



German Act on Corporate Due Diligence in Supply Chains

# Policy Statement

## Introduction

We as Henkel AG & Co. KGaA (including enterprises which belong to Henkel AG & Co. KGaA's own business area in terms of § 2 para. 5 no. 1 of the German Act on Corporate Due Diligence in Supply Chains ("Lieferkettensorgfaltspflichtengesetz", "LkSG") - ("Henkel")) are a company with integrity and high ethical standards, and compliance has and always will play an integral part of our mindset and our business practices. We are committed to respecting internationally acknowledged human rights along the entire value chain. Environmentally compatible and responsible business practices are the basis of all our actions and decisionmaking. This Policy Statement describes Henkel's corporate due diligence processes to address human rights and environmental risks in accordance with Sect. 6 para. 2 LkSG. All processes are based on and set-up in line with Henkel's various comprehensive [Codes and Standards](#), including but not limited to our

- Code of Conduct,
- Code of Corporate Sustainability,
- Social Standards,
- Safety, Health and Environment (SHE) standards and our
- Responsible Sourcing Policy.

With that framework we provide our employees, customers, suppliers, investors, and the communities we operate in with a clear definition of the ethical and social values we uphold and underscore our commitment to respecting human rights along the entire value chain. This Policy Statement is the central source of our LkSG-Human Rights approach. However, in many dimensions, in particular with regards to our general Human Rights strategy, we as the whole Henkel group of companies exceed the statutory standards and requirements (for details, please see: <https://www.henkel.com/sustainability>).

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## Our expectations towards our employees, suppliers and other business partners

We as Henkel - as part of our corporate responsibility - are committed to respect and advance human rights and environmental standards in all regions of our presence and operational control, as well as in our value chain. Our codes, standards and processes reflect our commitment to the [International Labor Organization's \(ILO\) Fundamental Principles and Rights at Work](#) as well as the [Universal Declaration of Human Rights](#) and the expectations set out by further frameworks such as the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#).

Due diligence obligations are established in our own operations and our supply chains in accordance with the UNGPs reflected by the LkSG to respect international human rights and environmental standards.

We also comply with applicable national law. In cases where international human rights are restricted by local laws, we strive to promote the principles behind the international standards without conflicting with local laws. Where local laws exceed international standards, we will comply with these laws.

We underscored our commitment to supporting and respecting human rights by joining the United Nations Global Compact. In addition to audit 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. This approach supports our commitment to the Forced Labor Resolution of the Consumer Goods Forum (CGF). Our membership of the initiative "Together for Sustainability (TfS)" is a good example of this approach in action.

The international standards covered by our human rights and environmental due diligence procedures are:

- The International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work

- The International Covenant on Economic, Social and Cultural Rights
- The International Covenant on Civil and Political Rights
- Minamata Convention on Mercury
- Stockholm Convention on Persistent Organic Pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

We ensure that the following principles are safeguarded in our own business operations and at our suppliers:

- Prohibition of child labor
- Prohibition of slavery and forced labor
- Prohibition of disregarding the occupational health and safety obligations
- Prohibition of disregard the freedom of association
- Prohibition of unequal treatment in employment
- Prohibition of withholding an adequate living wage
- Prohibition of serious environmental damage
- Prohibition of unlawful eviction
- Prohibition of unlawful taking of land, forests and waters
- Prohibition of the commissioning or use of private/public security forces that may cause interference due to lack of instruction or control
- Prohibition of the Production of mercury-added products
- Prohibition of Production and use of certain persistent organic pollutants and their non-environmentally sound storage, handling or disposal
- Prohibition of Import and Export of hazardous waste

The principles set out here apply to our Henkel business operations worldwide. In addition, we also expect our suppliers and other business partners to undertake to comply with the principles set out here and to implement appropriate processes to respect human rights. This also includes providing information on how the stat-

ed principles are observed when requested. As defined by the LkSG, we require our management, employees and suppliers to uphold these obligations as ruled out within this Policy Statement.

More details on Henkel's global corporate engagement for sustainability beyond the statutory framework of the LkSG can be found in our [Henkel Sustainability Report](#) as well as on our [website](#).

## Our Risk Management and Due Diligence Process

To live up to our commitment to respect human rights and environmental due diligence obligations, we conduct due diligence processes to identify and mitigate risks.

As a company in the consumer brands and adhesives technologies industry, we can strengthen the protection of human rights in a variety of ways. However, we are also aware of the possible human rights risks that can be associated with our business activities.

To identify, prevent or minimize/stop human rights and environmental risks in our business operations, Henkel has installed a group-wide Risk Management and Due Diligence Process. Our uniform "German Supply Chain Act Due Diligence Guideline" ("SCDD Guideline") describes the responsibilities and procedures for the implementation of the obligations.

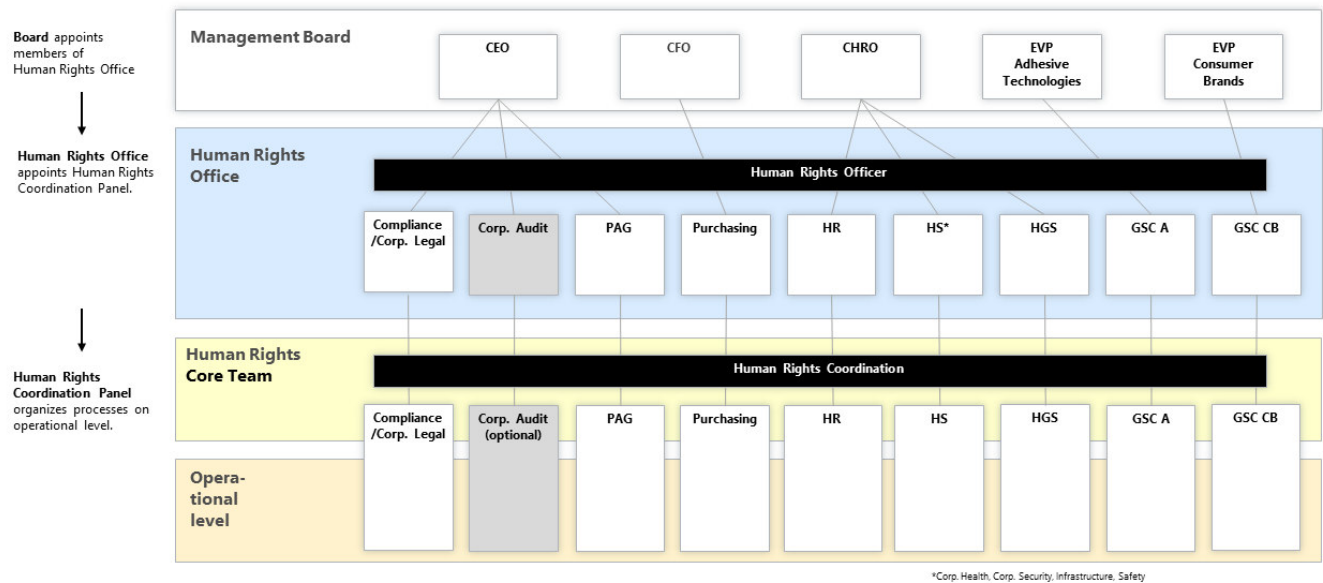
## Governance

The Risk management and Due Diligence Process are lived by dedicated decision-making bodies which consist of employees who are responsible for managing the human rights risks and environmental standards.

The table below shows the LKSG Governance organization at Henkel. The Henkel Management Board delegates the establishment of the risk management system to the involved business units and functions at central level. Each business unit or function is assigned to one or several of the risks as defined by the LkSG, i.a. Child Labor is assigned to the employees/decision-makers within the Human Resources organization. For measures regarding suppliers, implementation is assigned to the employees/decision-makers within Global Purchasing. The Henkel functions and business units are represented in the Human Rights Office and the Human Rights Core Team. The Human Rights Office executes the human rights and environmental standard due diligence processes.

The coordination and project management of the processes runs through the Human Rights Coordinators as part of the Human Rights Coordination Panel. The implementation of the processes is carried out by the members of the panel and their teams at the operational level.

Regarding the implementation of the defined due diligence obligations at the decentralized level of the individual legal entity per country, legal responsibility lies with the respective Managing Directors of the respective legal entity, who can appoint further implementation responsibilities in consultation with the Human Rights Coordination Panel.



## Risk analysis

Henkel conducts risk analyses regularly, at least once a year and on an ad hoc basis to identify potential human rights and environmental risks in its own business area and at its suppliers.

As part of our regular risk analysis, which we carry out for our own business areas, our supply chain, and our services and products, we identify issues and risks that we consider to be of priority due to their potential severity and our ability to influence them:



- For direct suppliers, the risk analysis takes place once a year and before onboarding a potential new direct supplier. Suppliers are assessed based on country and industry risk as well as purchasing volume and classified into a risk level which determines which preventive measures need to be taken.
- An ad hoc risk analysis must be carried out if a business division / function expects a significantly changed or significantly expanded risk situation in the supply chain (introduction of new products, projects or a new business division or the addition of new suppliers) or if new findings from the complaints procedure or new findings regarding the countries or sectors in which business divisions or suppliers operate are available.

The results of our risk analysis are incorporated into the relevant business processes and into our supplier management system.

### Priority risks identified

As part of the risk analysis for the 2023 financial year, we identified two areas within our supply chains that are (or may be) associated with human rights risks: Raw materials based on palm oil and palm kernel oil and countries associated with the sourcing of so-called “conflict minerals”. We monitor these two areas closely with regard to their potential impact on human rights.

- **Raw materials based on palm and palm kernel oil**

At Henkel, we recognize our responsibilities regarding the purchase and use of ingredients based on renewable raw materials. For this reason, we are committed to ensuring that the ingredients for our products are made from sustainable palm oil and palm kernel oil. With this in mind, we work both with the companies from which we source our raw materials and with other partners to exert influence on the palm oil supply chain, from smallholder farmers to consumers. We have set ambitious targets for 2025 and, building on existing certifications, we intend to develop our supply chains to ensure full NDPE compliance (No Deforestation, No Peat, No Exploitation). We aim to guarantee that the palm oil and palm kernel oil and their derivatives used as a basis of the ingredients in our products do not contribute to the deforestation of primary or secondary rainforests with significant ecological value. These include peat lands and other high-carbon stock areas. In addition, we intend to continuously develop traceability and transparency capabilities and we aim to improve the livelihoods of smallholder farmers.

Our purchase of palm oil-related materials accounts for less than 0.2 percent of the palm oil and palm kernel oil produced worldwide. The majority of this is palm kernel oil is the basis for surfactants that we use in our detergents and hair and body products. These materials are at the end of a long and often highly complex supply chain. For this reason, Henkel is committed to driving progress toward achieving sustainable practices across the palm oil industry and along the entire value chain.

- **Raw materials from countries associated with the sourcing of so-called “conflict minerals”**

We have identified systemic risks associated with extraction of certain commodities such as 3TG (tin, tantalum, tungsten and gold), which are commonly referred to as conflict minerals. These risks also include the problem of forced labor, where people may be subjected to coercion or exploitation in their working environment. 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. Since Henkel has no direct business relationship with

the smelters, we expect our suppliers to engage with these smelters on a conflict-free verified basis with the requirement to use exclusively Responsible Minerals Initiative (RMI) or other OECD recognized business initiative validated sources.

## Preventive Measures

Where risks in the own business area or at direct suppliers are identified, appropriate preventive measures will be taken depending on the classified risk profile (low / medium / high).

For the own business area, this entails:

- If the risk is low, only basic measures are taken (for example additional trainings).
- If the risk is medium or high risk, additional extended measures must be taken (for example: audits to monitor compliance with the Code of Conduct, specific capacity-building trainings on the respective risk including interactive workshops and risk-appropriate individual case-specific preventive measures).

For suppliers, the following measures apply:

- Suppliers with a low risk profile shall comply with the standard measures in terms of contractual assurance on compliance with the LkSG-specific requirements, our Responsible Sourcing Policy or a similar standard.
- Suppliers with a medium risk profile additionally need to fulfill self-disclosure questionnaires to assess their specific risk exposure.
- Suppliers with a high-risk profile must undergo an expert CSR assessment and in case of adequacy perform on-site audits. Additionally, individual case-specific preventive measures which refer to a specific risk situation or category, shall be applied (e.g. supplier-specific assessments, supplier training).

## Remedial Actions

If Henkel discovers that a violation of a human rights-related or environmental obligation has already occurred or is imminent in its own business area or at a supplier, it takes appropriate remedial action(s) without undue delay. The measures are taken on a case-by-case basis, depending on the nature of the violation.

## Complaints procedure

Possible compliance violations or human rights violations in terms of actual or suspected breaches shall be reported as soon as possible to Henkel's Compliance Department. Whistleblowers are offered various channels to report potential misconduct (please refer to Compliance Hotline (henkel.com)), all reports submitted are treated confidentially.

## Effectiveness Review

Henkel conducts annual and ad hoc effectiveness checks regarding the effectiveness of the preventive measures and remedial actions as well as the complaints procedure.

## Documentation and Reporting

The fulfillment of all due diligence obligations is documented internally by Henkel on an ongoing basis and stored in an audit-proof manner for at least seven years.

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