climate action	0.1
SDG 14: Life below water	0.1
SDG 15: Life on land	0.1
SDG 16: Peace, justice and strong institutions	0.1
SDG 17: Partnerships for the goals	0.1

In 2011, we began reporting the percentage of the social projects with which Henkel supports each of the Millennium Development Goals (MDGs), as part of our commitment to the United Nations Global Compact. In 2016, our Sustainability Report reflected our contributions to both the MDGs and the **Sustainable Development Goals (SDGs)** – which were introduced to replace the MDGs in September 2015.

Since 2017, we have been reporting the contribution to the SDGs only. A list of the contributions to the MDGs from 2011 to 2016 can be found on page 133 in the 2016 Henkel Sustainability Report. The SDGs do not influence the type of projects proposed under our employee engagement program, but many of our corporate citizenship activities directly contribute to the SDGs.



EU Taxonomy indicators

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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

	Financial Year 2023		2023		Substantial Contribution Criteria					DNSH Criteria ("Does Not Significantly Harm")					Category enabling activity (19)	Category transitional activity (20)			
	Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022 (18)	
			in million €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)¹																			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2.8	0 %		Y	N/EL ⁴	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0 %	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	4.1	0 %		Y	N/EL ⁴	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0 %	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	6.8	1 %			1 %	0 %	0 %	0 %	0 %	0 %							0 %		
Of which enabling		6.8	1 %		1 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	0 %	E	
Of which transitional		0	0 %		0 %						N	N	N	N	N	N	0 %	T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)¹																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	28.6	3 %		EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	3 % ⁶			
Renovation of existing buildings	CCM 7.2 CE 3.2	28.5	3 %		EL	N/EL ⁴	N/EL	N/EL	EL ⁵	N/EL							1 %		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	5.1	1 %		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							1 %		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.3	0 %		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %		

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	Financial Year 2023		2023		Substantial Contribution Criteria					DNSH Criteria ("Does Not Significantly Harm")					Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	CapEx (3)			Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)		
Economic Activities (1)																		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.1	0 %		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
Acquisition and ownership of buildings	CCM 7.7	111.7	13 %		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							21 % ⁵	
Manufacture of electrical and electronic equipment	CE 1.2³	34.1	4 %		N/EL	N/EL	N/EL	N/EL	EL	N/EL							0 %	
Cogeneration of heat/cool and power from bioenergy ²	CCM 4.20	–	–		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
Production of heat/cool from bioenergy ²	CCM 4.24	–	–		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
Production of heat/cool using waste heat ²	CCM 4.25	–	–		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
Material recovery from non-hazardous waste ²	CCM 5.9	–	–		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
Infrastructure enabling low-carbon road transport and public transport ²	CCM 6.15	–	–		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) ²	CCM 7.4	–	–		EL	N/EL ⁴	N/EL	N/EL	N/EL	N/EL							0 %	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		208.4	24 %		20 %	0 %	0 %	0 %	4 %	0 %							27 %	
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		215.2	25 %		21 %	0 %	0 %	0 %	4 %	0 %							27 %	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy non-eligible activities		648.0	75 %															
Total		863.2	100 %															

Abbreviations used in the templates: Y: Yes, N: No, EL: Taxonomy eligible, N/EL: Not taxonomy eligible, E: Enabling activity, T: Transitional activity.

¹ The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

² As the categorization has been adjusted compared to the Sustainability Report 2022, these activities are only listed for the purpose of comparability.

³ Due to the transitional period, there is no Taxonomy-alignment assessment for the environmental objective Circular Economy.

⁴ Although the activity description for the environmental objective of climate change adaptation is fulfilled, respective investment projects do not specifically contribute to this environmental objective. Corresponding CapEx is therefore identified as not Taxonomy-eligible for the environmental objective of Climate Change Adaptation.

⁵ As the activity description is fulfilled, the activity is generally Taxonomy-eligible for the environmental objective Circular Economy. As corresponding investment projects are not carried out with the objective Circular Economy, these are always assigned to the objective Climate Change Mitigation.

⁶ To enable comparability with the previous year, the activities reported in the previous year have been adjusted to be in line with this year's categorization. (→ p. 116, chapter: "Transparency.")



Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

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	Financial Year 2023		2023		Substantial Contribution Criteria						DNSH Criteria ("Does Not Significantly Harm")																												
	Code (2)	Turnover (3)	Proportion of turnover, 2023 (4)		Climate Change Mitigation (5)		Climate Change Adaptation (6)		Water (7)		Pollution (8)		Circular Economy (9)		Biodiversity (10)		Climate Change Mitigation (11)		Climate Change Adaptation (12)		Water (13)		Pollution (14)		Circular Economy (15)		Biodiversity (16)		Minimum Safeguards (17)			Proportion of Taxonomy-aligned (A.1) or -eligible turnover, 2022 (18)			Category enabling activity (19)			Category transitional activity (20)	
Economic Activities (1)		in million €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T											
A. TAXONOMY-ELIGIBLE ACTIVITIES																																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)¹																																							
None		0	0 %	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	0 %														
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0		0 %						0 %						0 %						0 %																	
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	E												
Of which transitional		0	0 %	0 %																									T										
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)¹																																							
None		0	0 %	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	0 %														
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0		0 %						0 %						0 %																							
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		0		0 %						0 %						0 %																							
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																																							
Turnover of Taxonomy non-eligible activities		21,513.8		100 %																																			
Total		21,513.8		100 %																																			

Abbreviations used in the templates: Y: Yes, N: No, EL: Taxonomy eligible, N/EL: Not taxonomy eligible, E: Enabling activity, T: Transitional activity.

¹ The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.



Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

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Economic Activities (1)	Financial Year 2023		2023		Substantial Contribution Criteria						DNSH Criteria ("Does Not Significantly Harm")														
	Code (2)	OpEx (3)	Proportion of OpEx, 2023 (4)		Climate Change Mitigation (5)		Climate Change Adaptation (6)		Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)		Climate Change Adaptation (12)		Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
			in million €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																									
A.1 Environmentally sustainable activities (Taxonomy-aligned)¹																									
None	0	0 %	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N	0 %					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0	0	0	0	0	0	0	0	0 %	0 %	E	T		
Of which enabling	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0	0	0	0	0	0	0	0	0 %	0 %				
Of which transitional	0	0 %	0 %									0	0	0	0	0	0	0	0	0 %	0 %				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)¹																									
None	0	0 %	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	0 %						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0	0	0	0	0	0	0	0	0 %	0 %				
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %														
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																									
OpEx of Taxonomy non-eligible activities	698.9	100 %																							
Total	698.9	100 %																							

Abbreviations used in the templates: Y: Yes, N: No, EL: Taxonomy eligible, N/EL: Not taxonomy eligible, E: Enabling activity, T: Transitional activity.

¹ The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.



Proportion of CapEx/Total CapEx

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	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1 %	21 %
CCA	0 %	0 %
WTR	–	0 %
CE	–	7 %
PPC	–	0 %
BIO	–	0 %

Proportion of OpEx/Total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0 %	0 %
CCA	0 %	0 %
WTR	–	0 %
CE	–	0 %
PPC	–	0 %
BIO	–	0 %

Proportion of turnover/Total turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0 %	0 %
CCA	0 %	0 %
WTR	–	0 %
CE	–	0 %
PPC	–	0 %
BIO	–	0 %



Explanatory information on the non-financial statement of Henkel AG & Co. KGaA according to Section 289b German Commercial Code

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In addition to the aforementioned information regarding the Group in the separate and combined non-financial group report, the following special aspects or key figures relating to Henkel AG & Co. KGaA are reproduced below.

Business activities

Henkel AG & Co. KGaA is operationally active in the two business units Adhesive Technologies, and Consumer Brands, as well as being the parent company of the Henkel Group.

As such, it is responsible for defining and pursuing Henkel's corporate objectives and also for the management, control and monitoring of Group-wide activities, including risk management and the allocation of resources. As of year-end 2023, the number of people employed at Henkel AG & Co. KGaA was around 7,650 employees.

The operating business of Henkel AG & Co. KGaA represents only a portion of the business activity of the entire Henkel Group and is managed across the Group by the business units.

Matters relating to sustainability at Henkel AG & Co. KGaA are characterized both by its own operating activities and those of its subsidiaries. Regarding sustainability issues and the risk position of Henkel AG & Co. KGaA, it is therefore appropriate to refer to the Group statement. The extent to which the key figures for Henkel AG & Co. KGaA deviate from the Group key figures is presented [and commented on] below:

Key figures for Henkel AG & Co. KGaA

	2023
Production volume (in thousand metric tons)	640
Carbon dioxide emissions (in thousand metric tons) ¹	41
Energy consumption (in thousand megawatt hours)	391
Waste (in thousand metric tons)	36
Water consumption (in thousand cubic meters)	1,286
Occupational accidents affecting Henkel employees (per million hours worked)	1.0
Headcount (as of December 31)	7,659

¹ Emissions are calculated using the market-based method in accordance with the Greenhouse Gas (GHG) Protocol. Emissions from the generation of energy for sale to third parties are not included in these figures.



Operational incidents and environmental violations

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Henkel openly reports operational incidents when the consequences include at least one of the following:

- Endangerment of the neighborhood or the environment.
- Tangible losses of more than 500,000 euros.
- A high level of public reaction.

Furthermore, Henkel transparently reports on environmental violations where the resulting fine exceeds 10,000 euros.

The measures and corrective actions initiated as a result are also disclosed.

Year	Operational incidents	Environmental violations
2023	In June 2023, a sales employee in Poland had a fatal accident while driving to a customer by car. No other vehicles or people were involved in the accident. Measures initiated: Henkel was in close contact with the family of the employee and with the authorities to support the investigation of the case. In May 2023, a fatal accident involving a temporary employee occurred at our detergent factory in Beirut, Lebanon. The employee was fatally injured while attempting to use a freight elevator for raw materials. The family and authorities were notified promptly. Measures initiated: Henkel was in close contact with the family of the victim and cooperated with the local authorities in the accident investigation. All elevators at the site were checked for safety before resuming operation. Safety inspections of the elevators were carried out at all Henkel production sites.	There were no environmental violations in 2023.
2022	There were no operational incidents in 2022.	There were no environmental violations in 2022.
2021	There were no operational incidents in 2021.	There were no environmental violations in 2021.



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Year	Operational incidents	Environmental violations
2020	<p>A fire broke out in the shredder plant at the waste disposal center on the Düsseldorf, Germany, site in May 2020. It occurred during the shredding of plastic containers that had been emptied of residual material. The site fire service was alerted by the automatic fire alarm system and by an employee. Together with Düsseldorf's professional fire department, which was also alerted, it extinguished the fire in a short period of time. No personal injuries were sustained. The firefighting water was properly disposed of in consultation with the relevant authorities.</p> <p>Measures initiated: The waste disposal process was examined and employees working in waste-generating operations at the Düsseldorf site were trained in proper waste disposal. In addition, the shredding process was assessed to see how safety could be improved. The resulting recommendation is that any new shredder should be designed with an extinguishing system in mind and implemented as such.</p> <p>In July 2020, a fatal accident involving a temporary employee occurred at our detergent factory in Ibadan, Nigeria. The employee was fatally injured inside a soap mixing machine when he attempted to access it during normal operation. The machine was immediately stopped with the emergency shut-off switch. Family and authorities were notified promptly. The causal analysis revealed a failure of the machine safeguard.</p> <p>Measures initiated: Henkel was in close contact with the family of the victim and cooperated with the Nigerian government in the accident investigation. All machinery at the Nigerian site was checked for safety before operations were resumed. A safety inspection was also conducted on all machines at our sites with similar production areas.</p> <p>Air contamination occurred due to an overpressure incident at our Laundry & Home Care production site in St. Louis, USA, in May 2020. A raw material caused overpressure in the facility's air duct system while a truck was being unloaded. All the processes were shut down and repair work was started promptly. No personal injuries occurred.</p> <p>Measures initiated: After the factory's air ducts had been decontaminated and before operations were resumed, all the containers at the sulfonation facility were inspected for possible damage. In addition, Henkel took preventive measures at all sites worldwide with similar production processes, with the aim of preventing similar incidents in the future.</p> <p>A fire occurred in March 2020 at our adhesives plant in Bopfingen, Germany, during production of a hotmelt adhesive, causing extensive property damage. The building was evacuated once the fire alarm had been set off and the facility had been shut down as an emergency measure. The fire service was able to bring the fire under control after a short period of time. Further damage was prevented by the safety equipment installed. The resulting extinguishing water was properly disposed of in coordination with the responsible authorities.</p> <p>Measures initiated: An investigation team and a crisis management team were formed to establish the cause of the fire, while coordinating the smooth resumption of production at a different site. The damaged building is currently being rebuilt for another use.</p>	There were no environmental violations in 2020.



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Year	Operational incidents	Environmental violations
2019	<p>During the production of powder laundry detergent, a fire broke out inside the filtering system in the spray-drying area in our laundry detergent factory in Ibadan, Nigeria, in August 2019. The installed detectors instantly recognized the fire. Respective measures were immediately taken with internal and external support, in accordance with the provisions of the local intervention plan. The fire was brought under control within a short period of time. There was no damage to people or the environment. The fire caused a brief interruption to operations.</p> <p>Measures initiated: After a comprehensive check of all safety-relevant systems at the entire site, additional training and emergency exercises that involved the entire workforce at the plant were carried out. These will also be repeated regularly in the future. The comprehensiveness and suitability of the safety concept was confirmed after an on-site audit by TÜV Nord.</p> <p>A deflagration occurred in our adhesives plant in Kurkumbh, India, in April 2019. Unfortunately, two employees suffered burns as a result of the deflagration. They immediately received emergency medical aid and were then transferred to a hospital where one employee died of his injuries during treatment.</p> <p>Measures initiated: Henkel started assisting the families and relatives during the treatment of the employees and continues to support the families. Immediately after the incident, safety reviews were completed at each of our sites with similar production to ensure that operations could continue safely.</p>	There were no environmental violations in 2019.



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Our sustainability reporting is based on the standards of the Global Reporting Initiative (GRI) and uses the option "Reporting with reference to the **GRI Standards**"*. The following GRI index indicates how we apply the GRI standards. The information is available on the indicated pages of the Sustainability Report and in the published version of the Annual Report. Where a disclosure is not completely covered by the disclosures, we have included the relevant data directly in the index or have labeled the gaps as "omissions". Henkel transparently reports all information and data that are ascertainable and relevant for the Group from a management perspective.

At the same time, we present our progress regarding the principles defined by the **United Nations Global Compact (UNGC)** as part of our annual Sustainability Report. Henkel has been a signatory to the Global Compact since 2003. The UNGC is a strategic initiative for companies that have aligned their strategies and operations with ten universally recognized principles related to human rights, labor, environment and anti-corruption. The UNGC index shows where to find information relating to the implementation of the respective principles within the Henkel Sustainability Report 2023.

The GRI index and UNGC index are presented together below. The overview lists information relating to the GRI standards and to topics that are relevant for the ten principles of the United Nations Global Compact (UNGC Principles).

The 2023 Sustainability Report is also the separate combined non-financial report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2023 within the meaning of Sections 315b and 315c, in conjunction with 289b to 289e of the German Commercial Code (HGB) and the Regulation (EU) 2020/852 of the European Parliament, and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (in the following EU Taxonomy Regulation). Reporting that goes beyond GRI to meet requirements of the HGB and of the EU Taxonomy Regulation is presented in the index with the title "Information on the non-financial report (NFR)."

For the disclosures marked with a , PricewaterhouseCoopers GmbH WPG performed a limited assurance engagement. The **→ independent assurance report** by PricewaterhouseCoopers GmbH WPG can be found in the scope and reference framework section (p. 168 – 171) of the Sustainability Report 2023.



Universal Standards¹

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GRI 2-1 Organizational details

Sustainability Report 2023 (p. 172), Credits
 Annual Report 2023 (p. 390), Credits
 Annual Report 2023 (p. 44 – 92), Corporate governance
 Sustainability Report 2023 (p. 06 – 07), Company profile
 Sustainability Report 2023 (p. 131 – 146), Indicators
 Henkel AG & Co. KGaA
 Henkelstraße 67
 40589 Düsseldorf
 Germany



GRI 2-2 Entities included in the organization's sustainability reporting

Annual Report 2023 (p. 222 – 223), Consolidated financial statements / Accounting principles and methods applied in preparation of the consolidated financial statements / Scope of consolidation
 Schedule of Shareholdings 2023
 Sustainability Report 2023 (p. 131), Indicators / Adjustment of reported indicators



GRI 2-3 Reporting period, frequency and contact point

Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management
 Sustainability Report 2023 (p. 172), Credits / Contacts
 The sustainability report covers the period from January 1 to December 31, 2023.
 The financial report covers the period from January 1 to December 31, 2023.
 The reporting cycle is annual.
 The publication date of this sustainability report is March 4, 2024.



GRI 2-4 Restatements of information

Our sustainability reporting is based on GRI Standards; in 2023 with additional consideration of the GRI Standards 2021 update. To align our reporting with the GRI Standards, we revised our key aspects and structured our GRI index accordingly.



¹ GRI Standards 2021.



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<p>GRI 2-5 External assurance</p> <p>Sustainability Report 2023 (p. 151), Indices</p> <p>Sustainability Report 2023 (p. 168), Scope and reference framework / Separate non-financial group report</p> <p>Sustainability Report 2023 (p. 169 – 171), Scope and reference framework / Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting and Sustainability Information</p> <p>External assurance of the Sustainability Report was initiated by the Sustainability Council. The outcome of the assurance engagement will be reported to the Sustainability Council.</p>	✓
<p>GRI 2-6 Activities, value chain and other business relationships</p> <p>Sustainability Report 2023 (p. 06 – 07), Company profile</p> <p>Annual Report 2023 (p. 121 – 137), Combined management report / Business units</p> <p>Annual Report 2023 (p. 93 – 95), Combined management report / Fundamental principles of the Group / Operational activities</p> <p>Annual Report 2023 (p. 30 – 41), Shares and bonds</p> <p>Annual Report 2023 (p. 38 – 39), Shares and bonds / International shareholder structure / Employee share plan / Henkel bonds</p> <p>Annual Report 2023 (p. 138 – 146), Combined management report / Economic report / Net assets and financial position</p> <p>Sustainability Report 2023 (p. 121 – 130), Trusted Partner / Collaboration</p> <p>Sustainability Report 2023 (p. 121 – 126), Trusted Partner / Collaboration / Sourcing</p> <p>Annual Report 2023 (p. 152 – 154), Combined management report / Economic report / Procurement</p>	✓
<p>GRI 2-7 Employees</p> <p>Sustainability Report 2023 (p. 07), Company profile / Business model</p> <p>Sustainability Report 2023 (p. 138 – 139), Indicators / Employee indicators</p> <p>Annual Report 2023 (p. 147 – 151), Combined management report / Economic report / Employees</p> <p>Subdivided by contract type, 88 percent of contract relationships were permanent contracts and 12 percent were fixed-term contracts. These figures correspond to an employee share of around 99 percent. The share of fixed-term employment relationships includes employment contracts with interns, trainees and temporary cover. The numbers are published in head count. The data published covers active employees on the last day of the month.</p> <p>Omission (not applicable): As of yet, we do not publish the information by age group, gender and region, as we are working on further developing the reporting structure across these categories.</p> <p>Omission (not applicable): No relevance of non guaranteed hours employees.</p>	✓ 6



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		UNGC audited Principles
GRI 2-8	Workers who are not employees Omission (not applicable): As of yet, we do not report on the number of workers who are not employees and whose work is controlled by the organization, due to non-standardized reports received from third parties.	✓ 6
GRI 2-9	Governance structure and composition Sustainability Report 2023 (p. 25 – 26), Strategy / Implementation and management / Organization for responsible corporate governance Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management Sustainability Report 2023 (p. 29), Strategy / Implementation and management / Compliance / Organization for compliance with norms, standards and laws Annual Report 2023 (p. 44 – 92), Corporate governance Annual Report 2023 (p. 93 – 95), Combined management report / Fundamental principles of the Group / Operational activities Annual Report 2023 (p. 96 – 104), Combined management report / Fundamental principles of the Group / Strategic framework for purposeful growth	✓
GRI 2-22	Statement on sustainable development strategy Sustainability Report 2023 (p. 03), Foreword Sustainability Report 2023 (p. 10 – 32), Strategy Annual Report 2023 (p. 4 – 13), Foreword	✓
GRI 2-23	Policy commitments Sustainability Report 2023 (p. 06 – 07), Company profile Sustainability Report 2023 (p. 25 – 32), Strategy / Implementation and management Sustainability Report 2023 (p. 35 – 47), Regenerative planet / Climate Sustainability Report 2023 (p. 48 – 58), Regenerative planet / Circular economy Sustainability Report 2023 (p. 59 – 69), Regenerative planet / Natural resources Sustainability Report 2023 (p. 72 – 83), Thriving communities / Equity Sustainability Report 2023 (p. 84 – 91), Thriving communities / Education Sustainability Report 2023 (p. 92 – 97), Thriving communities / Wellbeing Sustainability Report 2023 (p. 100 – 107), Trusted partner / Performance Sustainability Report 2023 (p. 108 – 118), Trusted partner / Transparency Sustainability Report 2023 (p. 121 – 130), Trusted partner / Collaboration Annual Report 2023 (p. 96 – 104), Combined management report / Fundamental principles of the Group / Strategic framework for purposeful growth Annual Report 2023 (p. 177 – 202), Combined management report / Risks and opportunities report	✓ 1 to 10
GRI 2-24	Embedding policy commitments Sustainability Report 2023 (p. 25 – 32), Strategy / Implementation and management	✓



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		UNGC audited
GRI 2-25	Processes to remediate negative impacts	✓
	Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management	
	Sustainability Report 2023 (p. 35 – 47), Regenerative planet / Climate	
	Sustainability Report 2023 (p. 48 – 58), Regenerative planet / Circular economy	
	Sustainability Report 2023 (p. 59 – 69), Regenerative planet / Natural resources	
	Sustainability Report 2023 (p. 72 – 83), Thriving communities / Equity	
	Sustainability Report 2023 (p. 84 – 91), Thriving communities / Education	
	Sustainability Report 2023 (p. 92 – 97), Thriving communities / Wellbeing	
	Sustainability Report 2023 (p. 100 – 107), Trusted partner / Performance	
	Sustainability Report 2023 (p. 108 – 118), Trusted partner / Transparency	
	Sustainability Report 2023 (p. 121 – 130), Trusted partner / Collaboration	
GRI 2-27	Compliance with laws and regulations	✓ 7, 8, 9
	Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management	
	Sustainability Report 2023 (p. 29 – 30), Strategy / Implementation and management / Compliance	
	In 2023, Henkel did not receive any significant fines or non-monetary sanctions for non-compliance with laws and regulations.	
GRI 2-28	Membership associations	✓
	Sustainability Report 2023 (p. 31 – 32), Strategy / Implementation and management / Stakeholder management	
	Sustainability Report 2023 (p. 121 – 130), Trusted partner / Collaboration	
	Our description of initiatives, industry associations and other organizations in the chapters "Stakeholder management" and "Collaboration" in our report lists the most important examples in the context of sustainability.	
GRI 2-29	Approach to stakeholder engagement	✓
	Sustainability Report 2023 (p. 19), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation / Engaging in dialog with stakeholders to gain new perspectives	
	Sustainability Report 2023 (p. 31 – 32), Strategy / Implementation and management / Stakeholder management	
	Sustainability Report 2023 (p. 121 – 130), Trusted partner / Collaboration	
	For Henkel, everyone who is either directly or indirectly interested in our company or who influences our company is a stakeholder, whether a group or an individual. We are open to dialog with all of our stakeholders.	
GRI 2-30	Collective bargaining agreements	✓ 3
	Sustainability Report 2023 (p. 138 – 139), Indicators / Employee indicators	
	Sustainability Report 2023 (p. 72 – 83), Thriving communities / Equity	

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Material topics**GRI 3-1 Process to determine material topics**

Sustainability Report 2023 (p. 19 – 22), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation



Sustainability Report 2023 (p. 31 – 32), Strategy / Implementation and management / Stakeholder management

GRI 3-2 List of material topics

Sustainability Report 2023 (p. 19 – 22), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation



Our material aspects are: Climate, Circular economy, Natural resources, Equity, Education, Wellbeing, Performance, Transparency and Collaboration. Compared to the previous reporting period, there have been no changes to the list of material topics.

General reporting boundaries have not changed. Environmental and social indicators are based on the principle of management control. There were no significant changes in our basis data from 2010. Therefore, no modifications were necessary.

GRI 3-3 Management of material topics

Sustainability Report 2023 (p. 25 – 32), Strategy / Implementation and management



Sustainability Report 2023 (p. 35 – 47), Regenerative planet / Climate

Sustainability Report 2023 (p. 48 – 58), Regenerative planet / Circular economy

Sustainability Report 2023 (p. 59 – 69), Regenerative planet / Natural resources

Sustainability Report 2023 (p. 72 – 83), Thriving communities / Equity

Sustainability Report 2023 (p. 84 – 91), Thriving communities / Education

Sustainability Report 2023 (p. 92 – 97), Thriving communities / Wellbeing

Sustainability Report 2023 (p. 100 – 107), Trusted partner / Performance

Sustainability Report 2023 (p. 108 – 118), Trusted partner / Transparency

Sustainability Report 2023 (p. 121 – 130), Trusted partner / Collaboration



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Economic performance

GRI 201-2 Financial implications and other risks and opportunities for the organization's activities due to climate change



7

Sustainability Report 2023 (p. 06 – 07), Company profile

Sustainability Report 2023 (p. 10 – 32), Strategy

Sustainability Report 2023 (p. 35 – 47), Regenerative planet / Climate

Indirect economic impacts

GRI 203-2 Significant indirect economic impacts



Sustainability Report 2023 (p. 121 – 126), Trusted partner / Collaboration / Sourcing

Sustainability Report 2023 (p. 84 – 88), Thriving communities / Education / Employee development

Anti-Corruption

GRI 205-2 Communication and training on anti-corruption policies and procedures



10

Sustainability Report 2023 (p. 29 – 30), Strategy / Implementation and management / Compliance

Combating corruption is one of the key focal areas of our global compliance training: All Henkel managerial employees worldwide are obliged to complete a compliance training via eLearning. In addition, new managerial employees have to complete a compliance onboarding training. Non-managerial employees participate in training depending on their operational areas, e.g. in Purchasing or Sales. All Henkel business partners worldwide receive information on our anti-corruption measures.

GRI 205-3 Confirmed incidents of corruption and actions taken



10

Sustainability Report 2023 (p. 29 – 30), Strategy / Implementation and management / Compliance

Materials

GRI 301-1 Materials used by weight or volume



7, 8, 9

Sustainability Report 2023 (p. 46 – 47), Regenerative planet / Climate / Engagement along our value chain /

Low-emissions logistics – Optimizing transport and logistics processes

Annual Report 2023 (p. 152 – 154), Combined management report / Economic report / Procurement

² GRI Standards 2016, unless stated otherwise.



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Energy

GRI 302-1 Energy consumption within the organization

Sustainability Report 2023 (p. 133 – 137), Indicators / Environmental indicators

Sustainability Report 2023 (p. 134), Indicators / Environmental indicators / Indicators / Energy consumption

For site-specific reasons, self-generated electricity and thermal energy are resold primarily at our site in Düsseldorf-Holthausen (Germany); the primary energy used for this purpose amounts to 968 thousand MWh.

Calculations of energy usage within the organization are based on internal standards that follow recognized external standards (GRI 302-1) with associated methods and assumptions.

Omission (not applicable): Due to the number of different conversion factors (including International Energy Agency), these are not explicitly listed.



7, 8, 9

GRI 302-2 Energy consumption outside of the organization

Sustainability Report 2023 (p. 133), Indicators / Environmental indicators / Our operational CO₂ footprint

For energy consumption outside of the organization, we refer to the understanding of Scope 3 (see [Document "Henkel GHG Reporting, Scope 3 Methodology"](#)).

The reported Scope 3 categories are also part of the illustration "Our operational CO₂ footprint."



7, 8, 9

GRI 302-3 Energy intensity

Sustainability Report 2023 (p. 134), Indicators / Environmental indicators / Indicators / Production volumes

Sustainability Report 2023 (p. 134), Indicators / Environmental indicators / Indicators / Energy consumption



7, 8, 9

GRI 302-4 Reduction of energy consumption

Sustainability Report 2023 (p. 38 – 40), Regenerative planet / Climate / On-site measures



7, 8, 9

GRI 302-5 Reductions in energy requirements of products and services

Sustainability Report 2023 (p. 101 – 103), Trusted partner / Performance / Products and technologies



7, 8, 9



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Water and effluents³**GRI 303-1 Interactions with water as a shared resource**

Sustainability Report 2023 (p. 65 – 69), Regenerative planet / Natural resources / Careful use of water as an important resource

Sustainability Report 2023 (p. 104 – 107), Trusted partner / Performance / Product safety

Water extraction is categorized as follows: from third parties, surface water, groundwater, seawater, rainwater (for production purposes).

International standards are applied and, depending on the options available at the site, data obtained from measurement, calculation or estimates is used.

We have conducted investigations into water scarcity on a global level to identify those production sites that operate in regions of water stress.

We report the total water consumption (303-5a) as well as the water consumption from regions that are assigned a "high" or "extremely high" rating in the parameter Basic Water Stress (BWS) (303-5b). To do this, we use the Aqueduct™ tool developed by the World Resources Institute (WRI).



7, 8, 9

GRI 303-2 Dealing with the impact of water recirculation

Sustainability Report 2023 (p. 65 – 69), Regenerative planet / Natural resources / Careful use of water as an important resource

Our minimum standards are based on international and national regulations and legislation.

**GRI 303-5 Water consumption**

Sustainability Report 2023 (p. 135), Indicators / Environmental indicators / Indicators / Water consumption and volume of waste water

Our total consumption of water from regions with water stress (high to extremely high risk as defined by WRI) is 2,591 thousand cubic meters of water per year from regions with water stress.

Water storage has no significant impact on wastewater or process water.

Data on water consumption is recorded in line with internal standards. Whenever possible, measurement data is used; otherwise, a well-founded calculation based on general conditions must be available. An estimate is made as a last resort.



(Water consumption from areas with water stress not audited)



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Emissions

GRI 305-1 Direct greenhouse gas (GHG) emissions (Scope 1)

Sustainability Report 2023 (p. 133), Indicators / Environmental indicators / Our operational CO₂ footprint (Scope 1)



7, 8, 9

For the calculation of the Scope 1 carbon dioxide emissions from various energy sources, we apply the factors provided by Öko-Institut e.V. These are mainly based on data from RAINS 7.52. No CO₂ offsets were taken into account when determining the Scope 1 carbon dioxide emissions.

The net volume of GHG emissions (Scope 1) is shown. The gross volume includes electricity additionally generated and sold to third parties. For site-specific reasons, this occurs primarily at our site in Düsseldorf-Holthausen (Germany); gross emissions at Henkel level total 448 thousand metric tons, and biogenic gross emissions at Henkel level total 40 thousand metric tons.

The published Scope 1 emissions include CO₂ emissions from vehicles used at our production sites (e.g. forklifts) to a large degree. CO₂ emissions from vehicle fleets operated outside our sites are excluded. Direct GHG emissions resulting from processes are currently not considered to be significant based on an analysis carried out in Germany.

Omission (not applicable): CO₂ equivalents of other greenhouse gases are of minor importance in our business activities at present and are therefore not reported separately.



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GRI 305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Sustainability Report 2023 (p. 41), Regenerative planet / Climate / On-site measures / Implementation of climate protection measures at our sites / Three models of conversion to renewable energy
 Sustainability Report 2023 (p. 133), Indicators / Environmental indicators / Our operational CO₂ footprint (Scope 2)



7, 8, 9

For the calculation of the Scope 2 carbon dioxide emissions from bought-in energy (electricity, steam and district heating), we have been using the market-based method (Scope 2) since 2018. We previously used the location-based method (Scope 2).

Information on CO₂ equivalents has not yet been provided in itemized form, as the data basis required for the calculation has to be expanded.

The CO₂ emissions relate to our production sites that are under our direct operational control. These sites represent our core activities. In the location-based method, country-specific emission factors were used for calculating carbon dioxide emissions; based on this method, a Scope 2 emissions value of 339 thousand metric tons would have been determined for 2023.

For the market-based method (Scope 2), the emissions of purchased electricity from renewable sources that meets internal quality criteria are reported as zero. For the remaining electricity, we calculate contract, provider or region-specific emission factors, depending on the sites for which we have access to the figures.

They are updated each year. In the remaining cases, we use country-specific factors. For European countries, we use residual factors if available. For all other countries, we use the factors that are most recently published by the International Energy Agency (IEA). 89 percent of the entire electricity purchase comes from renewable sources or falls under supplier-specific emission factors.

No CO₂ offsets and no emissions certificate trading were taken into account when determining the Scope 2 carbon dioxide emissions.

GRI 305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)

Sustainability Report 2023 (p. 110), Trusted partner / Transparency / Measurement, assessment and reporting of ESG data / Footprint across the entire value chain
 Sustainability Report 2023 (p. 133), Indicators / Environmental indicators / Our operational CO₂ footprint (Scope 3)



7, 8, 9

↗ Document "Henkel GHG Reporting, Scope 3 Methodology"

We are in active dialog with our suppliers in order to achieve our CO₂ reduction target for our purchased goods and services (raw materials / chemicals) and to improve the quality of the data. As part of a project, they report Scope 1, Scope 2 and Scope 3 emissions (or life cycle emissions) for the products they supply. The integration of supplier data will be further increased in the coming years.

GRI 305-4 GHG emissions intensity

Sustainability Report 2023 (p. 133 – 137), Indicators / Environmental indicators



7, 8, 9



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GRI 305-5 Reduction of GHG emissions		✓
Sustainability Report 2023 (p. 11 – 15), Strategy / Sustainability strategy		7, 8, 9
Sustainability Report 2023 (p. 38 – 41), Regenerative planet / Climate / On-site measures		
Sustainability Report 2023 (p. 43 – 44), Regenerative planet / Climate / Engagement along our value chain /		
The contribution of our products and technologies to climate change mitigation		
Sustainability Report 2023 (p. 101 – 103), Trusted partner / Performance / Products and technologies		
<i>∅ Document "Henkel GHG Reporting, Scope 3 Methodology"</i>		
<i>∅ Document "Henkel GHG Reporting, Scope 4 Methodology"</i>		
GRI 305-6 Emissions of ozone-depleting substances (ODS)		7, 8, 9
Sustainability Report 2023 (p. 137), Indicators / Environmental indicators / Indicators / Use of chlorinated hydrocarbons		
The majority of chlorinated hydrocarbons are used in a select few sites and are subject to an exemption for volatile organic compounds. In addition, dichloromethane is mainly used in one region.		
GRI 305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions		✓
Sustainability Report 2023 (p. 133 – 137), Indicators / Environmental indicators		
The calculation of air emissions (emissions of volatile organic compounds) is performed either by directly measuring emissions or based on location-specific data.		(Use of chlorinated hydrocarbons not audited)
Waste ⁴		
GRI 306-1 Waste generation and significant waste-related impacts		✓
Sustainability Report 2023 (p. 57 – 58), Regenerative planet / Circular economy / Reducing production waste		7, 8, 9
GRI 306-2 Management of significant waste-related impacts		✓
Sustainability Report 2023 (p. 57 – 58), Regenerative planet / Circular economy / Reducing production waste		7, 8, 9
Waste disposal is carried out in accordance with country-specific requirements. Determination of waste disposal method is based primarily on information provided by disposal service providers. Depending on the options available at the site, data obtained from measurement, calculation or estimates is used.		
GRI 306-3 Waste generated		✓
Sustainability Report 2023 (p. 136), Indicators / Environmental indicators / Indicators / Waste for recycling and disposal		7, 8, 9

⁴ GRI Standards 2020.



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GRI 306-4 Waste diverted from disposal	Sustainability Report 2023 (p. 136), Indicators / Environmental indicators / Indicators / Waste for recycling and disposal Data on waste that is diverted from disposal is mainly based on information provided by external service providers. Omission (not applicable): Due to the wide range of specific site conditions, there is no classification of on-site and off-site waste diverted from disposal.	✓ 7, 8, 9
GRI 306-5 Waste directed to disposal	Sustainability Report 2023 (p. 136), Indicators / Environmental indicators / Indicators / Waste for recycling and disposal Data on waste that is directed to disposal is mainly based on information provided by external service providers. Omission (not applicable): Due to the wide range of specific site conditions, waste diverted from disposal on-site is not tracked. Off-site diversion from disposal (reuse by a third-party) is tracked internally but not disclosed.	✓ 7, 8, 9
Supplier environmental assessment		
GRI 308-1 Percentage of new suppliers that were screened using environmental criteria	Sustainability Report 2023 (p. 121 – 126), Trusted Partner / Collaboration / Sourcing Annual Report 2023 (p. 152 – 154), Combined management report / Economic report / Procurement When selecting our suppliers and business partners, we also consider their performance with regard to sustainability criteria, including environmental standards. This is based on our globally applicable corporate purchasing standards, which we defined in 1997 for the first time, as well as our Safety, Health and Environmental Protection standards, which we supplemented with a Sustainable Sourcing Policy in 2015. This was updated in 2018 and is now known as our Responsible Sourcing Policy, which we have systematically integrated into the purchasing process. An updated version of the Responsible Sourcing Policy was published in 2023.	✓ 7, 8, 9
Employment		
GRI 401-1 Total number and rates of new employee hires and employee turnover by age group, gender, and region	Sustainability Report 2023 (p. 138 – 139), Indicators / Employee indicators The total number of new employees was around 5,650 in 2023. Omission (not applicable): As of yet, we do not publish the information by age group, gender and region, as we are working on further developing the reporting structure across these categories.	✓ 6



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GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	✓	6
Sustainability Report 2023 (p. 84 – 88), Thriving communities / Education / Employee development		
On the whole, all benefits also apply to part-time and fixed-term employees, except if applicable local market practice or local regulations in our countries of activity specify otherwise.		
Labor / Management relations		
GRI 402-1 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	✓	
In Germany, rules on employee codetermination apply. Locations in other countries are included via the European Works Council.		
Notice periods correspond to legal requirements or exceed them. We comply with the applicable national or local notice periods and obligations.		
Occupational health and safety⁵		
GRI 403-1 Workers representation in formal joint management-worker health and safety committees	✓	
Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management		
Sustainability Report 2023 (p. 94 – 95), Thriving communities / Wellbeing / Increased occupational safety		
GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	✓	
Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management		
Hazard identification, risk assessment and investigation of incidents are part of the management systems (ISO 14001 and 45001).		
GRI 403-4 Health and safety topics covered in formal agreements with trade unions	✓	
Sustainability Report 2023 (p. 75 – 76), Thriving communities / Equity / Fair working conditions / Social security services and benefits		
Sustainability Report 2023 (p. 94 – 95), Thriving communities / Wellbeing / Increased occupational safety		
Training and education		
GRI 404-1 Average hours of training per year per employee by gender, and by employee category	✓	6
Sustainability Report 2023 (p. 138 – 139), Indicators / Employee indicators		
Indication of average training commitment per employee, in days.		
Omission (not applicable): As of yet, we do not publish the information by gender and employee category.		
We are working on further developing the reporting structure across these categories.		

⁵ GRI Standards 2018.



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GRI 404-2 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	6
Sustainability Report 2023 (p. 84 – 88), Thriving communities / Education / Employee development		
GRI 404-3 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	✓	6
Sustainability Report 2023 (p. 85), Thriving communities / Education / Employee development / Individual development planning through regular feedback		
Sustainability Report 2023 (p. 138 – 139), Indicators / Employee indicators		
We assess the talent of our managerial employees (around 25.5 percent of our employees) and non-managerial employees (around 25.2 percent of our employees, out of which 6.1 percent are high-potential non-managerial employees), during the Annual People Review cycles.		
Other non-managerial employees are assessed in confidential feedback meetings with their superiors. The frequency of these confidential feedback meetings differs depending on team or region.		
Omission (not applicable): As of yet, we do not publish the information by gender and employee category. We are working on further developing the reporting structure across these categories.		
Diversity and equal opportunity		
GRI 405-1 Diversity of governance bodies and employees	✓	6
Sustainability Report 2023 (p. 138 – 139), Indicators / Employee indicators		
Annual Report 2023 (p. 26 – 27), Management Board		
Annual Report 2023 (p. 76 – 78), Corporate governance / Corporate governance statement / Targets for the proportion of women in the first two management levels below the Management Board / Adherence to minimum requirements when composing Management and Supervisory Boards		
Annual Report 2023 (p. 78 – 91), Corporate governance / Corporate governance statement / Diversity considerations		
Indication of the share of women, the age structure and number of nationalities in the total workforce. Indication of the gender, age and origin of Management Board members: www.henkel.com/company/management-corporate-boards/management-board		
Freedom of association and collective bargaining		
GRI 407-1 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	✓	1, 2, 3, 4, 5, 6
Henkel does not influence in any way employee decision-making regarding joining a union or participating in collective bargaining. The Henkel Social Standards guarantee the right to exercise freedom of association and collective bargaining.		



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Supplier social assessment

GRI 414-1 Percentage of new suppliers that were screened using labor practices criteria

Sustainability Report 2023 (p. 121 – 126), Trusted partner / Collaboration / Sourcing
Annual Report 2023 (p. 152 – 154), Combined management report / Economic report / Procurement



When selecting our suppliers and business partners, we also consider their performance with regard to sustainability criteria, including social standards. This is based on our globally applicable corporate purchasing standards, which we defined in 1997 for the first time, as well as our Safety, Health and Environmental Protection standards, which we supplemented with a Sustainable Sourcing Policy in 2015. This was updated in 2018 and is now known as our Responsible Sourcing Policy, which we have systematically integrated into the purchasing process. An updated version of the Responsible Sourcing Policy was published in 2023.

Public Policy

GRI 415-1 Total value of political contributions by country and recipient / beneficiary

Donations, whether direct or indirect, to political parties, campaigns, politicians, or candidates for a political office as well as for political campaigns and referendums are not permitted and were not made. Political activities by employees outside of work are also not supported by Henkel directly or indirectly (see [Public Affairs Standard](#)).



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Customer health and safety

GRI 416-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management
Sustainability Report 2023 (p. 104 – 107), Trusted partner / Performance / Product safety
Sustainability Report 2023 (p. 108 – 118), Trusted partner / Transparency



All of our finished products are subjected to numerous assessments and tests to ensure a high level of safety during production, use and disposal.

Using representative life cycle assessments, we regularly evaluate the raw materials we use across all product categories. In selecting and using ingredients, we also follow controversial discussions in the general public about the safety of chemical ingredients in consumer products. These provide us with opportunities to continually conduct a critical review of the scientific basis of our assessments.

Henkel has been carrying out successful research since the 1980s to develop new methods for testing the safety and compatibility of raw materials and products.



Information on the non-financial report (NFR)

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The 2023 Sustainability Report is also the separate combined non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2023 within the meaning of Sections 315b, 315c, and 289b to 289e of

the German Commercial Code (HGB) and of the EU Taxonomy Regulation. Reporting that goes beyond the GRI to meet the requirements of the HGB and the EU Taxonomy Regulation is presented in this index.

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Non-financial risks

Sustainability Report 2023 (p. 27 – 28), Strategy / Implementation and management / Sustainability management

Framework used

Sustainability Report 2023 (p. 19 – 21), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation / Identifying material topics

Sustainability Report 2023 (p. 168), Scope and reference framework / Separate non-financial group report

Business model

Sustainability Report 2023 (p. 07), Company profile / Business model

Reference to explanatory information on non-financial statement (parent company)

Sustainability Report 2023 (p. 147), Indicators / Explanatory information on the non-financial statement of Henkel AG & Co. KGaA according to Section 289b German Commercial Code

Total number of projects supported

Sustainability Report 2023 (p. 140 – 141), Indicators / Social indicators

Number of people reached

Sustainability Report 2023 (p. 140 – 141), Indicators / Social indicators

For 2025 respectively 2030, we have set ourselves the goal to contribute to improving the lives of 20 million, respectively 30 million people worldwide (base year 2010).

In the period from 2010 until the end of 2023, we reached more than 33 million people.

Time off from work for employee-initiated projects (days)

Sustainability Report 2023 (p. 140 – 141), Indicators / Social indicators

Percentage of Mass Balanced certified palm (kernel) oil used in our products

Sustainability Report 2023 (p. 62 – 64), Regenerative planet / Natural resources / Biodiversity and responsible resource management / Responsible use of palm oil and palm kernel oil

EU Taxonomy Regulation

Sustainability Report 2023 (p. 114 – 118), Trusted partner / Transparency / Sustainable finance / EU Taxonomy

Sustainability Report 2023 (p. 142 – 146), Indicators / EU Taxonomy indicators



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Separate non-financial group report

The 2023 Sustainability Report is also the separate, combined non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2023 within the meaning of Sections 315b and 315c, in conjunction with 289b to 289e of the German Commercial Code (HGB) as well as the EU Taxonomy Regulation, which is made available to the public by publication on the website.

In its sustainability reporting, Henkel applies the principles and standard disclosures specified in the GRI Standards of the Global Reporting Initiative (GRI) in line with the option "reporting with reference to the GRI Standards," the Corporate Accounting and Reporting Standard (Scope 1 and 2), and the Corporate Value Chain Standard (Scope 3) of the Greenhouse Gas Protocol Initiative of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

PricewaterhouseCoopers GmbH WPG was engaged by the Management Board of Henkel Management AG to perform an independent limited assurance engagement on selected disclosures of the Sustainability Report in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board (IAASB). Selected disclosures in the separate, combined non-financial group report were reviewed for the purpose of obtaining limited assurance. The audited contents of the Sustainability Report can be found in the GRI Index.

In addition, the separate, combined non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2023 was examined on behalf of the Supervisory Board by PricewaterhouseCoopers GmbH WPG, in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information," published by the International Auditing and Assurance Standards Board (IAASB) for the purpose of obtaining limited assurance (Limited Assurance Engagement) with respect to the disclosures required by law in accordance with Sections 315b and 315c, in conjunction with 289b to 289e of the German Commercial Code (HGB), as well as the EU Taxonomy Regulation. The GRI Standards of the Global Reporting Initiative (GRI) provided the framework for the creation of the non-financial disclosure. The audited contents can be found in the Notes in the Indices chapter.



Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting and Sustainability Information¹

To Henkel AG & Co. KGaA, Düsseldorf

We have performed a limited assurance engagement

- the chapters on sustainability reporting denoted with “✓” in the subsections “Universal Standards” and “Topic Standards” of the section “Indices” in the sustainability report (hereinafter the “Sustainability Disclosures”)
- and
- the chapters of the non-financial report denoted with “✓” in the subsections “Universal Standards”, “Topic Standards” and “Information on the non-financial report (NFR)” of the section “Indices” in the sustainability report (hereinafter the “Disclosures on Non-financial Reporting”)

of the “Sustainability Report 2023”, which is also the combined separate non-financial report, of Henkel AG & Co. KGaA, Düsseldorf, (hereinafter the “Company”) for the period from 1 January 2023 to 31 December 2023 (hereinafter the “Sustainability Report”). Our engagement in this context relates solely to the disclosures denoted with the symbol “✓”.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Sustainability Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the selection of the Sustainability Disclosures and Disclosures on Non-financial Reporting to be evaluated as well as for the preparation of the Sustainability Disclosures with reference to the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the “GRI-Criteria”) and the Non-financial Report in accordance with §§ 315c in conjunction

with 289c to 289e HGB (“Handelsgesetzbuch”: “German Commercial Code”) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section “Sustainable Finance”, subsection “EU taxonomy” of the Sustainability Report.

This responsibility of Company’s executive directors includes the selection and application of appropriate methods of non-financial reporting and sustainability reporting as well as making assumptions and estimates about individual sustainability disclosures and non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Sustainability Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section “Sustainable Finance”, subsection “EU taxonomy” of the Sustainability Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

¹ PricewaterhouseCoopers GmbH WPG has performed a limited assurance engagement on the German version of the “Sustainability Report 2023” and issued an independent practitioner’s report in German language, which is authoritative. The following text is a translation of the independent practitioner’s report.



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Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Sustainability Disclosures denoted with “✓” in the subsections “Universal Standards” and “Topic Standards” in the section “Indices” in the Sustainability Report and the Disclosures on Non-financial Reporting denoted with “✓” in the subsections “Universal Standards”, “Topic Standards” and “Information on the non-financial report (NFR)” in the section “Indices” in the Sustainability Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that

- the Sustainability Disclosures denoted with “✓” in the subsections “Universal Standards” and “Topic Standards” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January 2023 to 31 December 2023 are not prepared, in all material respects, with reference to the relevant GRI-Criteria, or
- the Disclosures on Non-financial Reporting denoted with “✓” in the subsections “Universal Standards”, “Topic Standards” and “Information on the non-financial report (NFR)” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January 2023 to 31 December 2023 are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Sustainable Finance”, subsection “EU taxonomy” of the Sustainability Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of executive directors and relevant employees involved in the preparation of the Sustainability Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Sustainability Report
- Identification of the likely risks of material misstatement of the Sustainability Report
- Analytical procedures on selected disclosures in the Sustainability Report



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- Reconciliation of selected disclosures with corresponding data in the consolidated financial statements and in the combined management report
- Evaluation of the presentation of the disclosures
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that

- the Sustainability Disclosures denoted with “✓” in the subsections “Universal Standards” and “Topic Standards” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January 2023 to 31 December 2023 are not prepared, in all material respects, with reference to the relevant GRI-Criteria,
or
- the Disclosures on Non-financial Reporting denoted with “✓” in the subsections “Universal Standards”, “Topic Standards” and “Information on the non-financial report (NFR)” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January 2023 to 31 December 2023 are not prepared, in all material respects, in accordance with the §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Sustainable Finance”, subsection “EU taxonomy” of the Sustainability Report.

We do not express an assurance opinion on the external sources of information or expert opinions, mentioned in the Sustainability Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Köln, 7 February 2024

PricewaterhouseCoopers GmbH
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