



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 Sec. 2 para. 5 No. 1 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 in 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 decision-making. This Policy Statement describes Henkel's corporate due diligence processes to address human rights and environmental risks in accordance with Sec. 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 entrepreneurial 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 Labour 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 strong example of this approach in action.

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

- The International Labour 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 safety and health obligations
- Prohibition of disregarding 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 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 stated 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 adhesive technologies industry, we can strengthen the protection of human rights in a variety of ways. However, we are also aware of 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.

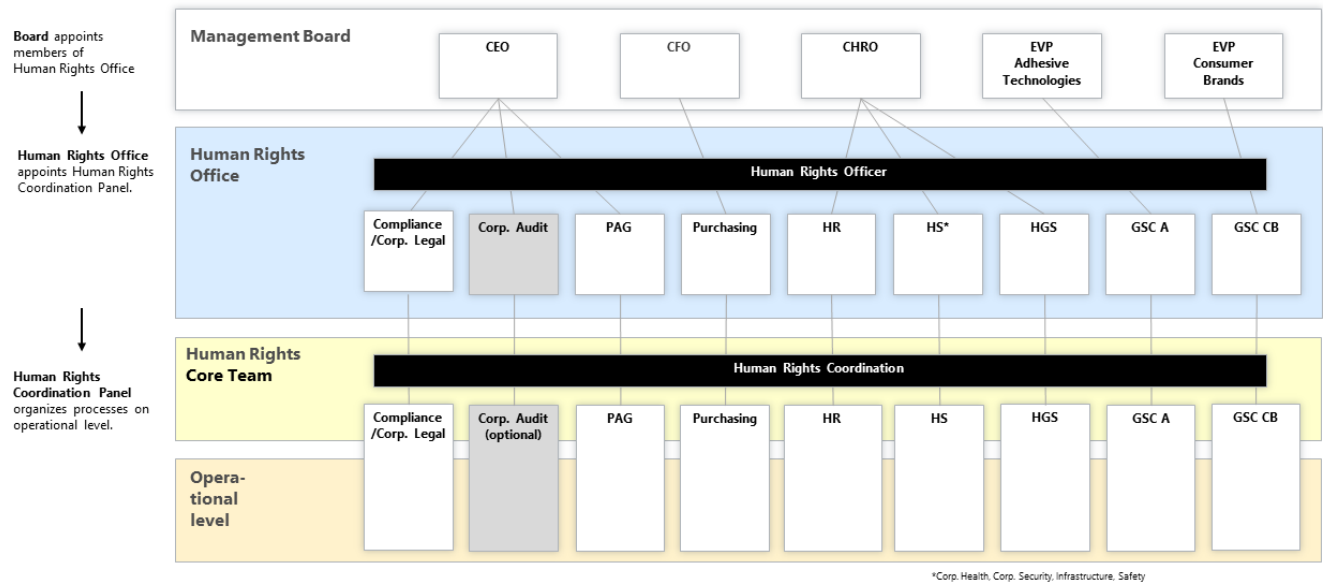
Governance

The Risk Management and the 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 one or several risks as defined by the LkSG, i.a. Child Labor is assigned to employees/decision-makers within the Human Resources organization. For measures regarding suppliers, implementation is assigned to employees/decision-makers within Global Purchasing. The Henkel functions and business units are represented in the Human Rights Office and in 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, which 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 is to be performed if a business unit / function anticipates a significantly changed or significantly expanded risk situation in the supply chain (introduction of new products, projects, or a new business area, or the addition of new suppliers), or if there are new findings from the complaints procedure or new findings regarding the countries or industries in which business areas or suppliers are active.

We incorporate the results of our risk analysis into relevant business processes, as well as into our supplier management system.

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, 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 fulfil self-disclosure questionnaires to assess their specific risk exposure.
- Suppliers with a high-risk profile shall 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. supply-specific assessments, supplier trainings)).

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, based 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.

Valid as of January 1st, 2023