# HENKEL REMUNERATION SYSTEM

## FOR THE MANAGEMENT BOARD OF HENKEL AG & CO. KGA

EDITION 2023

The Annual General Meeting of Henkel AG & Co. KGaA on April 24, 2023, approved the remuneration system for the members of the Management Board with a majority of 98.04 percent.

# Remuneration policy for the Management Board

## 1. General objectives and principles

At Henkel AG & Co. KGaA, the duties of an executive board of a joint stock corporation are performed by Henkel Management AG as the sole Personally Liable Partner, whose Management Board ("Management Board") is therefore responsible for managing the business of Henkel AG & Co. KGaA. Henkel AG & Co. KGaA is the sole shareholder of Henkel Management AG.

Henkel is committed to corporate governance that is responsible, transparent and aligned to the sustainable and long-term development of the corporation. We want to create sustainable value – for our customers and consumers, for our people, for our shareholders, as well as for the communities in which we operate. 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.

Accordingly, the remuneration system for the members of the Management Board takes account of the relevant duties and responsibilities, and is designed to drive implementation of our corporate strategy, to offer incentives for successful and sustainable business performance over the long term, and to avoid inappropriate risk-taking. The following principles, in particular, are considered when designing the remuneration system and when making decisions regarding the structure and amounts of remuneration payable to members of the Management Board:

- Remuneration and its individual elements shall be consistent with regulatory/statutory requirements and the principles of good and responsible corporate governance.
- Remuneration shall be consistent with market practice and competitive, be appropriately commensurate with the duties and performance of the Management Board members, and shall take account of the size, complexity and international activities of the corporation, its economic and financial position, and its prospects for the future.
- Total remuneration shall encourage the implementation of the strategy designed to drive the sustainable and long-term development of the corporation, including its sustainability targets.
- Market alignment shall be assessed using a suitable benchmark group of other companies, while within the corporation the ratio of Management Board remuneration to the remuneration paid to the upper management levels and the workforce both overall and over time shall be considered.

- Remuneration shall consist of non-performance-related components and a substantial portion of variable, performance-related components. The variable, performance-related remuneration shall be predominantly share-based and designed to ensure that long-term variable target remuneration accounts for a greater share of the total than short-term variable target remuneration.
- The variable, performance-related components of remuneration shall be based on challenging financial performance indicators – related to the corporation's objectives and derived from the corporate strategy – and on non-financial targets. Overall, the financial performance indicators shall be weighted more heavily, and are based on quantitative criteria.
- Overall remuneration shall be equitable; reasonable caps on variable components of remuneration and maximum remuneration payable to a Management Board member shall have been defined.
- Each Management Board member shall acquire a reasonable portfolio of Henkel preferred shares during their tenure on the Management Board (Share Ownership Guideline) to enhance alignment to shareholders' interests.

## 2. Methodology used to determine, implement and review Management Board remuneration

### 2.1 Determination by the Supervisory Board of Henkel Management AG

The legal form of Henkel AG & Co. KGaA as a "Kommanditgesellschaft auf Aktien" with Henkel Management AG as its sole Personally Liable Partner means that, unlike in the case of joint stock corporations, the Supervisory Board of Henkel Management AG is responsible for appointing and dismissing members of the Management Board, the drafting of their contracts, assignment of their business duties, and their remuneration. Regarding Management Board remuneration, the Supervisory Board of Henkel Management AG is responsible, in particular, for:

- Determining and reviewing remuneration policy
- Specifying the non-performance-related and variable, performance-related components of remuneration
- Defining individual targets each year, and measuring performance with regard to same
- Determining the extent to which financial targets have been met each year and quantifying annual and multi-year variable, performance-related remuneration
- Approving the assumption of voluntary duties and supervisory board, advisory board or similar mandates in other companies, as well as other ancillary professional activities

Corresponding resolutions are adopted by the Supervisory Board of Henkel Management AG, which is comprised of three members of the Shareholders' Committee of Henkel AG & Co. KGaA, after prior consultation in the Shareholders' Committee's Personnel Committee. The general rules governing the treatment of conflicts of interest are applied. Specifically, members of the Management Board are excluded from such consultations and resolutions to the extent necessary to avoid conflicts of interest. The Supervisory Board of Henkel Management AG is responsible for engaging external remuneration experts to either develop or modify the remuneration system or to assess whether Management Board remuneration is appropriate. In doing so, it ensures the independence of remuneration experts from both the Management Board and the corporation at large.

### 2.2 Remuneration policy review and approval by the Annual General Meeting

The Supervisory Board of Henkel Management AG regularly reviews the remuneration system, as well as the appropriateness of the remuneration, based on the principles and criteria described in this remuneration policy, and adjusts them as necessary.

The remuneration policy must be submitted for approval to the Annual General Meeting of Henkel AG & Co. KGaA if substantial changes are planned, and in all cases every four years. If the Annual General Meeting refuses to approve the remuneration policy, a revised remuneration system must be submitted for approval at the next Annual General Meeting, at the latest.

### 2.3 Structure and amounts

The structure and amounts of Management Board remuneration are aligned to the size, complexity and international activities of the corporation, its economic and financial position, its performance and future prospects, the normal levels of remuneration encountered in comparable companies, and also the general compensation structure within the corporation. The remuneration paid to Management Board members of companies listed in the Deutscher Aktienindex (DAX share index) – excluding financial services companies and taking account of concomitant market standing and complexity – substantially represents the external benchmark used to assess whether the remuneration structure is commonplace and whether the target and maximum remuneration levels applied are appropriate (horizontal comparison). In addition, the Supervisory Board of Henkel Management AG considers the development of Management Board remuneration relative to the remuneration paid to senior management (management levels 0 and 1 of the Henkel Group) and to the workforce in Germany, in terms of both total remuneration and progress over time (vertical comparison).

The compensation package is further determined on the basis of the functions, responsibilities and personal performance of the individual officers, and the performance of the Management Board as a whole. The following criteria play a key role in measuring individual performance:

- The absolute and relative performance of the business unit for which each officer is responsible compared to market/competition performance
- The personal contribution toward implementing the strategic priorities
- Achievement of the relevant separate targets agreed with each individual

The variable annual remuneration components take into account both positive and negative developments. The overall remuneration is designed to be internationally competitive while also providing an incentive for sustainable and long-term business development and a sustainable increase in shareholder value in a dynamic environment.

Members of the Management Board receive non-performance-related components and performance-related components consisting of the following three main elements:

- Fixed non-performance-related basic remuneration to assure a reasonable basic salary
- Annual variable cash remuneration (Short Term Incentive, STI) to encourage the achievement of annual targets relating to business operations
- Variable, share-based cash remuneration relating to the long-term performance of the corporation (Long Term Incentive, LTI), based on achievement of long-term strategic targets

In compliance with the requirements of German Stock Corporation law [Aktiengesetz, AktG] and the recommendations of the German Corporate Governance Code (GCGC), the variable target remuneration is mostly of a long-term nature (i.e. long-term variable target remuneration accounts for a greater share of the total than short-term variable target remuneration), and payment is predominantly share-based.

Fringe benefits (other emoluments) are also paid. In addition, the Supervisory Board of Henkel Management AG is entitled to grant annual allocations to a company pension scheme (pension commitments) or payment of an appropriate lump-sum amount for personal provision. Rules that are consistent with market practice also exist to govern the various components of remuneration upon joining or leaving the Management Board.

The Supervisory Board of Henkel Management AG has capped the maximum amounts payable both as individual variable components of remuneration and as the total remuneration granted in any fiscal year – taking into account the other emoluments and pension commitments or lump-sum pension payouts. Insofar as the Annual General Meeting complies with Section 87 (4) AktG in adopting resolutions to lower the cap on remuneration that is specified in the remuneration policy, this change is taken into account when entering into new, or extending existing Management Board contracts of employment (executive contracts).

In specific circumstances, the Supervisory Board of Henkel Management AG is entitled to withhold some or all of the variable remuneration (malus regulation) or demand the repayment, within specific limits and time periods, of variable remuneration that has already been paid (clawback regulation).

The obligation to purchase and hold Henkel preferred shares (Share Ownership Guideline) is a further key element of the remuneration policy for Management Board members. The aim here is to promote a degree of alignment in the interests of the Management Board members with those of the shareholders, while ensuring the sustainable and long-term performance of the corporation.

# 3. Overview of the structure of the remuneration system

## 3.1 General overview in tabular form

The following table lists the material elements of the remuneration system and their structure. Further details can be found in Section 4.

### Remuneration system overview

| Components of remuneration and their structure | | Objective and strategic reference |
|---|---|---|
| **Non-performance-related components** | **Basic remuneration** | |
| | ▪ Chair of the Management Board: currently 1,500,000 euros p.a. | ▪ Assurance of equitable basic salary commensurate with market conditions and the function performed |
| | ▪ Other Management Board members: currently 900,000 euros p.a. | ▪ Avoidance of incentives to take inappropriate risks |
| | **Other emoluments** | |
| | ▪ Insurance, reimbursement of accommodation/relocation costs, home security costs, provision of a company car, use of a car service, other in-kind benefits; amounts vary dependent on personal needs | ▪ Inclusion of fringe benefits and benefits in kind that are commensurate with market conditions and directly related to, and supportive of, Management Board activity |
| | ▪ Caps:<br>– Chair of the Management Board: currently 250,000 euros p.a.<br>– Other Management Board members: currently 175,000 euros p.a. | |
| | **Optional: Pension commitments/Lump-sum pension payout** | |
| | **Defined contribution pension scheme** | |
| | ▪ Superannuation lump sum comprised of the total annual contributions. Annual contribution (lump-sum contribution):<br>– Chair of the Management Board: 750,000 euros<br>– Other Management Board members: 450,000 euros<br>or alternatively | ▪ Granting of amounts enabling accumulation of an equitable company pension |
| | **Lump-sum pension payout** | |
| | ▪ Lump-sum pension payout, payable annually:<br>– Chair of the Management Board: 750,000 euros<br>– Other Management Board members: 450,000 euros | ▪ Granting of amounts enabling accumulation of an equitable private pension |

TABLE CONTINUED ON NEXT PAGE

## Remuneration system overview

| Components of remuneration and their structure | | Objective and strategic reference |
|---|---|---|
| **Performance-related components** | **Variable annual cash remuneration (Short Term Incentive, STI)**<br>▪ Target remuneration if all targets are met:<br>– Chair of the Management Board: currently 2,100,000 euros<br>– Other Management Board members: currently 1,200,000 euros<br>▪ One-year performance measurement period: Amount dependent on achievements in the fiscal year (remuneration year) with respect to:<br>– Business performance (financial targets, bonus): organic sales growth (OSG), adjusted earnings per Henkel preferred share (EPS) at constant exchange rates versus prior year (actual-to-actual comparison); each weighted 50 percent<br>– Individual performance: individual multiplier ranging from 0.8 to 1.2 applied to the bonus amount<br>▪ Cap: 150 percent of the respective target remuneration | ▪ Incentive to meet the corporate targets for the current fiscal year<br>▪ Incentive for long-term purposeful growth<br>▪ Allowance for operational success relative to benchmark group<br>▪ Promoting implementation of the strategic priorities and sustainability targets<br>▪ Differences in performance possible between Management Board members |
| | **Long-term variable share-based cash remuneration (Long Term Incentive, LTI)**<br>▪ Virtual share plan<br>▪ Target remuneration if all targets are met:<br>– Chair of the Management Board: currently 2,500,000 euros<br>– Other Management Board members: currently 1,450,000 euros<br>▪ Four-year performance period, split into a three-year target achievement period and a one-year lock-up period<br>▪ Final payout amount dependent on the share price and derived from the following basis for calculation:<br>– 60 percent weighting: adjusted return on capital employed (ROCE)<br>– 20 percent weighting: relative total shareholder return (TSR)<br>– 20 percent weighting: ESG targets<br>▪ Cap: 150 percent of the respective target remuneration | ▪ Incentives to raise shareholder value over the long term<br>▪ Allowance for profitability<br>▪ Allowance for relative performance compared to the market<br>▪ Promoting implementation of the strategic priorities and sustainability targets |

TABLE CONTINUED ON NEXT PAGE

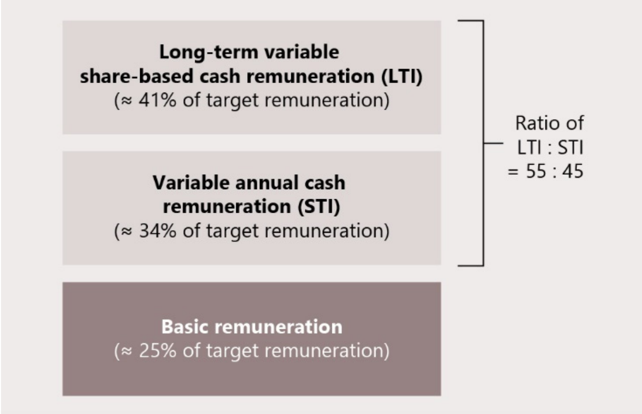
## Remuneration system overview

| Components of remuneration and their structure | | Objective and strategic reference |
|---|---|---|
| **Caps** | ▪ Caps on total remuneration (basic remuneration, other emoluments and pension commitments/lump-sum pension payouts, and variable components of remuneration):<br>– Chair of the Management Board: 9,400,000 euros p.a.<br>– Other Management Board members: 5,500,000 euros p.a. | ▪ Avoidance of inappropriately high payments |
| **Share Ownership Guideline** | ▪ Obligation to acquire a minimum portfolio of Henkel preferred shares and to hold them for the duration of tenure on the Management Board:<br>– Chair of the Management Board: 200 percent of basic remuneration<br>– Other Management Board members: 100 percent of basic remuneration<br>Until this amount is achieved, Management Board members must invest at least 25 percent of the net amount paid out as performance-related remuneration (STI + LTI) after the close of the fiscal year in Henkel preferred share. | ▪ Aligning the interests of Management Board and shareholders<br>▪ Incentive for long-term business performance |
| **Other regulations governing remuneration** | **Malus and clawback regulations**<br>▪ The Supervisory Board of Henkel Management AG is authorized – in specific circumstances – to wholly or partially withhold variable remuneration (STI, LTI) (malus) or to demand repayment, within specific limits, of variable remuneration that has already been paid (clawback) | ▪ Assurance of equitability of variable remuneration (STI, LTI)<br>▪ Ensuring compliance with essential principles of corporate governance |
| | **Severance cap**<br>▪ Payment limited to maximum two years' remuneration but no more than due for the remaining term of the contract | ▪ Consistent with the GCGC, specification of a cap on payments and benefits in the event of premature termination of Management Board appointment<br>▪ Avoidance of inappropriately high compensation payments |
| | **Post-contractual non-competition clause**<br>▪ Two-year term; compensation for loss of earnings totaling 50 percent of the annual remuneration, payable in 24 monthly installments<br>▪ Severance pay credited against any compensation for loss of earnings for the same period | ▪ Protecting Henkel's interests |

## 3.2 Target remuneration

The target remuneration – comprised of remuneration excluding other emoluments and pension commitments/ lump-sum pension payouts – payable to all members of the Management Board (apart from the Chair) upon 100-percent achievement of all performance targets is currently 3,550,000 euros p.a. Of this figure, 900,000 euros is attributable to basic remuneration (around 25 percent of target remuneration), 1,200,000 euros to the STI (around 34 percent of target remuneration) and 1,450,000 euros to LTI (around 41 percent of target remuneration). Accordingly, some 75 percent of the target remuneration (= 2,650,000 euros) is therefore variable. Of this total, short-term variable target remuneration (STI) accounts for around 45 percent and long-term variable target remuneration (LTI) for around 55 percent.

**Remuneration structure**
**(without other emoluments, pension benefits)**




The target remuneration payable to the Chair of the Management Board upon 100-percent achievement of all performance targets currently totals 6,100,000 euros, broken down as follows: 1,500,000 euros basic remuneration (around 25 percent of target remuneration), 2,100,000 euros STI (around 34 percent of target remuneration) and 2,500,000 euros LTI (around 41 percent of target remuneration).

Other emoluments are paid to all members of the Management Board except the Chair up to a maximum of 175,000 euros, together with pension commitments (annual pension contributions) or lump-sum pension payouts – if granted – of 450,000 euros. Bearing in mind these amounts and 100-percent target achievement (“at target”), members of the Management Board currently receive total annual remuneration (remuneration plus other emoluments and pension commitments/lump-sum pension payouts) of up to 4,175,000 euros, of which around 37 percent (= 1,525,000 euros) takes the form of basic remuneration plus other emoluments and pension commitments/lump-sum pension payouts – if granted – while some 63 percent (= 2,650,000 euros) represents short-term and long-term variable remuneration (STI and LTI).

Other emoluments are paid to the Chair of the Management Board up to a maximum of 250,000 euros per year, together with pension commitments/lump-sum pension payouts – if granted – of 750,000 euros. Bearing in mind these amounts, the Chair of the Management Board, on achievement of all performance targets to the tune of 100 percent ("at target"), currently receives total annual remuneration of up to 7,100,000 euros, of which around 35 percent (= 2,500,000 euros) takes the form of basic remuneration plus other emoluments and pension commitments/lump-sum pension payouts – if granted – while some 65 percent (= 4,600,000 euros) represents short-term and long-term variable remuneration (STI and LTI).

The Supervisory Board of Henkel Management AG may determine different total target remuneration amounts – in respect of both absolute amount of remuneration and structure of remuneration – for the function or position of each individual Management Board member in order to appropriately take into account the different requirements of the respective Management Board role. Thus, the Chair of the Management Board in particular may be awarded higher remuneration overall than the other Management Board members. By the same token, the remuneration specified for a member newly appointed to the Management Board may be lower overall for the first term of office or part of same.

The Supervisory Board of Henkel Management AG regularly reviews the amounts of the individual components of remuneration and their ratio to one another and adjusts them if deemed appropriate in light of the duties and performance of a Management Board member, the state of the corporation, and the need to maintain competitiveness. Any increase in the target remuneration of an individual component of remuneration and thus of the total target remuneration is capped at 5 percent p.a. Such increase must not cause the caps, indicated below, on the respective total remuneration for a fiscal year to be exceeded. Equally, the ratio of basic remuneration to the various variable components of remuneration per the above overview must not substantially change overall; care must also be taken to ensure that the remuneration continues to be tied to sustainable and long-term performance, that a large portion of the remuneration is variable, and that long-term variable target remuneration still accounts for a greater share of the total than short-term variable target remuneration.

## 4. Detailed discussion of the components of remuneration

### 4.1 Non-performance-related components

Non-performance-related remuneration is comprised of basic remuneration, other emoluments and – if granted – pension commitments or lump-sum pension payouts.

#### 4.1.1 Basic remuneration

The fixed, non-performance-related basic remuneration reflects market conditions and serves as a basic salary to secure a decent income and thus help avoid the urge to take inappropriate risks. It is paid out in monthly installments and currently amounts to 1,500,000 euros per year for the Chair of the Management Board and 900,000 euros per year for the other Management Board members.

#### 4.1.2 Other emoluments

The members of the Management Board also receive other emoluments, primarily in the form of costs associated with, or the cash value of, in-kind benefits and other fringe benefits such as standard commercial insurance policies, reimbursement of accommodation/relocation costs and the cost of home security installations, provision of a company car that they may also use for private purposes or use of a car service, including any taxes on same, and the costs of preventive medical examinations. All members of the Management Board are entitled, in principle, to the same emoluments, whereby the amounts vary depending on personal situation and utilization. These emoluments are recognized at cost or the equivalent cash value in the case of benefits in kind.

A cap has been set on other emoluments amounting to 250,000 euros per year for the Chair of the Management Board and 175,000 euros per year for the other Management Board members.

The Supervisory Board of Henkel Management AG can, moreover, award newly appointed Management Board members one-off compensation if remuneration commitments of a former employer are forfeited due to the move to Henkel (sign-on bonus). Such compensation is capped at 200 percent of basic remuneration and does not count toward the aforementioned cap for other emoluments. It can result in maximum total remuneration increasing by up to 200 percent of the basic remuneration in the first year of appointment to the Management Board. Members of the Management Board who are domiciled abroad may also be granted the usual tax reimbursements and compensation for currency conversion losses. The granting of such allowances is discussed in the remuneration report.

### 4.1.3 Pension commitments/Lump-sum pension payouts

The Supervisory Board of Henkel Management AG can additionally grant contributions to a company pension scheme or payment of an appropriate lump sum under the following conditions.

In the case of contributions to a company pension scheme, which is designed purely as a defined contribution pension scheme, participating Management Board members receive a superannuation lump sum comprised, at least, of the total annual non-interest-bearing contributions (lump-sum contributions) made during their tenure on the Management Board. The lump-sum contributions are added to the special fund set up for company pension purposes; Management Board members are entitled to any surplus return, albeit not guaranteed, from investing the lump-sum contributions. The lump-sum contributions – based on a full fiscal year – are 750,000 euros for the Chair and 450,000 euros each for the other members of the Management Board.

An entitlement to pension benefits arises on retirement upon reaching the age of 63, on termination of the employment relationship on or after attainment of the statutory retirement age, in the event of death, or in the event of permanent complete incapacity for work. If a member of the Management Board has received no pension benefits prior to their death, the superannuation lump sum accumulated up to time of death is paid out to the surviving spouse or to surviving children eligible for orphan benefits.

Instead of granting a company pension in accordance with the defined contribution pension scheme described above, Management Board members may also be granted a so-called pension payout in the form of an earmarked lump sum to be transferred directly to the Management Board members each year. The amount of annual pension payout is equivalent to the aforementioned lump-sum contributions. As a result, each Management Board member becomes solely responsible for funding their pensions, thus lessening the administrative workload for the corporation.

Management Board members who participate in the defined contribution pension scheme can opt for the lump-sum pension payouts. If a Management Board member opts for the lump-sum pension payout route, they cannot switch/return to the company's defined contribution pension scheme.

## 4.2 Performance-related components

### 4.2.1 Variable annual remuneration (Short Term Incentive, STI)

#### Overview STI

| Components | Basis for calculation/Parameters | Weighting | Lower threshold | 100% target achievement | Upper threshold |
|---|---|---|---|---|---|
| Financial targets (bonus) | Organic sales growth[1] (OSG) | 50 percent | Minimum OSG (50 percent OSG target remuneration) | OSG target (100 percent OSG target remuneration) | Maximum OSG (150 percent OSG target remuneration) |
| | Adjusted earnings per preferred share (EPS)[2] | 50 percent | 80 percent of the prior-year figure (50 percent EPS target remuneration) | 100 percent of the prior-year figure (100 percent EPS target remuneration) | 120 percent of the prior-year figure (150 percent EPS target remuneration) |
| Individual multiplier | ▪ Absolute and relative performance compared to market/competition<br>▪ Personal contribution to the implementation of strategic priorities<br>▪ Achievement of personal targets | | | Multiplier ranging from 0.8 to 1.2 | |
| **Performance measurement period** | Fiscal year (remuneration year) | | | | |
| **Target remuneration** | 1,200,000 euros[3] | | | | |
| **Cap**[4] | 150 percent of the target remuneration (= 1,800,000 euros[3]) | | | | |

[1] Threshold/target figures derived annually from budgets.
[2] At constant exchange rates versus prior year (actual-to-actual comparison).
[3] Remuneration for an ordinary member of the Management Board.
[4] Including individual multiplier.

The variable annual remuneration (STI) represents a uniform incentive to achieve the financial targets derived from the budgets and the corporate strategy, and an incentive to achieve individual targets aligned to sustainability; it thus contributes toward implementation of the corporate strategy.

The benchmark parameters for the STI are the achieved financial targets for each fiscal year ("remuneration year") – which determine the so-called bonus – and the individual performance of each Management Board member, in respect of which a multiplier ranging from 0.8 to 1.2 is applied.

The Henkel Group pursues a strategy of long-term, sustainable, purposeful growth. This forms the basis for derivation of the strategic financial target for organic sales growth (OSG) – i.e. sales development adjusted for foreign exchange and acquisitions/divestments – in the remuneration year, which is one of the criteria (50-percent weighting) used to determine the amount of the bonus. The other financial target (also weighted at 50 percent) is earnings per preferred share (EPS) adjusted for one-time expenses and income, for restructuring expenses, and for foreign exchange. Both targets are linked, i.e. the 50-percent-weighted OSG component of the bonus amount is added to the EPS component, which is also weighted at 50 percent.

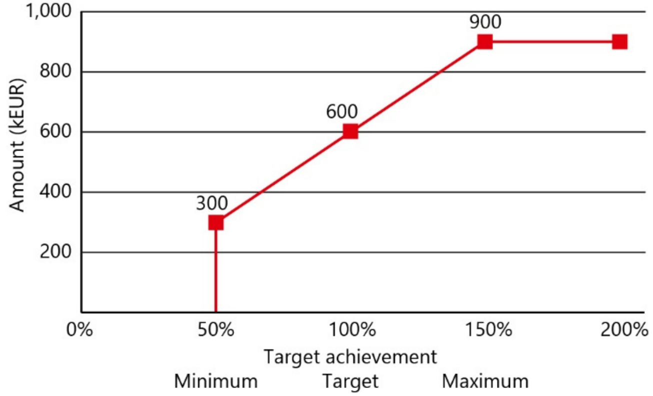
The OSG target is derived from the budget for the relevant fiscal year. It is set annually by the Supervisory Board of Henkel Management AG. EPS performance is measured on the basis of actual-to-actual comparison, i.e. the EPS at constant exchange rates in the remuneration year is compared to the EPS from the previous year. The Supervisory Board of Henkel Management AG exercises its due discretion in specifying the actual targets.

Achievement of the financial targets is determined on the basis of the figures stated in the consolidated financial statements for the relevant fiscal years as certified without qualification and approved by the Supervisory Board of Henkel AG & Co. KGaA in each case, and adjusted in compliance with financial reporting regulations, provided no changes occur in the course of approval of the annual financial statements by the Annual General Meeting of Henkel AG & Co. KGaA. Such adjustment enables better comparability of operational performance. In individual instances, the Supervisory Board of Henkel Management AG is entitled to ignore adjustments that would increase the amounts of remuneration, i.e. to discount them with the effect of reducing remuneration.

An appropriate remuneration scale has been established for both financial metrics. Thresholds have also been defined; payment is withheld if the minimum targets are not met, and capped if they are exceeded. The scale of payment amounts attributable to the OSG target is always linear between the lower threshold (minimum amount) and the at-target amount, and between the at-target amount and the upper threshold (cap). The scale of payment amounts attributable to the EPS target is consistently linear between the lower and upper thresholds. Exceeding the relevant maximum target does not result in any further increase in the relevant OSG or EPS bonus component above and beyond 150 percent of the at-target remuneration.

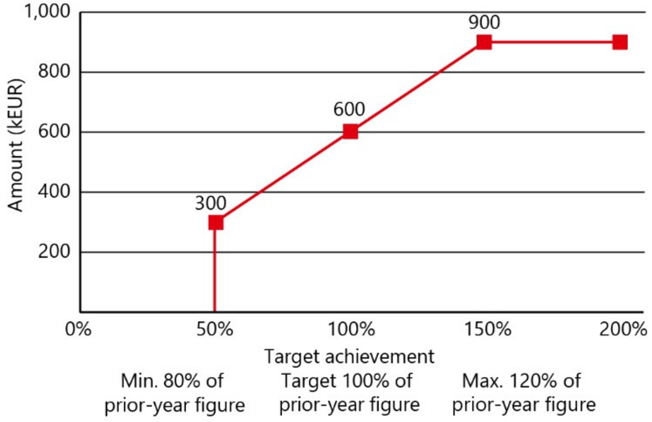
Examples of target achievement and the payout curves for the OSG and EPS targets are shown below:

**OSG payout curve***




* Remuneration for an ordinary member of the Management Board.

**EPS payout curve***




* Remuneration for an ordinary member of the Management Board.

Individual performance by each member of the Management Board is reflected in the STI using an individual multiplier applied to the total bonus amount assigned in respect of the overall achievement of all financial targets. This individual multiplier ranges from 0.8 to 1.2. STI caps may not, however, be exceeded when applying said multiplier. If the bonus already equals the capped STI amount, any multiplier greater than 1 will have no further effect on the remuneration total.

The following criteria play a key role in measuring individual performance:

- The absolute and relative performance of the business unit for which each officer is responsible, compared to market/competition performance
- The personal contribution toward implementing the strategic priorities
- Achievement of the relevant separate targets agreed with each individual

The individual targets are specified by the Supervisory Board of Henkel Management AG each year and published in the remuneration report.

The following benchmark group is used to measure the individual performance of the relevant business unit compared to the market/competition:

**Benchmark group**

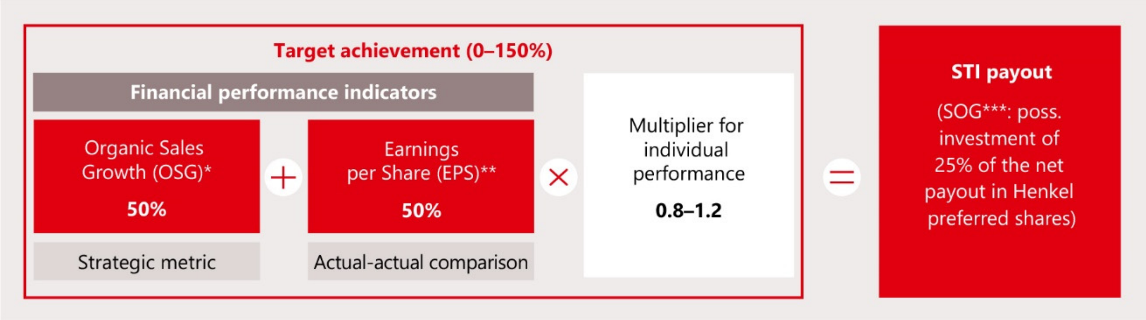
| Adhesive Technologies | Consumer Brands |
|---|---|
| ▪ Sika | ▪ Procter & Gamble (Beauty, Fabric & Home Care) |
| ▪ H.B. Fuller | ▪ Beiersdorf (Consumer) |
| ▪ RPM | ▪ Colgate-Palmolive (Oral, Personal and Home Care) |
| ▪ 3M | ▪ L'Oréal (Group) |
| | ▪ KAO (Cosmetics, Skin Care and Hair Care) |
| | ▪ Unilever (Beauty & Personal Care, Home Care) |
| | ▪ Coty (Group) |
| | ▪ Reckitt Benckiser (Hygiene Home) |

In the event of major changes among the relevant competitors or within the corporation, the Supervisory Board of Henkel Management AG will appropriately reconsider the composition of the benchmark group and/or the definition of the relevant competitor parameters.

**Calculation and payment of the variable annual remuneration (STI)**
At the end of a fiscal year, both the achievement of the financial targets and the respective individual performance based on the corresponding target agreements will be decided by the Supervisory Board of Henkel Management AG after prior consultation with the Personnel Committee of the Shareholders' Committee. In determining the STI, the Supervisory Board of Henkel Management AG also gives due consideration to the degree to which financial success and the performance by members of the Management Board are sustainable beyond the end of a fiscal year. When determining the bonus, it also decides whether and to what extent adjustments of the financial metrics to reflect exceptional items are to be taken into consideration or ignored, i.e. discounted to reduce the remuneration. Corresponding adjustments are discussed transparently in the remuneration report for the respective fiscal year.

The actual STI payout is calculated as follows:

**Variable annual cash remuneration (STI)**




* OSG: Sales performance adjusted for foreign exchange and acquisitions/divestments
** EPS: Adjusted for one-time expenses and income, restructuring expenses, and foreign exchange
*** SOG: Share Ownership Guideline

The resulting STI payout amount (bonus amount with application of the individual multiplier) is capped at 150 percent of the target amount.

Management Board members are obligated to invest at least 25 percent of the net STI payout in Henkel preferred shares until the agreed investment volume per Share Ownership Guideline is reached (see also Section 4.5).

### 4.2.2 Long-term variable share-based cash remuneration (Long Term Incentive, LTI)

#### Overview LTI

| Basis for calculation | | |
|---|---|---|
| ▪ Adjusted return on capital employed (ROCE), 60-percent weighting | ▪ Relative total shareholder return (TSR), 20-percent weighting | ▪ ESG targets, 20-percent weighting |
| **Target remuneration** | 1,450,000 euros* | |
| **Cap** | 150 percent of the target remuneration (= 2,175,000 euros*) | |

* Remuneration for an ordinary member of the Management Board.

In addition to the Share Ownership Guideline, the long-term variable share-based cash remuneration (LTI) provides incentives to promote the long-term development of the corporation.

The LTI is a variable share-based cash remuneration aligned to the future long-term performance of the corporation. It is comprised of a three-year period for measuring target achievement (performance measurement period) and a subsequent one-year lock-up period. The LTI is a rolling program. Thus, a new LTI tranche with a four-year performance period is issued every year.

The share-based structure – through which the Management Board participates in the relative and absolute performance of the share price – ensures alignment of the interests of Management Board and shareholders. Having total shareholder return as part of the basis for calculation provides an external performance criterion aligned to the capital market, which creates an incentive to outperform the market over the long term. Including adjusted return on capital employed (ROCE) as a further financial performance metric creates an incentive to focus on building particularly profitable business activities. This serves to further raise performance levels. Furthermore, including non-financial sustainability criteria (ESG targets) in the LTI also underscores the corporation's social and environmental responsibility and the objective of sustainable corporate development through the provision of appropriate incentives.

**Share-based structure (virtual share plan)**
At the start of each LTI tranche with its four-year performance period, a certain number of virtual shares are initially awarded on a provisional basis. This number is calculated by dividing the LTI target amount by the average price of Henkel preferred shares, based on the arithmetic mean closing price over the last 30 stock exchange trading days immediately prior to the start of the fiscal year for which the LTI tranche is being issued, with the figures being commercially rounded up or down. Thus, the number of provisionally awarded virtual shares may vary from one year to the next.

The number of virtual shares actually awarded, i.e. vested, to the members of the Management Board at the end of the three-year performance measurement period may be higher or lower than the number of provisionally awarded virtual shares. All provisionally awarded virtual shares may even be forfeited in the event of weak performance in respect of the underlying performance criteria.

The number of virtual shares that are ultimately awarded is determined at the end of the three-year performance measurement period on the basis of the three performance criteria: return on capital employed (ROCE), relative total shareholder return (TSR) and ESG targets. The overall degree of target achievement for the relevant LTI tranche is determined at the end of the three-year performance measurement period taking into account the weighting of the performance criteria (ROCE 60 percent, TSR 20 percent and ESG targets 20 percent), whereby in the case of those performance criteria with year-based targets, the arithmetic mean of the three-year-based target achievement levels is applied. The targets and thresholds for each performance criterion and the calculation of the corresponding degrees of target achievement are discussed transparently in the remuneration report for the respective fiscal year.

The number of virtual shares that are ultimately awarded is calculated by multiplying the number of provisionally awarded shares by total target achievement. This ultimate share award is subsequently subject to a one-year lock-up period. As such, the LTI is tied to the absolute performance of Henkel preferred shares over the entire four-year performance period. The ultimate payout amount is determined by multiplying the number of virtual shares ultimately awarded by the average price of Henkel preferred shares – calculated as the arithmetic mean of the closing prices over the last 30 stock exchange trading days of the four-year performance period. In addition, Management Board members receive a dividend equivalent to the aggregate of the dividends paid over the respective four-year performance period for each virtual share that is ultimately awarded.

## Calculation criteria

### ROCE

Achievement of the ROCE target (60-percent weighting) is derived from the average ROCE over the three-year performance measurement period, adjusted for one-time expenses and income, and for restructuring expenses. For each LTI tranche, adjusted ROCE is measured in the relevant remuneration year and the two subsequent years (three annual values).

The ROCE targets are derived from our budget and are set for each year of each three-year performance measurement period by the Supervisory Board of Henkel Management AG (annual values). Target achievement for each respective year is measured at the end of the year in question.

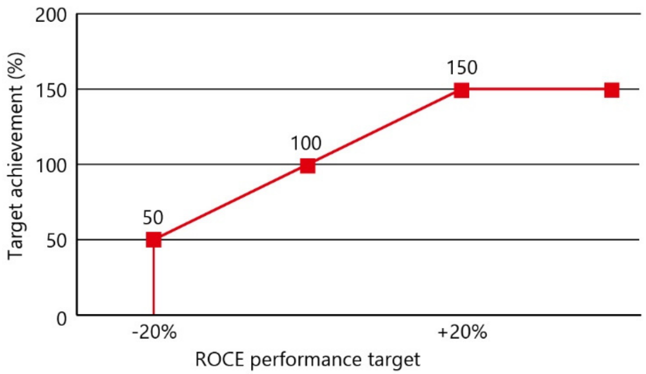
The average target achievement figure that determines performance for the relevant LTI tranche is calculated on the basis of the arithmetic mean of target achievements in the individual years of the three-year performance measurement period.

The following targets/thresholds apply when measuring ultimate achievement of the ROCE target:

- Target achievement is 100 percent if the average target achievement over the three-year performance measurement period is 100 percent (target).
- If performance is ultimately more than 20 percentage points below this target, target achievement is 0 percent.
- If performance is ultimately 20 percentage points below this target, target achievement is 50 percent (lower threshold).
- If performance ultimately exceeds this target by 20 percentage points or more, target achievement is 150 percent (upper threshold).
- Linear interpolation is used to calculate target achievement between the upper and lower thresholds (linear scale).

Target achievement with regard to adjusted ROCE figures is determined on the basis of the consolidated financial statements for the relevant fiscal years as certified without qualification and approved in each case. The specific targets and thresholds and the corresponding degrees of target achievement are discussed transparently in the remuneration report for the respective fiscal year.

**ROCE target achievement curve**




**Relative TSR**

Henkel wants to represent an attractive investment for its investors and to encourage outperformance on the capital market. Relative total shareholder return (TSR) is therefore considered as part of the LTI, weighted at 20 percent. TSR describes the share price performance plus any gross dividends paid during the respective period. For each fiscal year, relative capital market performance is determined by comparing the TSR of Henkel preferred shares against the TSR of a benchmark (DAX Performance Index). The Supervisory Board of Henkel Management AG reserves the right to review the benchmark used for purposes of comparing relative TSR if any substantial changes occur to the Henkel portfolio or to the composition of the benchmark index, and to adjust it where necessary, effective for future LTI tranches.

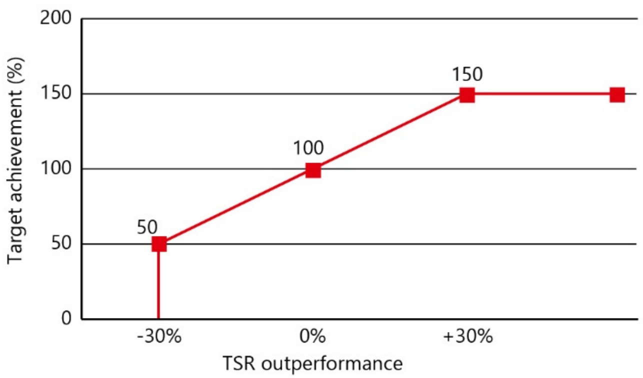
The respective starting and ending prices are derived from the average price of Henkel preferred shares calculated as the arithmetic mean of the XETRA closing prices over the last 30 stock exchange trading days immediately prior to the start or end of the fiscal year in question. This method reduces the effect of unusual fluctuations in the share price.

At the end of the respective fiscal year, target achievement is determined by calculating the difference between the TSR of Henkel preferred shares and the benchmark TSR (relative TSR). The average target achievement figure that determines performance for the relevant LTI tranche is calculated on the basis of the arithmetic mean of target achievements in the individual years of the three-year performance measurement period.

The following targets/thresholds apply when measuring achievement of the TSR target:

- Target achievement is 100 percent if the average TSR of Henkel preferred shares over the three-year performance measurement period is the same as the benchmark TSR, i.e. the shares performed on a par with the index.
- Target achievement is 0 percent if the difference is more than minus 30 percentage points.
- Target achievement is 50 percent if the difference is minus 30 percentage points (lower threshold).
- Target achievement is 150 percent if the difference is plus 30 or more percentage points (upper threshold).
- Linear interpolation is used to calculate target achievement between the upper and lower thresholds (linear scale).

**TSR target achievement curve**



**ESG targets**

Henkel pursues specific plans and has earmarked targeted investments to drive sustainability transformation. The declared aim of the corporation is to further improve the existing strategic framework and to respond flexibly to stakeholder expectations, new scientific findings and emerging topics. In keeping with this aim, ESG targets (**E**nvironmental, **S**ocial, **G**overnance) have, in addition to the financial performance indicators, also been included as criteria with a 20-percent weighting in calculating the LTI. For each LTI tranche, the Supervisory Board of Henkel Management AG selects one or several specific ESG targets from a catalog of performance criteria that form part of the sustainability strategy and sustainability reporting regime. These selected targets then apply over the three-year performance measurement period for the respective tranche and are also applied equally to all members of the Management Board.

When selecting the targets, the Supervisory Board of Henkel Management AG is guided by the sustainability strategy – which is always a work in process – and focuses particularly on relevance, degree of maturity and data availability. Potential targets are derived in particular from the following areas of relevance for Henkel's sustainability strategy:

**Potential ESG target areas**

| |
|---|
| Carbon footprint of our production sites (Scope 1 and 2 emissions) |
| Carbon footprint of raw materials and packaging (Scope 3 emissions) |
| Proportion of recycled plastic in packaging for consumer products |
| Proportion of packaging that can be recycled or reused |
| Diversity |

Sustainability targets are routinely defined on the basis of quantitative, specifically measurable metrics, and with target achievement thresholds ranging from 0 to 150 percent. The Supervisory Board of Henkel Management AG may define sustainability targets that are not quantitatively measurable. Target achievement at the end of the respective performance measurement period is then based on its due discretion.

Definition of the targets and measurement of target achievement over the entire three-year performance measurement period are based on a target versus actual comparison at the end of that three-year performance measurement period.

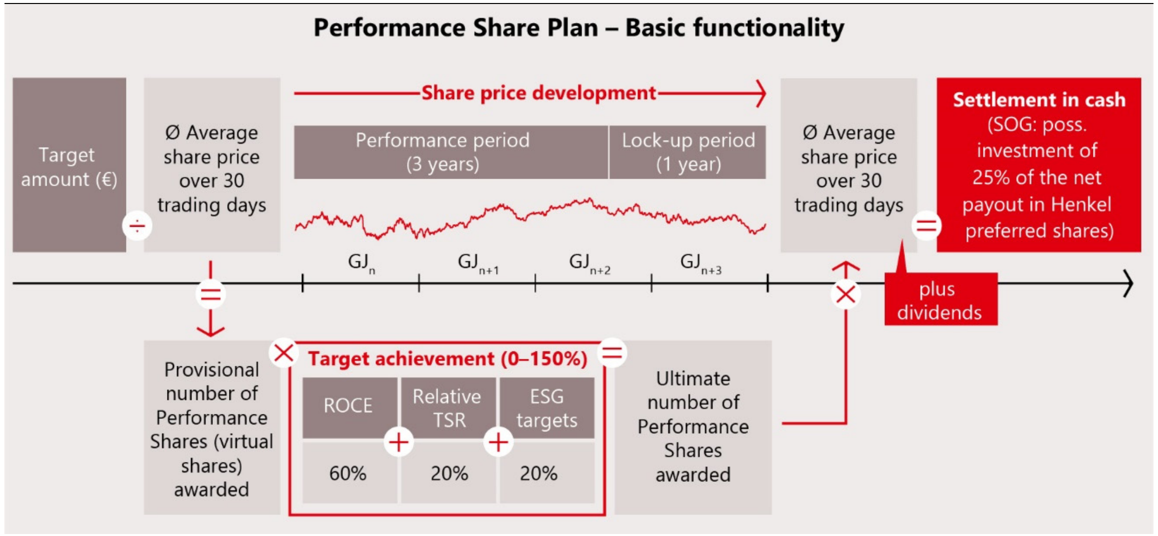
Alternatively, interim targets may be set by the Supervisory Board of Henkel Management AG for each year of a three-year performance measurement period in respect of the overall targets set for each tranche (annual target values). Target achievement is measured at the end of the year in question. The average target achievement figure that determines performance for the relevant LTI tranche is calculated on the basis of the arithmetic mean of target achievements in the individual years of the three-year performance measurement period.

The selected ESG targets, their specific quantification and thresholds and the corresponding degrees of target achievement are discussed transparently in the remuneration report for the respective fiscal year.

**Calculation and payment of the long-term variable share-based cash remuneration (LTI)**
At the end of the three-year performance measurement period, total target achievement for the LTI tranche is determined on the basis of the weighted arithmetic mean of the degrees of achievement of the respective performance criteria. If annual targets have been defined for a specific target, the applicable degree of target achievement is derived from the average of the three target achievements of relevance for the LTI tranche.

The actual LTI payout is calculated as follows:

**Performance Share Plan**



The resulting LTI payout amount is capped at 150 percent of the target amount.

The LTI is paid in cash once the annual financial statements of Henkel AG & Co. KGaA for the final year in the four-year performance period have been approved by the Annual General Meeting of Henkel AG & Co. KGaA.

With regard to the LTI, as well, Management Board members are obligated to invest at least 25 percent of the net payout in Henkel preferred shares until the agreed investment volume per the Share Ownership Guideline is reached (see also Section 4.5).

In keeping with the objectives of the Management Board remuneration policy, this structure of the STI and LTI not only rewards sustainable profitable growth and thus supports the long-term development of the corporation, but also ensures that Management Board remuneration is aligned to the interests of shareholders.

**Regulation on the transition to the new remuneration system**
The changeover from an LTI with a performance measurement period of three years to a period of three years plus a subsequent one-year lock-up period means (assuming the required performance criteria are met) that the last LTI payment under the old system will be made in 2025 (LTI tranche 2022, term 2022–2024), while the first payment under the new system (LTI 2023; term 2023–2026) will not be made until 2027.

To prevent no LTI payment being made in 2026, LTI tranche 2023 will be paid out as follows for the purpose of transition to the new remuneration system:
- Payment of 50 percent of the virtual shares after the end of the three-year performance measurement period (based on the share price in December 2025)
- Payment of the remaining 50 percent of the virtual shares at the end of the one-year lock-up period (based on the share price in December 2026).

## 4.3 Consideration of unusual developments when determining target achievement or specifying STI and LTI payout amounts

Changes are not made to the benchmark parameters, nor to the STI and LTI targets in the course of a fiscal year.

When determining the STI and LTI payout amounts, the Supervisory Board of Henkel Management AG may, at its discretion, consider unusual developments of which the effects were not taken into reasonable account when setting the targets and the target remuneration; this can result in either an increase or a reduction of the target achievement and, accordingly, in the corresponding payout amounts. In this context, unusual developments are deemed to be circumstances that have occurred or of which occurrence is highly likely, which were not predicted or predictable at the time of setting the targets and which significantly impact the total remuneration of the Management Board. Such circumstances may include, in particular, substantial acquisitions, the sale of substantial parts of the corporation, severe changes in applicable accounting standards or tax regulations, natural catastrophes, pandemics or similar occurrences. Market developments that turn out to be less favorable than expected but are deemed to be within the realms of possibility when setting the targets do not justify such adjustments. Specific target achievements and payout amounts are published in the remuneration report, together with explanations of, and the rationale behind, any adjustments by the Supervisory Board of Henkel Management AG.

## 4.4 Caps on total remuneration

The Supervisory Board of Henkel Management AG has specified the following maximum total remuneration amounts for a full fiscal year, bearing in mind the aforementioned caps on the variable performance-related components of remuneration and their individual elements (STI, LTI: 150 percent of the respective target amount in each case) and for the other emoluments and – if granted – pension commitments or lump-sum pension payouts:

| in euros | Basic remuneration | Other emoluments | Short-term incentive | Long-term incentive | Pension commitment/ Lump-sum pension payout | Total Minimum | Total Maximum |
|---|---|---|---|---|---|---|---|
| Chair of the Management Board | 1,500,000 | 0 to 250,000 | 0 to 3,150,000 | 0 to 3,750,000 | 750,000 | 1,500,000 | 9,400,000 |
| Ordinary member of the Management Board | 900,000 | 0 to 175,000 | 0 to 1,800,000 | 0 to 2,175,000 | 450,000 | 900,000 | 5,500,000 |

While this remuneration policy is in place, the amounts of the individual components of target remuneration may increase in line with the principles explained above, but without affecting the aforementioned caps on total remuneration.

If the targets governing variable remuneration are not achieved, the variable remuneration can be reduced to zero. If the targets are substantially exceeded, payment is capped at 150 percent of the relevant target amount (STI and LTI). An arithmetic maximum total remuneration can be derived from the basic remuneration and – if granted – the pension commitment/lump-sum pension payout, the capped components of variable remuneration and the other emoluments.

In compliance with Section 87a (1) sentence 2 No. 1 AktG, the Supervisory Board of Henkel Management AG has specified an absolute amount in euros representing the maximum remuneration owing to a Management Board member for a fiscal year and paid in the same year or subsequent fiscal years (excluding non-recurring special payments in connection with appointments to or departures from the Management Board), including lump-sum pension payouts plus pension commitments. Based on the current remuneration policy, this amount is composed of the following components, subject to eligibility:

- Basic remuneration
- Other emoluments
- Lump-sum pension payout/Pension commitment (if granted)
- Short-term variable cash remuneration (STI)
- Long-term variable cash remuneration (LTI)

This maximum amount for any one year is 9,400,000 euros for the Chair of the Management Board and 5,500,000 euros for all ordinary Management Board members.

Notwithstanding the respective caps on the components of remuneration, these maximum amounts may increase as a result of the non-recurring special payments discussed below in connection with appointments to or departures from the Management Board:

Newly appointed members of the Management Board may be granted one-off compensation in the event that benefits promised by the former employer are forfeited as a result of moving to Henkel Management AG (sign-on bonus). Such compensation is capped at 200 percent of the basic remuneration, and may result once only in higher maximum total remuneration. Moreover, the following additional payments, likewise limited in amount but increasing the maximum payout, may be made in connection particularly with the departure of an officer from the Management Board:

- Payment of STI in the year of departure
- Payment of compensation equivalent to the remuneration owing for the original remaining term of the contract
- Compensation for loss of earnings

### 4.5 Share Ownership Guideline

The obligation to purchase and hold shares (Share Ownership Guideline) is a key element of the remuneration policy for Management Board members. The aim here is to promote a degree of alignment in the interests of the Management Board members with those of the shareholders, while ensuring the sustainable and long-term performance of the corporation. In accordance with the following, Management Board members are obligated to purchase Henkel preferred shares equating to at least 100 percent of their annual basic remuneration (gross), or 200 percent of the annual basic remuneration (gross) in the case of the Chair (minimum investment volume), and to keep them in blocked custody for the duration of their tenure.

Until these respective minimum investment volumes are reached in full, Management Board members are obligated to invest each year at least 25 percent of the (net) amounts paid out as performance-related bonuses (STI and LTI) in Henkel preferred shares, which must be held in blocked custody with correspondingly restricted access. The corporation transfers the relevant investment amount directly to the bank responsible for settling the investment transactions and managing the blocked custody account. On the first trading day of the month following payout, this bank invests the relevant amount on behalf and for the account of the member of the Management Board in Henkel preferred shares at the price prevailing at the time of purchase on the stock exchange, and credits the acquired shares to the blocked custody account. Management Board members can opt to invest more each year or can add existing shares to their portfolio. The purchase price at the time of the respective acquisition is decisive for fulfillment of the share acquisition and holding obligation. Virtual shares acquired under the LTI do not count toward the minimum investment volume.

The Share Ownership Guideline ensures that the members of the Management Board are required to accumulate and hold a significant share portfolio during their tenure, and that they participate in the long-term performance of the corporation along with all other shareholders, whether this be positive or negative.

## 4.6 Other contractual provisions

### 4.6.1 Special payments/bonuses

No authorization exists to allow the Supervisory Board of Henkel Management AG to exercise discretionary judgment to award special payments for outstanding performance.

### 4.6.2 Malus and clawback regulations

The Supervisory Board of Henkel Management AG is authorized to wholly or partially withhold or refuse to pay a variable component of remuneration (STI, LTI) that was awarded for a fiscal year in which a Management Board member culpably commits a severe breach of duty (malus).

If variable components of remuneration have already been paid, the Supervisory Board of Henkel Management AG can demand their repayment (clawback) where a severe breach of duty is only discovered after such payment, or a financial report is found to contain a material misstatement that impacted the calculation of the variable remuneration of the Management Board. Fault is not relevant in the latter case.

The Supervisory Board of Henkel Management AG decides at its due discretion whether and which variable compensation components are to be withheld or reclaimed, and in what amount and for which years. Such decisions take account of the severity and consequences of a breach, the degree to which a Management Board member is at fault, the amount of loss or reputational damage suffered by the corporation, and the willingness of the Management Board member to assist in the investigation.

In cases of material misstatements in financial reports, the maximum amount that can be reclaimed is the difference between the newly calculated figure based on corrected data and the original payout amount; in all other instances, repayment of a maximum of 50 percent of the payout amount can be demanded.

Clawback is also possible if the tenure and/or employment of the Management Board member has already ended by the time the Supervisory Board of Henkel Management AG issues its clawback demand. Irrespective of the termination of tenure or employment, the repayment obligation does not apply if more than two years have passed between the payout and the clawback demand by the Supervisory Board of Henkel Management AG.

This regulation is without prejudice to the right to assert further claims on grounds of personal misconduct by a member of the Management Board, and especially to claim damages under Section 93 AktG.

#### 4.6.3 Ancillary activities

After consultation with the Supervisory Board of Henkel Management AG, members of the Management Board may accept supervisory board mandates and similar offices in companies in which Henkel AG & Co. KGaA holds a direct or indirect participating interest, or may engage in activities in associations and similar organizations to which Henkel AG & Co. KGaA belongs by virtue of its business activities. Any other paid or unpaid ancillary activities must be approved in advance by the Supervisory Board of Henkel Management AG. The remuneration received for offices assumed on behalf of other companies in the Henkel Group is offset against the Management Board remuneration. When accepting other offices, particularly seats on statutory supervisory boards and comparable oversight bodies of non-Group companies in Germany or abroad, the Supervisory Board of Henkel Management AG decides on a case-by-case basis whether and to what extent any compensation paid for the non-Group board activity is to be offset against the Management Board remuneration.

#### 4.6.4 Continued payment of remuneration in the event of illness

In the event of illness, payment of the basic remuneration continues for the duration of the statutory period of continued payment of wages and salaries. If the illness persists beyond this period, the corporation pays the difference between the sick pay awarded by the statutory health insurance and the corresponding net basic remuneration for the duration of the illness, but over a period not longer than 72 weeks in duration or up until termination of the employment relationship.

#### 4.6.5 Reimbursement of costs

In accordance with the corresponding policies of the corporation, Management Board members are entitled to the reimbursement of costs incurred in the performance of their duties on the Management Board.

#### 4.6.6 Remuneration-related legal transactions; provisions governing termination of position on the Management Board

**Executive contracts**

The basic provisions governing appointment to the Management Board, including remuneration, are agreed with Management Board members in executive contracts. Subject to prior change by mutual agreement, the term of such a contract is equivalent to the term of office. If the member is re-appointed to the Management Board at the end of the term of office, the employment contract is extended for the duration of the new tenure. Initial appointment to the Management Board is generally for a term of three years. Any extension of an executive contract or re-appointment to the Management Board is for a period of not longer than five years.

**Resignation from the Management Board/Other premature termination of executive contracts**
In accordance with company law, the executive contracts do not provide for ordinary resignation from the Management Board other than at the end of the appointment period. If the appointment of a member of the Management Board ends prematurely – for whatever reason – either party to the contract is entitled to give notice to terminate the executive contract effective from the end of the period stipulated in Section 622 (1) and (2) German Civil Code [Bürgerliches Gesetzbuch, BGB], without prejudice to any right to terminate for good cause or reason. The entire time of office on the corporation's Management Board is relevant for the calculation of all periods, as are any prior periods spent working for Henkel AG & Co. KGaA or any of its affiliated companies if and insofar as they immediately preceded the appointment to the corporation's Management Board. The aforementioned is without prejudice to the right of either party to terminate for good cause or reason without the need to give notice. Equally, an executive contract can be terminated by mutual agreement.

In the event of remuneration being reduced in accordance with Section 87 (2) AktG, the Management Board member is entitled to give notice of six weeks to terminate the executive contract to the end of the next calendar quarter.

In addition, an executive contract ends without the need for separate notice at the end of the month in which that Management Board member becomes permanently incapacitated for work, in which case they qualify for pension benefits for reduced earning capacity.

**Compensation payment**
In the event that appointment to the Management Board is terminated prematurely and due notice is given to terminate the executive contract effective from the end of the period stipulated in Section 622 (1) and (2) BGB, the executive contracts provide for a compensation settlement amounting to the remuneration for the remaining term of the contract. This compensation is limited to a maximum of two years' remuneration (severance payment cap) and may not extend over a period that exceeds the residual term of the executive contract. Members of the Management Board are not entitled to compensation, however, if the premature termination of their tenure is at their own request or prompted by circumstances that would have entitled the corporation to terminate the executive contract, without notice, for good cause or reason for which the Management Board member is responsible. The Supervisory Board of Henkel Management AG is entitled to reduce the compensation settlement to a reasonable amount in application of Section 87 (2) AktG.

Executive contracts may stipulate that, in the event that the sphere of responsibility/executive function is altered or restricted against the wishes of the relevant Management Board member to such an extent that it is no longer comparable to the position prior to the change or restriction, that executive is entitled to resign from office and request premature termination of their executive contract. In such cases, members are entitled to compensation payments amounting to not more than two years' remuneration.

No entitlements exist in the event of premature termination of executive duties resulting from a change in control.

**Payment/Forfeiture of variable components of remuneration**
When a member leaves the Management Board, the STI is calculated after the close of the fiscal year pro rata temporis and paid out on the contractually agreed due dates. LTI entitlements are calculated at the end of the relevant performance measurement period and paid out on the contractually agreed due dates. However, entitlements from any tranche of which the performance measurement period has not yet ended at the date of departure are forfeited without replacement if the departure is based on good cause or reason that would have justified revocation of the appointment or termination of the executive contract. The Supervisory Board of Henkel Management AG may, at its due discretion, agree other methods of calculation and due dates for the STI and LTI with a departing member of the Management Board. In the event of death, STI and LTI entitlements with regard to outstanding tranches are settled on the basis of budget figures and paid to the heirs.

**Post-contractual non-competition clause**
A post-contractual non-competition clause with a term of not more than two years can be agreed with members of the Management Board. In the event that such a non-competition clause is agreed and not waived by the Supervisory Board of Henkel Management AG, members of the Management Board are entitled to a compensation for loss of earnings totaling not more than 50 percent of the annual remuneration (basic remuneration plus variable remuneration for single and multiple years) over a fiscal year, which is payable in monthly installments. The amount of payment is derived from the average annual remuneration granted to the member of the Management Board over the last three full fiscal years of office prior to termination of the executive contract. Executive contracts may stipulate the details for handling as-yet unpaid components of remuneration and may specify that the compensation for loss of earnings totals at least 100 percent of the annual basic remuneration granted to the Management Board member prior to termination of the executive contract. Any compensation settlements for equivalent periods are offset against the compensation for loss of earnings. Unless agreed otherwise, the same applies to any income that the Management Board member earns – or desists from earning without compelling reason – during the non-competition period from any new activity elsewhere if and insofar as this income and the compensation for loss of earnings together exceed the (total) remuneration applicable to the relevant period.

**Exercising the right of revocation per Section 84 (3) AktG**

According to Section 84 (3) AktG, a member of a Management Board comprised of more than one person is entitled to request that the Supervisory Board revoke their appointment in the event that they are temporarily unable to perform the duties associated with the tenure because they are on maternity or parental leave, need to nurse a relative or are themselves ill. If a member of a Management Board exercises this right, the Supervisory Board must revoke the appointment and guarantee reinstatement following completion of the relevant period, as specified in Section 84 (3) AktG.

In the event that a member of the Management Board exercises this right to revocation of their appointment, all reciprocal obligations under their executive contract are suspended, unless agreed otherwise. The obligations governing confidentiality, non-competition, cooperation in official proceedings, safeguarding the corporation's interests and avoiding conflicts of interest remain unaffected.

**Miscellaneous**

The corporation can take out directors and officers insurance (D&O insurance) that also covers members of the corporate bodies. For members of the Management Board, a deductible amounting to 10 percent per loss event is applied in such cases, subject to a maximum for the fiscal year of one and a half times their annual basic remuneration. The corporation may also, at its expense, insure Management Board members against risks associated with their professional activity, in which case the Supervisory Board of Henkel Management AG may specify a reasonable deductible in the absence of any statutory deductible. The corporation insures its Management Board members against accidents, including private risks, for the duration of their executive contracts.

The corporation does not grant any loans or advances to members of the Management Board.

## 5. Temporary deviations from the remuneration policy

The Supervisory Board of Henkel Management AG may temporarily deviate from individual elements of this remuneration policy if deemed necessary in the interests of the corporation's long-term good. Such necessity may occur, in particular, in situations that could adversely affect the long-term survival and profitability of the corporation. These situations may arise due to circumstances in the economy as a whole or exceptional occurrences in the corporation itself. The basic remuneration, STI and LTI, and their ratio to one another, the basis for calculation, the rules governing the specification of their targets and the determination of target achievement, or the determination of the payout amounts and timing, are elements of the remuneration system from which deviations are permissible in exceptional circumstances. Changes during the course of a year to targets and benchmarks that have already been specified for variable performance-related components of remuneration are not permitted.

Deviations from the remuneration system should not extend over more than three years. Such temporary deviation from the remuneration policy described above is conditional on the Supervisory Board of Henkel Management AG unanimously adopting a resolution ascertaining the occurrence of a situation necessitating temporary deviation from the remuneration policy in the interests of the long-term good of the corporation and, by the same token, unanimously deciding on the specific deviations that it believes are necessary. Insofar as executive contract provisions permit unilateral amendment of the relevant remuneration rules, the Supervisory Board of Henkel Management AG will unilaterally implement the deviations it believes to be necessary; otherwise it will make every effort to reach appropriate contractual agreement with the affected member(s) of the Management Board.

Notwithstanding the aforementioned, the Supervisory Board of Henkel Management AG may reduce remuneration to the reasonable amount calculated in application of the strict rules of Section 87 (2) AktG if the situation of the Henkel Group deteriorates to such an extent that to continue awarding the remuneration would be untenable for the corporation.