

SUSTAINABILITY REPORT

Combined separate non-financial report with partial application of the European Sustainability Reporting Standards (ESRS)

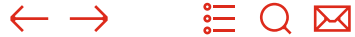
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“This report signals the most significant change in our sustainability reporting since 1992.”

SYLVIE NICOL
EXECUTIVE VICE PRESIDENT
HUMAN RESOURCES, INFRASTRUCTURE
AND SUSTAINABILITY

Dear friends of the Company,

Henkel has always applied the latest standards for transparency in sustainability, ever since we published our first Environmental Report in 1992. This year’s Sustainability Report marks the next step for this continuous process because it applies the requirements of the European Union’s new Corporate Sustainability Reporting Directive (CSRD) and its European Sustainability Reporting Standards (ESRS).

The ESRS aim to improve the availability, quality and comparability of sustainability information that companies publish. In this first year, Henkel is voluntarily reporting in line with the ESRS except its requirement for integrated reporting – because we still publish a separate Sustainability Report. We expect the ESRS to become mandatory under German law by 2025.

The transition to the ESRS involved challenges because it touches many parts of our business and involves new methodologies, as well as new requirements for documentation and data. However, it has also provided us with valuable insights, while opening up new governance processes and areas for collaboration. It is clear that we are at the beginning of a journey and that further adjustments will be necessary in the next few years.



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Beyond reporting, I would like to highlight the significant progress made in our key sustainability initiatives that provide long-term value for our business and continuously live up to our corporate purpose to be “Pioneers at heart for the good of generations.”

I am particularly proud that we launched our SBTi-approved Net-Zero commitment for 2045 and set ambitious near-term climate targets for 2030. The targets are supported by a Climate Transition Plan and a new Nature Policy that confirm our commitment to taking action. In line with our previous climate targets, we made further progress to reduce CO₂ emissions in production by 64 percent per ton of product, compared to 2017.

We also made significant progress on our sustainable packaging roadmap, reaching 25 percent of recycled plastic use and 89 percent packaging recyclability overall. We also confirmed our wider ambition for circular resource use by introducing a new Circularity Policy.

In our commitment to being a diverse, equitable and inclusive employer, we significantly stepped up our ambition to reach gender parity in management. 42 percent of all management positions are now filled by women. As inclusivity for all is important to us, we also introduced gender-neutral parental leave for our employees worldwide. Henkel now offers parents up to eight weeks of fully paid parental leave, as well as promoting equal parenting and childcare for all parents.

Moving into 2025, we will continue to drive progress toward our targets and ambition, while further deepening the integration of sustainability across our portfolio, our business processes and our supplier engagement approach. We believe our commitment to sustainability makes a key contribution to ensuring the long-term viability of our business by supporting the future of our planet and of communities worldwide.

Düsseldorf, February 7, 2025

Sylvie Nicol
Executive Vice President Human Resources, Infrastructure and Sustainability



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Combined separate non-financial report with partial application of the European Sustainability Reporting Standards (ESRS)

The Sustainability Report 2024 serves as the combined separate non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal 2024 within the meaning of Sections 315b and 315c, in conjunction with 289b to 289e of the German Commercial Code (HGB), as well as the EU Taxonomy Regulation. The Sustainability Report is made available to the public by publication on the Henkel website.

In preparing this report, we used the European Sustainability Reporting Standards (ESRS) as the framework in accordance with Section 315c (3) in conjunction with Section 289d of the HGB. We followed their content requirements, with the exception of the disclosure of the report as part of the group management report of Henkel AG & Co. KGaA. The ESRS are being used as a framework for the first time due to the importance of the ESRS as reporting standards for sustainability reporting adopted by the European Commission.

The information presented has been selected on the basis of the material sustainability topics identified in the materiality assessment and the list of data points published by European Financial Reporting Advisory Group (EFRAG) (EFRAG Implementation Guidance – IG 3 List of ESRS data points). Data points that fall under voluntary reporting or phased transition provisions will not be considered by Henkel in the 2024 reporting year.

Henkel reports in accordance with the general standard ESRS 2 (“General Disclosures”) and each of the ten topic-specific ESRS standards. For the reporting of topic-specific standards, we have adopted a consistent chapter structure, with each section starting with an introduction that meets the disclosure requirement for SBM-3 “Material impacts, risks, and opportunities and their interaction with strategy and business model.” This approach is different from the chapter structure prescribed by the ESRS for the topic-specific standards ESRS E1 and ESRS E4 because the presentation of transition plans (E1-1, E4-1) follows the reporting on SBM-3.



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The combined separate non-financial report for the Henkel Group and Henkel AG & Co. KGaA for fiscal 2024 was audited on behalf of the Supervisory Board by PricewaterhouseCoopers GmbH WPG, in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board (IAASB), with the aim of obtaining limited assurance regarding the legally required disclosures pursuant to Sections 315b and 315c in conjunction with Section 289b to 289e of the HGB and the EU Taxonomy Regulation.



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GENERAL DISCLOSURES (ESRS 2)

Basis for preparation

General basis for preparation (BP-1)

Basis for preparation (BP-1_5a)

This Sustainability Report was prepared on a consolidated basis.

Scope of consolidation (BP-1_5b i)

The scope of consolidation for this Sustainability Report is the same as that of the consolidated financial statements. Accordingly, references to Henkel's own business activities in this Sustainability Report include all subsidiaries that have been fully consolidated in the consolidated financial statements based on the concept of control. For further information, please refer to the consolidated financial statements, section "Scope of consolidation."

Included subsidiaries (BP-1_5b ii)

None of the subsidiaries of Henkel AG & Co. KGaA based in the European Union is considered a public interest entity. Accordingly, for the 2024 reporting, all subsidiaries of Henkel AG & Co. KGaA based in the European Union are exempt from individual or consolidated sustainability reporting in accordance with section 289b of the German Commercial Code (HGB), which transposes Article 19a (9) or 29a (8) of Directive 2013/34/EU into German law.

Coverage of the upstream and downstream value chain (BP-1_5c, AR 1)

This Sustainability Report covers Henkel's own operations and those in its upstream and downstream value chains. The materiality assessment of the impacts, risks and opportunities was carried out for the entire upstream and downstream value chain. The policies, actions and targets related to material impacts, risks and opportunities generally cover the entire value chain. Furthermore, the option has been exercised to apply the provisions for the phased-in disclosure requirements or data points, thereby deferring the reporting of these mandatory disclosures to future years.



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Option to omit information *(BP-1_5d)*

According to ESRS 1_77, certain information related to intellectual property, know-how or the results of innovations may be omitted. This option was not applied by Henkel.

Use of exemption *(BP-1_5e)*

Henkel does not make use of the exemption allowing the omission of unfavorable information as provided under section 289e of the German Commercial Code (HGB), which transposes Articles 19a (3) and 29a (3) of Directive 2013/34/EU into German law.

Disclosures in relation to specific circumstances (BP-2)
Definitions of time horizons *(BP-2_9a)*

The time horizons used for preparing the information in the Sustainability Report are in line with the recommendation for time horizons as described in ESRS 1_6.4. Accordingly, “short-term” covers the reporting period following the current reporting period (that is the year 2025 for the 2024 Sustainability Report), “medium-term” refers to the period from the end of the short-term reporting period up to the fifth reporting period (that is from 2026 to the end of 2029 for the 2024 Sustainability Report) and “long-term” covers the reporting period of more than five years up to the tenth year after the current reporting period (that is from 2030 to the end of 2034 for the 2024 Sustainability Report).

Reasons for applying the definitions *(BP-2_9b)*

The limit of up to ten years following the current reporting period was chosen to ensure that the quality of the forecasts and projections was sufficient. In addition, the long-term time frame matches the definition of the long-term time horizon used in Henkel’s risk reporting.

Value chain estimations *(BP-2_10a, 10b, 10c, 10d)*

The following table lists all key metrics published in this Sustainability Report for which data on the upstream and/or downstream value chain have been estimated using sector averages or other proxies. The basis for the creation and the resulting degree of accuracy is described for each metric listed. Similarly, actions to improve the accuracy of individual key figures in the future are explained where applicable.



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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Climate change (ESRS E1)	E1-1_16c	Quantification of the investments and financial resources to support the implementation of the transition plan (OpEx)	P. 138, 146-147	Upstream value chain	Forecasts of future investments and financial resources allocated to the transition plan are based on current internal assessments involving internal and external information and assumptions about future price developments, particularly for raw materials from the upstream value chain.	Forecasts about future financial resources are inherently uncertain because they depend on future events. The resulting medium degree of accuracy is thus dependent on the occurrence of the predicted events and their severity.	n.a.
	E1-1_16c	Quantification of the investments and financial resources to support the implementation of the transition plan (CapEx)	P. 138, 146-147	Upstream value chain			
	E1-3_29b	Actual and projected GHG emission reductions	P. 147-148	Upstream and downstream value chain	The reduction in GHG emissions achieved is calculated. Further details on the basis of preparation can be found in metric E1-6_44. The calculation of the expected GHG emission reductions to be achieved by implementing key actions is based on expert assessments/experiences from previous projects related to GHG emission reductions.	The metric results in a medium degree of accuracy, which is derived from the degree of accuracy of the reduction achieved (see explanations for E1-6_44) and from the degree of accuracy for the expected reductions, which are derived from expert estimates regarding the planned effects of important actions to reduce emissions; they thus depend on the occurrence of the predicted events and their severity.	We intend to measure or estimate as far as possible the contribution of the most important actions to the targets for the reduction of GHG emissions.

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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Climate change (ESRS E1)	E1-4_34a, 34b	Information on GHG emissions reduction targets (including base year, targets, categories of GHG emissions) [table]	P. 153, 167-168	Upstream and downstream value chain	The data from the value chain was estimated for Scope 3 GHG emissions. Further details on the basis of preparation can be found in metric E1-6_44.	The calculations are precise, but since they are applied to the GHG emissions in all categories, the resulting low to medium degree of accuracy is highly dependent on, among other things, the emission factors used for the individual activities.	We continuously work to improve the quality of our emissions reporting using a variety of tools, calculation methods and assumptions. As part of the disclosure under E1 AR39, we describe the degree of accuracy and the share of total GHG emissions per category reported. For category 3, the following actions are planned to improve accuracy: Transition from a spend-based to a life-cycle-based methodology, increasing granularity through regionalization, among other things, increased requirements for data quality for the acceptance of a supplier value, end-to-end transparency, further automation of calculations.
	E1-4_34a, 34b	Absolute value of GHG emissions reduction targets	P. 153, 167-168	Upstream and downstream value chain	The calculation is based on the target reduction percentage applied to the emissions of the base year.		
	E1-4_34a, 34b	Absolute value of the GHG emissions reduction targets in category 3	P. 153, 167-168	Upstream and downstream value chain	The calculation is based on activity data specific to Henkel and, where this is not available, on spend-based data. Emission factors are either supplier-specific or based on global averages (specifically activity data-based or expenditure-based). Databases used include Ecoinvent, CarbonMinds, BEIS DEFRA, International Energy Agency, Exiobase and Small World Consulting. Further information can be found under metric E1-6_44.		

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Climate change (ESRS E1)	E1-4_34a, 34b	Scope 3 GHG emissions reduction targets as a percentage of base year GHG emissions	P. 153, 167-168	Upstream and downstream value chain	The data gets prepared as described for metric E1-6_44. The percentage reduction reflects changes in emissions compared to the base year, with identical methodologies for data collection and the same data sources applied for both the reporting year and the base year.	See explanations on E1-4_34a, 34b on the previous page.	See explanations on E1-4_34a, 34b on the previous page.
	E1-6_44	Metric tons of CO ₂ equivalent in respect of Scope 1, 2 and 3 GHG gross emissions and total GHG emissions [Table]	P. 163, 167-168	Upstream value chain	GHG emissions for Scope 3.1: Calculation based on specific activity data (e.g. purchasing volumes of goods and services) or spend-based methods (e.g. expenses for goods and services). Supplier-specific emission factors or industry-specific global averages are used. Spend-based GHG emissions are calculated using internal average values. GHG emissions for Scope 3.2: Collection of indirect GHG emissions based on specific Henkel activity data or spend-based data. Emission factors are based on global average factors and determined for each capital goods group.	The calculation of all Scope 3 emissions depends to a large extent on the emission factors used in the respective Scope 3 category and the underlying global warming potential of the individual activities. The resulting accuracy of the reported GHG emissions is therefore low to medium.	The following actions are planned: Transition from spend-based to life cycle analysis-based methodology, increasing granularity in individual Scope emissions and regionalization; definition of enhanced data quality requirements for accepting supplier values, end-to-end transparency and further automation of the calculations.

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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Climate change (ESRS E1)	E1-6_44	Metric tons of CO ₂ equivalent in respect of Scope 1, 2 and 3 GHG gross emissions and total GHG emissions [Table]	P. 163, 167-168	Upstream value chain	GHG emissions for Scope 3.3: Calculation of indirect GHG emissions based on specific Henkel activity data and global specific averages for each type of fuel/energy, as well as country-specific factors for the electricity grid, including transmission and distribution losses.	The calculation of all Scope 3 emissions depends to a large extent on the emission factors used in the respective Scope 3 category and the underlying global warming potential of the individual activities. The resulting accuracy of the reported GHG emissions is therefore low to medium.	The following actions are planned: Transition from spend-based to life cycle analysis-based methodology, increasing granularity in individual Scope emissions and regionalization; definition of enhanced data quality requirements for accepting supplier values, end-to-end transparency and further automation of the calculations.
				Upstream value chain	GHG emissions for Scope 3.4: Collection of indirect GHG emissions using a distance-based method and in accordance with the energy-based bottom-up approach. Transport distances for upstream transportation are estimated using an approximation method. In some cases, calculation is performed using EcoTransIT World based on fuel types by transport mode, distances and sales volumes.		
				Upstream value chain	GHG emissions for Scope 3.5: Calculation of indirect GHG emissions based on specific Henkel activity data and global industry-specific averages for various disposal routes for waste of different hazard classes.		
				Upstream value chain	GHG emissions for Scope 3.6: Calculation of indirect GHG emissions based on specific Henkel activity data and assumptions regarding fuel consumption (air travel) or a hybrid calculation using distance- and expenditure-based data (rail travel).		

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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Climate change (ESRS E1)	E1-6_44	Metric tons of CO ₂ equivalent in respect of Scope 1, 2 and 3 GHG gross emissions and total GHG emissions [Table]	P. 163, 167-168	Upstream value chain	GHG emissions for Scope 3.7: Calculation of indirect GHG emissions based on specific Henkel activity data (including commuting based on full-time equivalents), as well as assumptions and statistical projections to calculate average emission values that are applied worldwide.	The calculation of all Scope 3 emissions depends to a large extent on the emissions factors used in the respective Scope 3 category and the underlying global warming potential of the individual activities. The resulting accuracy of the reported GHG emissions is therefore low to medium.	The following actions are planned: Transition from spend-based to life cycle analysis-based methodology, increasing granularity in individual Scope emissions and regionalization; definition of enhanced data quality requirements for accepting supplier values, end-to-end transparency and further automation of the calculations.
				Downstream value chain	GHG emissions for Scope 3.9: Calculation of indirect GHG emissions based on specific activity data. Calculation using EcoTransIT World based on fuel types by transport mode, distances and sales volumes.		
				Downstream value chain	GHG emissions for Scope 3.11: Calculation of indirect GHG emissions based on financial data, expert assessments of usage-phase scenarios, including relevant consumption/disposal figures per product type/technology class and global specific average emission factors.		
				Downstream value chain	GHG emissions for Scope 3.12: Calculation of indirect GHG emissions based on specific activity data and financial data. Assumptions regarding various disposal routes based on waste statistics and global industry-specific averages.		
				Downstream value chain	GHG emissions for Scope 3.15: Calculation of indirect GHG emissions based on financial data from all companies recognized as investments in the consolidated financial statements. Emissions are calculated based on the prior year's revenue (N-1).		

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Climate change (ESRS E1)	E1-6_AR 41	Breakdown of GHG emissions – by country, business segment, economic activity, subsidiary, GHG category or source type	P. 163, 167-168	Upstream value chain, own operations	The data is broken down for Scope 1 and Scope 3.1. Further information can be found under metric E1-6_44.	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_AR 46d	Scope 3 GHG gross emissions – according to GHG Protocol [Table]	P. 165, 167-168	Upstream and downstream value chain	The calculation is based on activity data specific to Henkel and, where this is not available, on spend-based data. Emission factors are either supplier-specific or based on global averages (specifically activity data-based or expenditure-based). Data-bases used include Ecoinvent, Carbon-Minds, BEIS DEFRA, International Energy Agency, Exiobase and Small World Consulting. Further information can be found under metric E1-6_44.	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_51	Scope 3 GHG gross emissions in metric tons of CO ₂ equivalent from each significant Scope 3 category	P. 164, 167-168	Upstream and downstream value chain		See explanations for E1-6_44.	See explanations for E1-6_44.

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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Climate change (ESRS E1)	E1-6_52a	Total GHG emissions – location-based method	P. 164, 167-168	Upstream and downstream value chain	Various assumptions regarding Scope 3 emissions. Further information can be found under metric E1-6_44.	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_52b	Total GHG emissions – market-based method	P. 164, 167-168	Upstream and downstream value chain	Various assumptions regarding Scope 3 emissions. Further information can be found under metric E1-6_44.	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_AR 46g	Scope 3 GHG gross emissions – percentage of primary data from suppliers or other value chain partners	P. 165, 167-168	Upstream and downstream value chain	Only the emissions reported under Scope 3.1 partially include primary data. Scope 3 emissions are defined as primary data-specific if calculated using Henkel-specific activity data and emission data provided by suppliers or other value chain partners. Further information can be found under metric E1-6_44.	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_53	GHG emission intensity – location-based method (GHG emissions versus net revenue)	P. 166-167	Upstream and downstream value chain	Various assumptions regarding Scope 3 emissions. Further information can be found under metric E1-6_44.	See explanations for E1-6_44; the accuracy corresponds to the average weighted accuracy of all emissions.	Indirectly, by increasing the accuracy of emissions calculation.
	E1-6_53	GHG emission intensity – market-based method (GHG emissions versus net revenue)	P. 166-167	Upstream and downstream value chain	Various assumptions regarding Scope 3 emissions. Further information can be found under metric E1-6_44.	See explanations for E1-6_44; the accuracy corresponds to the average weighted accuracy of all emissions.	Indirectly, by increasing the accuracy of emissions calculation.

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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Climate change (ESRS E1)	E1-8_63d	Approximate quantities of Scope 1, 2 and, where applicable, Scope 3 GHG gross emissions for the current year in metric tons of CO ₂ equivalent for which internal carbon pricing systems are applied	P. 170	Upstream and downstream value chain	The estimate is based on Scope 1, Scope 2 and Scope 3 GHG emissions (primarily Scope 3.1 and 3.12).	See explanations for E1-6_44; follow the degree of accuracy of the respective categories of GHG emissions.	There are currently no plans to implement further improvements for this information.
Resource use and circular economy (ESRS E5)	E5-4_31b	Percentage of biological materials (and biofuels used for non-energy purposes) used in the production of products (including packaging) and sustainably sourced	P. 223-224	Upstream value chain	The weight of bio-based packaging materials is estimated based on prior-year figures. The weight of bio-based raw materials is calculated specifically.	Around 1% of the total tonnage is used in the area of packaging and raw materials is estimated. The resulting average accuracy of the metric is also influenced by the assumptions made when classifying the materials.	Data quality for packaging and raw materials is to be further improved by identifying and separately presenting bio-based materials.

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ESRS topic	ESRS reference	Metric	Page number	Element in the value chain	Basis for preparation	Description of the resulting level of accuracy	Planned actions to improve accuracy in the future
Resource use and circular economy (ESRS E5)	E5-4_31c	Weight (in absolute terms) of reused or recycled secondary components, products and materials (including packaging) used in product manufacturing	P. 223-224	Upstream value chain	The weighting of resources is estimated whenever precise information is lacking. Estimates are determined based on similar materials and component-specific financial expenditures.	Around 9% of the total tonnage used in the area of packaging and raw materials is estimated. The resulting average accuracy of the metric is also influenced by the assumptions made when classifying the materials.	Data quality for packaging and raw materials is to be further improved, with the aim of reducing the proportion of reused or recycled components and materials for which the weight is estimated.
	E5-4_31c	Weight (in percent) of reused or recycled secondary components, products and materials (including packaging) used in product manufacturing	P. 223-224	Upstream value chain			
	E5-5_36c	Recyclable share of product packaging	P. 228	Downstream value chain	Henkel approximates the component details for packaging when not explicitly provided. This is not assessed against Design for Recycling criteria due to the absence of material identification. For all known paper, glass and metal packaging, Henkel assigns a defined percentage supported by scientific Design for Recycling guidelines. For plastic packaging, a list of criteria is applied to identify the share of plastic packaging that can be classified as recyclable.	Around 12% of the total tonnage is estimated. The resulting average accuracy of the metric is also influenced by the assumptions made when classifying the materials.	It is planned to reduce the share of estimates in the total tonnage by improving master data.



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Sources of estimation and outcome uncertainty (BP-2_11, 11a, 11b i, 11b ii)

The following table lists all quantitative key figures and monetary amounts included in this Sustainability Report that are subject to a high degree of measurement uncertainty, along with information on the sources of measurement uncertainty. Additionally, for each quantitative metric and monetary amount, the assumptions, approximations and judgments underlying the measurements are specified.

Sources of estimation and outcome uncertainty

ESRS topic	ESRS reference	Metric	Page number	Information on the sources of measurement uncertainty	Assumptions, approximations and judgments made in the valuation
General disclosures (ESRS 2)	SBM-3_48d	Disclosure of the current financial effects of the Company's material risks and opportunities on its financial position, performance, and cash flows	P. 87	The current financial effects of significant risks primarily result from assumptions about how these effects are reflected in raw material costs (e.g. CO ₂ taxes).	Assumptions regarding the inclusion of specific costs in the prices of raw and packaging materials are based on Scope 3.1 GHG emissions in 2024 on which an average global CO ₂ price has been applied. Additionally, price premiums for recycled material compared to non-recycled material for certain raw materials and packaging were derived. Fees for extended producer responsibility (EPR) and/or eco-modulation are also partially estimated if invoices for the current financial year have not yet been received.
Climate change (ESRS E1)	E1-1_16c	Quantification of the investments and financial resources to support the implementation of the transition plan (OpEx)	P. 138, 146-147	All expected OpEx and/or CapEx amounts allocated to the transition plan are based on estimates, approximations and expert assessments derived from currently available information.	The information was drawn from the respective plans to achieve the self-set targets for reducing GHG emissions. Forecasts of future investments and financial resources allocated to the transition plan are generally based on current internal and external estimates. A significant portion of these estimates pertains to the future price development of relevant raw materials across the upstream value chain.
	E1-1_16c	Quantification of the investments and financial resources to support the implementation of the transition plan (CapEx)	P. 138, 146-147	All expected OpEx and/or CapEx amounts allocated to the transition plan are based on estimates, approximations and expert assessments derived from currently available information.	The information was drawn from the respective plans to achieve the self-set targets for reducing GHG emissions. Forecasts of future financial resources allocated to the transition plan are generally based on current internal and external estimates.
	E1-3_29b	Actual and projected GHG emission reductions	P. 147-148	The calculation is based on forecasts, expectations regarding industry developments, and the anticipated impacts of relevant projects aimed at reducing GHG emissions.	The achieved emission reductions are calculated through continuous tracking. Projected emission reductions are calculated long-term based on forecasts for emission developments from Henkel's reduction projects. These forecasts are supplemented by industry development projections, future business developments and external factors affecting Henkel's business activities.

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ESRS topic	ESRS reference	Metric	Page number	Information on the sources of measurement uncertainty	Assumptions, approximations and judgments made in the valuation
Climate change (ESRS E1)	E1-4_34a, 34b	Information on GHG emissions reduction targets (including base year, targets, categories of GHG emissions) [table]	P. 153, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-4_34a, 34b	Absolute value of GHG emissions reduction targets	P. 153, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-4_34a, 34b	Category 3 GHG emissions reduction targets as a percentage of base year GHG emissions	P. 153, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_44	Metric tons of CO ₂ equivalent in respect of Scope 1, 2 and 3 GHG gross emissions and total GHG emissions [Table]	P. 163, 167-168	The calculation of Scope 3 emissions depends to a large extent on the emission factors and the underlying global warming potential of the individual activities.	GHG emissions for Scope 3.1: Use of supplier-specific emission factors and industry-specific global averages for quantity- and expenditure-based purchasing volumes aligned to Ecoinvent 3.10 and CarbonMinds 2023. The most recent emission factors from Exiobase are used for services, without adjusting for inflation. Material, packaging and service-specific factors are also applied. GHG emissions for Scope 3.2: Use of the latest emission reduction factors determined for each capital goods group (CapEx) from Exiobase, without inflation adjustment. GHG emissions for Scope 3.3: Use of global specific average values per type of fuel/energy from Ecoinvent 3.10. Country-specific factors for electricity grids, including transmission and distribution losses, are based on IEA 2024. GHG emissions for Scope 3.4: Use of global specific average values based on the downstream truck load factor and average transport distances per delivery.

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ESRS topic	ESRS reference	Metric	Page number	Information on the sources of measurement uncertainty	Assumptions, approximations and judgments made in the valuation
Climate change (ESRS E1)	E1-6_44	Metric tons of CO ₂ equivalent in respect of Scope 1, 2 and 3 GHG gross emissions and total GHG emissions [Table]	P. 163, 167-168	The calculation of Scope 3 emissions depends to a large extent on the emission factors and the underlying global warming potential of the individual activities.	GHG emissions for Scope 3.5: Use of global specific average values per waste and disposal type from Ecoinvent 3.10. GHG emissions for Scope 3.6: Use of global specific average values for rail transport and fuel combustion for air travel based on ICAO CORSIA and BEIS (DEFRA) 2024. GHG emissions for Scope 3.7: Use of global specific average values per transport mode based on BEIS (DEFRA) 2024. Projection based on average factors according to commuting patterns in Germany. GHG emissions for Scope 3.9: Use of global specific average values for downstream transport and dedicated emission factors per transport mode; energy-based bottom-up approach (ETW). GHG emissions for Scope 3.11: Use of global specific averages per energy mix for water heating, water consumption, wastewater treatment and electricity consumption, based on Ecoinvent 3.10, BEIS (DEFRA) 2024 and IEA 2024. GHG emissions for Scope 3.12: Use of global specific average values per waste and disposal type based on Ecoinvent 3.10 and internal calculations using literature data and waste statistics. GHG emissions for Scope 3.15: Country-specific averages from Small World Consulting (SWC).
	E1-6_AR 41	Breakdown of GHG emissions – by country, business segment, economic activity, subsidiary, GHG category or source type	P. 163, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_AR 46d	Scope 3 GHG gross emissions – according to GHG Protocol [Table]	P. 165, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.

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ESRS topic	ESRS reference	Metric	Page number	Information on the sources of measurement uncertainty	Assumptions, approximations and judgments made in the valuation
Climate change (ESRS E1)	E1-6_51	Scope 3 GHG gross emissions in metric tons of CO ₂ equivalent from each significant Scope 3 category	P. 164, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-6_AR 46g	Scope 3 GHG gross emissions – percentage of primary data from suppliers or other value chain partners	P. 165, 167-168	See explanations for E1-6_44.	See explanations for E1-6_44.
	E1-8_63d	Approximate quantities of Scope 1, 2, and, where applicable, Scope 3 GHG gross emissions for the current year in tons of CO ₂ equivalent for which internal carbon pricing systems are applied	P. 170	The calculation of Scope 3 emissions depends to a large extent on the emission factors and the underlying global warming potential of the individual activities. See explanations for E1-6_44.	See explanations for E1-6_44.
Resource use and circular economy (ESRS E5)	E5-4_31c	Weight (in absolute terms) of reused or recycled secondary components, products and materials (including packaging) used in product manufacturing	P. 223-224	Expert assessments based on market-standard values are used to estimate the recycled content in glass and metal packaging components.	According to expert assessments, it is assumed that 20% of glass packaging and 50% of metal packaging consist of recycled material.
	E5-4_31c	Weight (in percent) of reused or recycled secondary components, products and materials (including packaging) used in product manufacturing	P. 223-224		
	E5-5_36c	Recyclable share in product packaging	P. 228	Expert assessments based on market-standard values are used to estimate the recycled content in glass, metal and paper packaging components.	Expert assessments indicate that 100% of glass packaging, 97% of metal and paper packaging and 79% of plastic packaging are recyclable by weight.
	Entity-specific metric	100% of packaging designed for recycling or reusability (2025)	P. 228	Expert assessments based on market-standard values are used to determine the recyclability of individual packaging components.	Expert assessments indicate that 100% of glass packaging, 97% of metal and paper packaging and 79% of plastic packaging are recyclable by weight.



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Changes of sustainability information *(BP-2_13, 13a, 13b, 13c)*

As this is the first separate Sustainability Report of Henkel prepared in accordance with the ESRS requirements to fulfill the reporting obligations under the still applicable Sections 289b to 289e and Sections 315b, 315c of the German Commercial Code (HGB), there is no requirement to report on previous periods. Accordingly, this Sustainability Report does not contain comparative information for prior periods.

Reporting errors in prior periods *(BP-2_14a, 14b, 14c)*

As this Sustainability Report is being prepared for the first time in accordance with the content requirements of the ESRS, there is no requirement to report on reporting errors in prior periods.

Disclosures stemming from other legislation or pronouncements *(BP-2_15)*

Disclosures have been included in the Sustainability Report due to the reporting requirements of the German Commercial Code (HGB). This Sustainability Report also includes the disclosures required under Article 8 of Regulation 2020/852 (EU Taxonomy Regulation) in the chapter "Environmental information."

Incorporation of information by reference *(BP-2_16)*

The disclosure requirements of the ESRS have not been incorporated by reference. Further information to which reference is made is not part of this Sustainability Report.



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Governance

The role of the administrative, management and supervisory bodies (GOV-1)

Number of executive and non-executive members (GOV-1_21a)

Henkel AG & Co. KGaA is a partnership limited by shares (KGaA). The sole personally liable partner of the Company is Henkel Management AG (MAG). Its Management Board is responsible for managing the Company's operations. The Management Board of MAG (Management Board) consists of five members. Four Management Board members are male and one is female.

The Company's Supervisory Board consists of sixteen members: eight shareholder representatives (four men and four women) and eight workers' representatives (five men and three women). The Company's articles of association (Article 27) provide for the establishment of a Shareholders' Committee. It currently has ten members (nine men and one woman).

Representation of employees and other workers (GOV-1_21b)

Eight members of the Supervisory Board of the KGaA are workers' representatives, including six employees of the Company and its domestic subsidiaries and two representatives from trade unions. Other workers who are not employees of the Company or its domestic subsidiaries are not represented on the Supervisory Board.

Percentage by gender and other aspects of diversity (GOV-1_21d, GOV-1_21c, AR 5)

Management Board

Statutory gender quota for the Management Board

In a publicly listed company subject to the Co-Determination Act, if the Management Board has more than three members, the Management Board must include at least one woman and one man (participation requirement pursuant to section 76 (3a) for the German Stock Corporation Act [AktG]).

In accordance with this rule, the Management Board of Henkel Management AG, the sole personally liable partner of Henkel AG & Co. KGaA as a publicly listed company subject to the Co-Determination Act, must include at least one woman and one man if it consists of more than three members.



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This participation requirement was consistently met during the reporting year. As of December 31, 2024, the Management Board consisted of four men and one woman, corresponding to a representation ratio of 80 percent male and 20 percent female.

Diversity considerations regarding the composition of the Management Board

While qualifications, competence and professional excellence are decisive for filling Management Board positions, the Supervisory Board of Henkel Management AG has adopted the following criteria, following discussions within the Shareholders' Committee and its Personnel Committee, to ensure a broad range of knowledge, skills and professional experience (diversity) on the Management Board:

- Educational/professional background:
The Management Board members, as a whole, should possess knowledge, skills and professional experience, particularly in the following areas:
 - Leadership experience: Managing international units, engaging with employee representatives, leading and motivating employees and succession planning.
 - Business understanding: Knowledge/experience in the industrial/consumer business and key markets, taking into account the social and societal environment in which Henkel operates, as well as knowledge/experience in the areas of marketing/sales and digitalization/e-commerce. Expertise in research and development, production/technology and sustainable business practices, particularly in integrating sustainability topics into business processes, is also required.
 - Strategic expertise: Developing future perspectives and strategies and implementing them.
 - Financial expertise: Experience in accounting, auditing, financing and capital market issues.
 - Controlling/Risk management: Experience in internal control systems, risk management systems and internal audit systems.
 - Governance/Compliance/Ethics: Experience in the interaction of corporate bodies (governance), compliance with legal and internal requirements (compliance) and a modern understanding of corporate ethics and its implementation.



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- **Internationality:**
 The Company's international activities in growth and mature markets should be adequately reflected in the composition of the Management Board. It is therefore intended that the Management Board should include members of different nationalities or with an international background, such as significant professional experience abroad or management of foreign business activities.
- **Gender:**
 Both genders should be adequately represented on the Management Board. The Management Board must include at least one woman and at least one man.
- **Seniority:**
 The composition of the Management Board should appropriately balance "change" and "continuity." It is intended that the Management Board should include members with varying levels of seniority. In general, Management Board members should not be older than 63 years.

We believe that the aforementioned objectives were fully achieved during the reporting year. The Management Board, which includes one woman, collectively possesses the knowledge, skills and professional experience required to properly perform its tasks. Several members also have international business experience in growth and mature markets. No member of the Management Board exceeds the targeted maximum age.

Supervisory Board
Statutory gender quota for the Supervisory Board

For Henkel AG & Co. KGaA, as a publicly listed company subject to the Co-Determination Act of 1976, at least 30 percent of the Supervisory Board must consist of women and at least 30 percent of men (Section 96 paragraph 2 AktG).

Throughout the reporting year, shareholder and workers' representatives consistently met the statutory minimum requirements for gender representation. As of December 31, 2024, the Supervisory Board consisted of nine men and seven women, including four men and four women on the shareholder representatives' side and five men and three women on the workers' representatives' side. This corresponds to approximately 56 percent men and 44 percent women. Until the re-election of shareholder representatives at the Annual General Meeting on April 22, 2024, the Supervisory Board consisted of ten men and six women. The annual average was approximately 58 percent men and around 42 percent women.



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Diversity considerations regarding the composition of the Supervisory Board

Considering statutory requirements, the recommendations of the German Corporate Governance Code (GCGC), the specific situation and the global reach of the Company's activities in industrial and consumer goods sectors, the Supervisory Board has established the following objectives for its composition. These objectives are taken into account in the Management Board's proposals for elections at the Annual General Meeting for regular re-elections and replacements. For workers' representatives, the special provisions of the Co-Determination Act of 1976 must be observed.

- **Education/professional experience:**
The Supervisory Board must collectively have knowledge, skills and professional experience in areas such as:
 - Understanding of the business: Experience in research and development, production/engineering, marketing, sales and distribution, digitalization/e-commerce and knowledge of industrial or consumer goods sectors and key markets where Henkel operates
 - Sustainability: Experience in sustainable business practices, particularly in integrating sustainability topics into business processes.

- **Independence and integrity:**
To ensure the independence of its advisory and supervisory functions, shareholder representatives on the Supervisory Board must include an appropriate number of independent members, taking into account the Company's ownership structure.

- **Internationality:**
The Company's international activities should be adequately reflected in the composition of the Supervisory Board. Henkel aims to have several members with an international background, such as extensive work experience abroad or the management of foreign business activities.



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- **Gender:**
The Supervisory Board should include an adequate proportion of women. The statutory minimum requirement of 30 percent is considered appropriate. Henkel aims to increase the proportion of women in new or replacement appointments.
- **Age and length of service:**
The Supervisory Board should appropriately include representatives from different generations and age groups. Henkel aims to have members from different generations and age groups on the Supervisory Board.

Shareholders' Committee
Diversity considerations regarding the composition of the Shareholders' Committee

In view of the Shareholders' Committee's responsibilities, its members should collectively have knowledge, skills and experience in areas such as:

- **Understanding of the business:** Experience in industrial and/or consumer-oriented business fields and Henkel's key markets, as well as expertise in marketing, sales and distribution, digitalization/e-commerce, research and development and production/technology.
- **Sustainability:** Experience in sustainable management, particularly in integrating sustainability topics into business processes.

Percentage of independent board members (GOV-1_21e)

As of December 31, 2024, four of the eight (50 percent) shareholder representatives on the Supervisory Board of the Company were not members of the Henkel family share-pooling agreement and were therefore considered independent from the controlling shareholder under recommendation C.9 of the German Corporate Governance Code (GCGC). For further information on the Henkel family share-pooling agreement, please refer to the consolidated financial statements, section "Related party disclosures."

As of December 31, 2024, five of the ten members (50 percent) of the Shareholders' Committee were not members to the Henkel family share-pooling agreement and are therefore independent from the majority shareholder in the corresponding application of the recommendation of C.9 of the German Corporate Governance Code (GCGC).



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Responsible administrative, management and supervisory bodies (GOV-1_22a)

The following bodies are responsible for overseeing impacts, risks and opportunities related to sustainability:

- Management Board
- Sustainability Council
- Supervisory Board
- Audit Committee of the Supervisory Board
- Sustainability Committee of the Supervisory Board
- Shareholders' Committee
- Compliance & Risk Committee

Responsibilities through mandates and policies (GOV-1_22b)

Management Board

The Management Board is responsible for managing the Company as a whole. Its primary responsibilities include defining the organizational structure, objectives and strategic direction of the Company, including its sustainability strategy. The Management Board systematically identifies and assesses social and environmental risks and opportunities for the Company, as well as the environmental and social impacts of its business activities. Within the Management Board, there is a department dedicated to Human Resources, Infrastructure and Sustainability.

The Management Board has established various committees, some of which are led by a Management Board member, to advise on and decide specific issues, particularly regarding acquisitions, divestments, investments, HR policies and sustainability matters. These committees, such as the Sustainability Council, which is chaired by the Management Board member responsible for sustainability and reports to the full Management Board, review planned actions, evaluate risks and opportunities. They either communicate their decisions to the Management Board or submit proposals for decision-making by the Management Board.

Supervisory Board

The Supervisory Board is responsible for advising and monitoring the Management Board in the performance of its management duties, including with regard to sustainability aspects. The Supervisory Board and the Management Board regularly discuss progress in implementing the business and sustainability strategy, business policy, business development and planning, the risk situation, risk management and the internal control system, as well as compliance issues.



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Given the importance of Environment, Social, Governance (ESG) issues to the Company and the expanded requirements for sustainability reporting, the Supervisory Board has established a Sustainability Committee. This committee closely monitors and advises on the sustainability strategy of the Management Board and its further development. It also addresses non-mandatory sustainability reporting, including communication and external disclosures beyond the Sustainability Report. It further reviews such disclosures where applicable, unless the Audit Committee is responsible, which also oversees the sustainability-related internal control and risk management system.

The Audit Committee of the Supervisory Board prepares the Supervisory Board's discussions and resolutions on the approval of the annual financial statements and consolidated financial statements, the combined management report and the review of the combined separate non-financial report. The Audit Committee monitors financial reporting and the financial reporting process, and assesses the effectiveness of the internal control system, the risk management system and the internal audit and review systems. It also addresses matters related to compliance, sustainability reporting and audit quality.

Shareholders' Committee

The Shareholders' Committee participates in defining the Company's strategy and policies, objectives and long-term planning. It regularly advises and oversees Henkel Management AG and its Management Board in managing the Company. The committee is involved in major corporate decisions and provides suggestions for the Company's development, including on sustainability matters.

Role of management and delegation to positions or committees (GOV-1_22c i)

Sustainability management – including managing and monitoring impacts, risks and opportunities, that is, the Company's material sustainability topics – is vertically, horizontally and cross-functionally integrated into Henkel's organizational structure. The Henkel Management Board bears overall responsibility for our sustainability strategy and for the Compliance organization, which ensures that the applicable laws and internal guidelines are adhered to.

On behalf of the Management Board, the Sustainability Council steers Henkel's sustainability strategy and activities. The Council is chaired by the Management Board member responsible for Human Resources, Infrastructure and Sustainability. Other Management Board members and their respective business units or functions are represented in the Council by at least one senior manager. Key topics on the Sustainability Council's agenda are regularly addressed in the Executive Committees (Excoms) of the business units and functions. The Management Board approves the Company's sustainability strategy, goals and governance. It also regularly reviews progress. The Sustainability Council agrees on common positions and presents these to the Management Board for approval. They include new strategic priorities, external targets, risks and



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opportunities related to material topics such as climate change and its impacts, water, biodiversity, human rights, sustainable products and technologies, packaging, circular economy and product safety.

The Sustainability Council develops topic-specific concepts and establishes dedicated project groups to oversee the implementation of action plans, ensure compliance with common standards and processes, facilitate the exchange of best practices, and monitor results. It oversees cross-departmental projects and continuously reviews the achievement of sustainability goals.

The business units and functions are responsible for the practical implementation of the sustainability strategy and for providing the necessary resources for its execution.

The central Corporate Sustainability function, led by the Chief Sustainability Officer and reporting to the Management Board member responsible for Human Resources, Infrastructure and Sustainability, plays a key governance role in overseeing the Company's sustainability standards, strategy and concepts, as well as supporting the role of the Sustainability Council as described above.

The interdisciplinary Compliance & Risk Committee promotes the development and continuous improvement of Henkel's compliance culture through a compliance system within the Henkel Group, including risk assessment, management and reporting, as well as the development of corresponding strategies. The committee initiates and supports the development and implementation of preventive actions against compliance risks and violations, as well as reactive actions in response to identified risks and compliance breaches.



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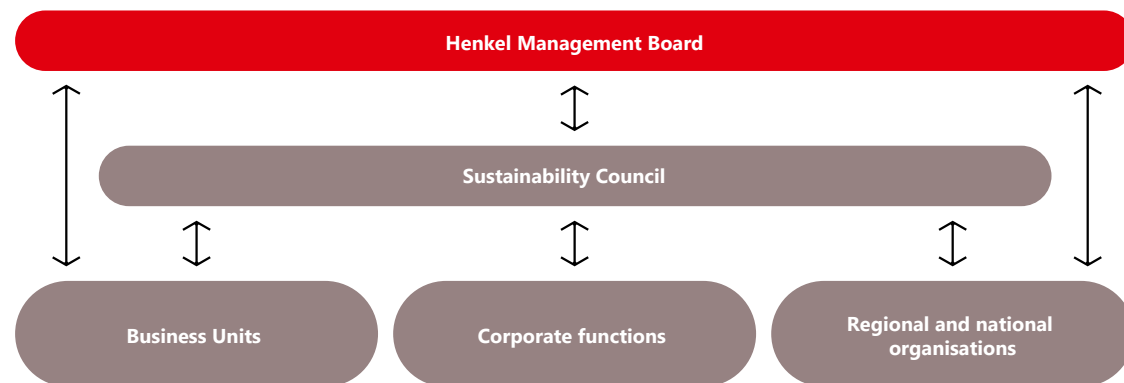
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Reporting lines to the administrative, management and supervisory bodies

(GOV-1_22c ii, AR 3)

The Management Board member responsible for Human Resources, Infrastructure and Sustainability serves as the Chair of the Sustainability Council. The Management Board is supervised by the Supervisory Board and the Shareholders' Committee.

Application of dedicated controls and procedures for managing impacts, risks and opportunities

(GOV-1_22c iii, AR 3)

The management of sustainability topics is integrated vertically, horizontally and cross-functionally into Henkel's organizational structure. This includes relevant processes and controls for the impacts, risks and opportunities identified as material, which will continue to be further developed in the coming years as part of sustainability reporting. For more information, please refer to the section "Risk management and internal controls over sustainability reporting" (GOV-5) in this chapter.

Setting of targets for material impacts, risks and opportunities *(GOV-1_22d, AR 3)*

The Management Board informs the Supervisory Board and the Shareholders' Committee about all relevant issues, including strategy. It discusses the status of strategy implementation and establishes new targets as necessary.



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Skills and expertise for overseeing sustainability matters (GOV-1_23a, AR 5)

Henkel has stipulated that a reasonable number of the members of the Management Board, Supervisory Board and Shareholders' Committee possess knowledge, skills and experience in the field of sustainability, including areas such as climate change, environment, water, biodiversity, circular economy, social issues and corporate governance.

For the Management Board: While qualifications, competence and professional excellence are decisive for filling Management Board positions, the Supervisory Board of Henkel Management AG, following discussions in the Shareholders' Committee and its Personnel Committee, has adopted the criteria already outlined in the section "Proportional representation by gender and other aspects of diversity" (GOV-1_21d, GOV-1_21c, AR 5). These criteria are to be considered when appointing Management Board members to ensure the broadest possible range of knowledge, skills and professional experience (diversity) within the board. This also includes the ability to engage in entrepreneurial and forward-looking strategic decision-making within the given regulatory environment, particularly with regard to ESG requirements.

Newly elected members of the Supervisory Board and the Shareholders' Committee undergo an onboarding process to familiarize themselves with our corporate values, applicable codes and standards, the Company's organizational structure, strategy (including sustainability and associated initiatives), operational developments and other current topics. This process also covers the rights and responsibilities of members, taking into account the specific requirements of our legal form and articles of association. Members are also encouraged to independently strive to acquire the additional training needed to fulfill their responsibilities, such as when changes in legal frameworks occur. The Company provides appropriate support for these efforts. Internal informational events are offered as needed to provide targeted training, including on implementing sustainability initiatives.

Several shareholder representatives on the Supervisory Board and in the Shareholders' Committee have served or currently serve as members of the management boards of relevant companies, bringing experience and expertise in managing globally operating companies and leading employees. Other shareholder representatives on the Supervisory Board and members of the Shareholders' Committee have advanced knowledge in the areas of research and development, production, marketing, sales, digitalization/e-commerce and sustainable business practices. In addition, several shareholder representatives on the Supervisory Board and in the Shareholders' Committee bring international business experience in emerging or mature markets, teach sustainability at academic institutions or contribute expertise through memberships in expert groups on sustainable chemical strategy or scientific backgrounds in natural sciences.



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Overall, the Supervisory Board and the Shareholders' Committee possess the necessary knowledge, skills and professional experience to properly and effectively fulfill their responsibilities.

Relation of skills and expertise to material impacts, risks and opportunities (GOV-1_23b)

The majority of the members of the Supervisory Board and the Shareholders' Committee possess expertise in the field of sustainability. This includes thematic specializations and familiarity with sustainability topics such as climate change, environmental protection, water, biodiversity, circular economy, social responsibility and corporate governance, which align with our material impacts, risks and opportunities. This applies accordingly to the members of the Management Board. The Supervisory Board and the Shareholders' Committee are therefore well-equipped to engage with the Management Board on sustainability-related topics such as strategy, processes and reporting obligations.

The role of administrative, management and supervisory bodies in business conduct (G1 GOV-1)
The role of administrative, management and supervisory bodies in business conduct (G1 GOV-1_5a)

The Management Board is responsible for managing the Company as a whole. Its primary responsibilities include defining the organizational structure, objectives and strategic direction of the Company, including its sustainability strategy. The Management Board ensures that the Company systematically identifies and evaluates its environmental and social risks and opportunities, as well as the environmental and social impacts of its business activities.

The Supervisory Board is responsible for advising and monitoring the Management Board in the performance of its management duties, including with regard to sustainability aspects. The Supervisory Board and the Management Board regularly discuss progress in implementing the business and sustainability strategy, business policy, business development and planning, the risk situation, risk management and the internal control system, as well as compliance issues.

The Shareholders' Committee participates in defining the Company's policies, objectives and long-term planning. It regularly advises and oversees Henkel Management AG and its Management Board in managing the Company. The committee is involved in major corporate decisions, provides suggestions for the Company's development and oversees adherence to budgets.



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Expertise in business conduct (G1 GOV-1_5b)

Henkel has stipulated that a reasonable number of members of the Management Board, Supervisory Board and Shareholders' Committee possess knowledge, skills and experience in governance and compliance, particularly regarding the interaction between corporate bodies and adherence to legal and internal corporate requirements.

Newly elected members of the Supervisory Board and the Shareholders' Committee undergo an onboarding process to familiarize themselves with our corporate values, applicable codes and standards, the Company's organizational structure and strategy, key initiatives, operational developments and other current topics. This process also covers the rights and responsibilities of members, taking into account the specific requirements of our legal form and articles of association. Members are also encouraged to seek the additional training needed to fulfill their responsibilities, such as when changes in legal frameworks occur. The Company provides appropriate support for these efforts. Henkel also offers internal informational events to provide targeted training when necessary.

For further information, please refer to the sections "Proportional representation by gender and other aspects of diversity" (GOV-1_21d) and "Expertise and skills for overseeing sustainability matters" (GOV-1_23a) in this chapter.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)
Information for the administrative, management and supervisory bodies (GOV-2_26a)

The process for identifying material impacts, risks and opportunities is embedded in Henkel's overarching implementation program for the Corporate Sustainability Reporting Directive (CSRD).

Each year, a schedule is prepared for meetings of all relevant bodies. The usual meeting frequency is as follows:



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Frequency of committee meetings

Management Body	Frequency of meetings
Management Board	approximately every two weeks
Sustainability Council	approximately every two months, with additional meetings as needed
Shareholders' Committee	approximately every two months
Supervisory Board	quarterly
Audit Committee	quarterly
Sustainability Committee	twice a year

Sustainability topics are integrated into the regular meeting schedule. In special circumstances, extraordinary meetings are convened.

The following table shows the frequency in 2024 with which management and supervisory bodies were informed by the Sustainability Council about material impacts, risks and opportunities, the implementation of due diligence and the outcomes and effectiveness of strategies, actions, metrics and targets designed to address these. It also shows the number of meetings held by the Sustainability Council.

Number of committee meetings on sustainability matters

Management Body	Number of meetings on sustainability matters
Management Board	11
Sustainability Council	6, plus 5 special sessions related to the CSRD implementation program
Shareholders' Committee	2
Supervisory Board	1
Audit Committee	3
Sustainability Committee	2

Consideration of impacts, risks and opportunities (GOV-2_26b)

The Management Board, the Supervisory Board and the Shareholders' Committee regularly address sustainability topics as part of their oversight of the Company's strategy. This includes reviewing and weighing impacts, risks and opportunities, as well as potential trade-offs in decisions concerning significant transactions.



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List of material impacts, risks and opportunities (GOV-2_26c)

The results of the materiality assessment, including the associated material impacts, risks and opportunities, were presented to and reviewed by the Sustainability Council, the Management Board and the Audit Committee of the Supervisory Board. The corresponding list of material impacts, risks and opportunities is disclosed as part of the reporting in the section “Material impacts, risks, and opportunities and their interaction with strategy and business model” (SBM-3) in this chapter.

Integration of sustainability-related performance in incentive schemes (GOV-3)
Sustainability-related performance in incentive schemes

(GOV-3_29a, 29b, 29c, 29d, AR 7)

In 2023, the remuneration system for members of the Management Board was adjusted and approved by the Annual General Meeting of Henkel AG & Co. KGaA. The objective of this adjustment was to better support our Company strategy and the sustainable development of the Company. The performance parameters for the annual variable remuneration (Short Term Incentive, STI) are the financial targets achieved during the fiscal year (organic sales growth and adjusted earnings per preferred share, each weighted at 50 percent), as well as the individual performance and goals (focus topics) of the Management Board members, which also include ESG aspects. The performance parameters of the Long Term Incentive Plan (LTI Plan) – a virtual stock plan with a three-year measurement period for target achievement and a subsequent one-year holding period – include financial goals (adjusted return on capital employed, weighted at 60 percent, and relative total shareholder return, weighted at 20 percent) and ESG targets (weighted at 20 percent).

The 2023 LTI tranche includes the following two ESG targets: 1. Reduction of CO₂ emissions per metric ton of product at our production sites compared to the base year 2017 (weighting: 10 percent) and 2. Significant progress toward Henkel’s ambition to achieve gender parity by 2025 (weighting: 10 percent). The 2024 LTI tranche includes the following three ESG targets: 1. Reduction of CO₂ emissions per metric ton of product at our production sites compared to the base year 2017 (weighting: 6 percent), 2. Increasing the share of recycled plastic for all packaging of our consumer products (weighting: 6 percent), and 3. Significant progress toward the goal of achieving gender parity by 2025 (weighting: 8 percent).

For further details, please refer to the description of the remuneration system, which will also be included in the remuneration report for fiscal year 2024.



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Responsibilities (GOV-3_29e)

The Personnel Committee of the Shareholders' Committee and the Supervisory Board of Henkel Management AG decide on the remuneration of the Management Board, including incentive systems and their adjustments. The Annual General Meeting of Henkel AG & Co. KGaA decides on the approval of the remuneration system for Management Board members in the event of any significant changes, but at least every four years. The remuneration of Management Board members is determined in accordance with a remuneration policy submitted to the Annual General Meeting for approval. The remuneration of the Supervisory Board and the Shareholders' Committee is determined by the Annual General Meeting based on provisions in the Articles of Association. The remuneration systems are submitted to the Annual General Meeting of Henkel AG & Co. KGaA for approval at least every four years.

Integration of sustainability-related performance in incentive schemes (ESRS E1 GOV-3)
Integration of sustainability-related performance in incentive schemes (E1 GOV-3_13)

Remuneration systems for the Management Board: ESG-related goals account for 20 percent of the targets in the Management Board's long-term incentive system. Alongside other ESG targets (see above the sections "Sustainability-related performance in incentive schemes" [GOV-3_29a, 29b, 29c, 29d, AR 7]), climate-related considerations are also factored into the incentive system. For instance, the achievement of Henkel's targets for Scope 1 and 2, which the Science Based Targets initiative (SBTi) confirmed in 2020, was included in the Long Term Incentive (LTI) of the Management Board.

The LTI tranche 2023 includes the following climate-related target: Reduction of CO₂ emissions per metric ton of product at our production sites (compared to the base year 2017). LTI tranche 2024 also includes the following climate-related target: Reduction of CO₂ emissions per metric ton of product at our production sites (compared to the base year 2017). In addition, our target of increasing the share of recycled plastic for all packaging of our consumer products contributes to avoiding GHG emissions in our value chain. In the 2023 LTI tranche, this corresponds to 10 percent of the LTI tranche and in the 2024 LTI tranche – due to the inclusion of the additional ESG targets – 12 percent of the LTI tranche. Henkel's approach aligns with the growing expectations of investors and regulators for companies to integrate climate-related risks and sustainability into corporate governance and executive compensation.



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The performance parameters for the annual variable remuneration (Short-Term Incentive, STI) are the financial targets achieved during the fiscal year, as well as the individual performance and goals (focus topics) of the Management Board members, which also include ESG aspects such as climate.

The remuneration systems for the Supervisory Board and the Shareholders' Committee are structured as fixed compensation.

Further information is available on the website at www.henkel.com/corporate-governance.

Statement on due diligence (GOV-4)
Overview of due diligence process (GOV-4_32, AR 8, AR 9, AR 10)

The requirements for due diligence in the field of sustainability are considered when assessing material impacts. In human rights, for example, we take into account the risks for the rights holders. This risk analysis is the basis for our human rights due diligence approach, which covers human rights and environmental risks. At the same time, we closely track global and national developments on the understanding of terms, on the assessment of risks, opportunities and impacts, and on the design of appropriate due diligence procedures. Our implementation of due diligence obligations is guided by the UN Guiding Principles on Business and Human Rights. In addition, the OECD Due Diligence Guidance for Responsible Business Conduct acts as a benchmark for our approach, which we continuously review and develop as necessary. To identify, prevent or mitigate human rights and environmental risks, Henkel has established a Company-wide risk management and due diligence process.



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The following table outlines the core elements of due diligence and their references in the Sustainability Report:

Overview of the statement of due diligence

Core elements of due diligence	Paragraphs in the Sustainability Report
a) Embedding due diligence in governance, strategy and business model	General information: ESRS 2 GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	General information: ESRS 2 GOV-2, SBM-2, IRO-1 Environmental information: ESRS E1, E2, E3, E4, E5 Social information: ESRS S1, S2, S3, S4 These sections disclose actions in accordance with MDR-P minimum disclosure requirements (ESRS 2).
c) Identifying and assessing adverse impacts	General information: ESRS 2 IRO-1, SBM-3 Environmental information: ESRS E1, E2, E3, E4, E5 Social information: ESRS S1, S2, S3, S4
d) Taking action to address those adverse impacts	Environmental information: ESRS E1, E2, E3, E4, E5 Social information: ESRS S1, S2, S3, S4 These sections disclose actions in accordance with MDR-A minimum disclosure requirements (ESRS 2).
e) Tracking the effectiveness of these efforts and communication	Environmental information: ESRS E1, E2, E3, E4, E5 Social information: ESRS S1, S2, S3, S4 These sections disclose metrics and targets in accordance with MDR-M and MDR-T minimum disclosure requirements (ESRS 2).

Further information can be found on our website, such as our policy statement on human rights under:

Human Rights and Social Standards.



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Risk management and internal controls over sustainability reporting (GOV-5)

Risk management and internal controls over sustainability reporting (GOV-5_36a, AR 11)

Responsible and appropriate handling of risks and opportunities is a central part of Henkel's corporate governance. To identify and assess risks and opportunities at an early stage, we use coordinated risk management and internal control systems that consider the nature and scope of Henkel's business activities and potential risks. Both systems incorporate sustainability matters.

Henkel reports annually on sustainability – as early as 1992 with the first Environmental Report and then continuously to the present Sustainability Report – and has extensive expertise in relevant topics such as circularity, climate, nature and social issues. Regulations, rules and processes have been established to ensure proper reporting. A significant portion of location-based data is systematically collected and verified using the principle of dual control. Global data is collected through centrally controlled processes, each verified for plausibility by involving experts in the assessment. This ensures that the completeness and integrity of the data and the accuracy of estimation results are taken into account in the data collection and reporting process, including for the upstream and downstream value chain.

Risk assessment and prioritization (GOV-5_36b, AR 11)

We assess impacts, as well as risks and opportunities as part of our global sustainability management approach including the materiality assessment for our Company along our value chain. As part of this process, we take into account the different subject-specific understandings of risks. The validation of results and prioritization of risks by experts will be increasingly formalized in the coming reporting years through the further development of the internal control system for sustainability reporting.

Main risks identified and mitigation strategies (GOV-5_36 c, AR 11)

The key risks identified in sustainability reporting are:

1. Identifying report content through materiality assessment.
2. Interpreting regulatory requirements for report content.
3. Collecting and reporting report content.



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The involvement of relevant experts from the respective specialist departments and a central reporting management function ensure an interdisciplinary exchange regarding the materiality assessment, reporting requirements and content to mitigate potential risks. Close collaboration between the Sustainability and Finance departments further ensures the inclusion of existing reporting and risk management expertise.

As described above, data underlying the Sustainability Report is validated in terms of completeness and correctness, as well as the accuracy of estimated results or availability of data from the upstream and downstream value chain. This validation takes place within the broader context of Henkel's annual assessment of inherent risks. In some cases, controls are already in place. In addition, location-based data is systematically collected and verified using the principle of dual control.

Integration into internal functions and processes (GOV-5_36d)

As part of the further development of the internal control system for sustainability reporting, important reporting processes are analyzed, existing validations and controls are reviewed, and new controls are defined, implemented and tested to ensure reliable reporting. The existing internal control system for financial reporting is being expanded to include critical reporting processes for sustainability reporting, including the relevant controls. It is integrated into the existing policy framework. In this context, the key risks of sustainability reporting are addressed.

Reporting to administrative, management and supervisory bodies (GOV-5_36e)

The risk situation is reported to the Compliance & Risk Committee, the Management Board and the supervisory bodies. Unforeseen significant changes are immediately reported to the CFO and the Compliance & Risk Committee. The coordination of the entire risk reporting process and the analysis of inventoried risks fall under the responsibility of Corporate Accounting.

Risk management as a prevention tool

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



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Strategy

Strategy, business model and value chain (SBM-1)

Significant groups of products and/or services (SBM-1_40a i, AR12, AR 13)

Sustainable business practices have been an integral part of our corporate culture for decades, and are also a central element of our vision of the future. Together with innovation and digitalization, sustainability forms an essential part of our strategic framework for purposeful growth, the Purposeful Growth Agenda. In our strategy, we understand sustainability as a competitive edge that enables business growth and creates value for our business and industrial customers, consumers and all other stakeholders. Our corporate strategy is also embedded in the strategies of our business units. Additionally, our 2030+ Sustainability Ambition Framework addresses further topics that align with our high aspiration to create a transformational impact for the good of generations. This aspiration also guides our approach to the individual current and future topics. We continue to follow best practice on Environmental, Social and Governance (ESG) issues, integrate independent opinions and expert advice and regularly incorporate these ideas into our strategic framework and publications. Further information is available on the website at www.henkel.com/sustainability.

Henkel's business is organized in two business units: Adhesive Technologies and Consumer Brands. Our Adhesive Technologies business unit offers technologies for adhesives, sealants and coatings – for industrial applications and for consumers and craftsmen. Based on our technology portfolio, we provide customer-centric solutions in our Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional business areas. The distribution channels include direct sales to our customers in industry and trade, as well as brick-and-mortar retail, among others. In the Consumer Brands business unit, we focus on the two global business areas Laundry & Home Care and Hair, and on the Other Consumer Businesses area with its operations in selective markets. Our portfolio features laundry detergents and household cleaners, hair styling, hair colorants and hair care products for both the Consumer and Professional businesses, and body care products. In all business areas, we aim to deliver high-performing innovations that create added value for our customers and consumers, as well as end-users. We distribute our products through brick-and-mortar stores, hair salons and digital channels.



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Significant markets and/or customer groups *(SBM-1_40a ii; AR 12, AR 13)*

Henkel operates in the Europe, IMEA (India, Middle East, Africa), North America, Latin America and Asia-Pacific regions. Europe, North America and Asia-Pacific represent key markets, as they account for 81 percent of our sales in the 2024 fiscal year.

Our main customer groups include retail and industrial customers, distributors, consumers and end-users in the craft and industrial sectors.

- Retail customers and distributors: These companies serve the needs of private consumers, craftsmen and small industrial customers. They provide access to Henkel's product portfolio, including adhesives, sealants, coatings, laundry and home care products, as well as hair and body care products.
- Consumers: These are individuals who use Henkel products, such as laundry and home care products and hair and body care products, from our Consumer Brands business unit.
- End-users: Professional users such as craftsmen, employees in manufacturing industries, automotive repair businesses, cleaning services, construction sector and freelance service providers, as well as salon professionals, use our products and services. Industrial end-users use Henkel products for specific needs and requirements, such as adhesives, sealants and coatings for industrial applications.

Headcount of employees by geographical areas *(SBM-1_40a iii; AR 12, AR 13)*

At the end of 2024, Henkel employed around 47,150 people worldwide. The following table shows the distribution of employees by region.

Employees¹ per region

	2024	in percent
Europe	20,450	43.4
IMEA	5,000	10.6
North America	7,850	16.6
Latin America	5,400	11.5
Asia-Pacific	8,500	18.0
Total	47,150	100.0

¹ Basis: permanent employees excluding apprentices; figures rounded (at December 31).



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Sustainability-related goals in terms of products, customers, geographical areas and stakeholders

(SBM-1_40e; AR 12, AR 13)

In both business units, the importance of sustainability topics in our relationships with customers, consumers, and end-users has continued to grow in recent years. We aim to meet these expectations and understand sustainability as a competitive edge in our corporate strategy, which we want to leverage through sustainability-related goals. Our focus areas are based on the global priorities of our two business units and the goals we pursue concerning specific regions, markets, and customer groups, including consumers and end-users.

With our extensive experience, we strive to position ourselves as a leading partner in sustainability for our industrial and retail customers, offering future-oriented solutions that help them achieve their own sustainability goals.

For instance, our Adhesive Technologies business unit is developing solutions that enable customers across various industries to make a greater contribution to sustainability through a combination of material technical materials expertise and science-based innovations. With these customized solutions, we want to help reduce emissions, increase energy and material efficiency, recycle valuable resources and improve safety. With our products and solutions, we help our customers reduce greenhouse gas (GHG) emissions by enabling them to use less energy in their production processes when applying our products. We also ensure that valuable resources are kept in the economic cycle. For example, our debonding solutions make it possible to repair, reuse and recycle products and product parts, and to separate materials that are not suitable for collective recycling. We also attach great importance to continuously optimizing the safety and environmental compatibility of our products. We adhere to all relevant legal requirements and are committed to avoiding substances of concern.

Our Consumer Brands business unit focuses on creating added value for customers and consumers with high-performing products. Key areas of emphasis include climate, circular economy and transparent product information for consumers and end-users, including safety information. Our vision is to deliver our customers and consumers a sustainable choice from our range of innovative, high-performing brands for laundry and home care, and hair and body care by integrating sustainability into our portfolio. This also includes our commitment to promoting a circular economy by advancing the use of more sustainable packaging solutions across our brands by increasing the share of recycled plastics and incorporating more renewable ingredients into our products. To ensure that transparent product information reaches our consumers, we leverage various communication channels such as product labels, websites, social networks and customer service hotlines and collaborate with industry associations on sector-wide campaigns aimed at promoting the safe use of products. We also use targeted communication with end-users and consumers to raise awareness about energy savings when using our products.



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Sustainability is fundamental for creating a competitive edge, enabling business growth and generating value for our business and industry customers, consumers and all of our stakeholders. In addition to our customers, partners and consumers, who are increasingly interested in sustainability-oriented products and solutions and expect transparent and reliable information, there are other stakeholders, such as ESG-orientated investors, employees, suppliers, and business partners.

Assessment of significant products, markets and customers in relation to sustainability-related goals

(SBM-1_40f; AR 12, AR 13)

We assess our key products, major markets and customer groups with regard to relevant sustainability topics within the context of our business orientation. Our many years of experience in sustainability reporting, our standards and management systems and the recognition of our achievements by independent sustainability experts such as rating agencies ensure transparency and provide important feedback about how effectively we are implementing sustainability. Consistent implementation of our strategy strengthens also our brands and the Company's reputation in the market.

We are also working on measuring the sustainable transformation of our product portfolio. This assessment process includes identifying and categorizing portfolio products that make a relevant contribution to sustainability. The assessment criteria cover the entire value chain and take into account the impact across all areas. In assessing the sustainability of our product portfolio, we consider factors such as climate impact, circular economy and safety to further accelerate our contribution to sustainability and continuously transform our portfolio. For example, our innovations include products and solutions that lead to lower GHG emissions during the application phase, to the use of bio-based and reusable materials, and to enhanced safety in new products.



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Strategic elements related to sustainability matters *(SBM-1_40g; AR 12, AR 13)*

When it comes to global sustainability topics and developments, climate change is one of the greatest challenges humanity is facing today, requiring comprehensive action. It is also essential to protect and regenerate our resources and life-support systems like forests, water and biodiversity, for present and future generations. Additionally, we must address societal polarization driven by growing social inequality, which in turn jeopardizes human rights and the basis of social coexistence. We acknowledge that companies like Henkel play a role in meeting these challenges and bringing about transformational change. Also in this way, sustainability is closely integrated into our corporate strategy.

Our vision of sustainability and our corporate strategy incorporate the three dimensions of environment, social and governance. We cover a broad range of topics, as reflected in the various topics presented in this Sustainability Report. In addition, we focus on key areas relevant to our business. Our business units align their operations, brands and technologies with the specific challenges of their product portfolios in the context of sustainable development, placing particular emphasis on these topics. Key focus areas include climate, circular economy and safety, along with providing relevant information to customers and end-users. The challenges faced are specific to each context, and solutions can be developed through dialog with stakeholders.

Business model and value chain *(SBM-1_42, AR 14)*

With innovative products and solutions, we aim to create value for our stakeholders across all stages of the value chain in our business segments. We operate production sites worldwide, invest in research and development, maintain close cooperation with our suppliers and contribute to economic development in our target markets. As an employer, we create jobs and purchasing power through wages and salaries. The taxes and levies we pay help to finance communities and support public infrastructure.

Inputs and approach to gathering, developing and securing those inputs *(SBM-1_42a)*

We use externally sourced materials, categorized as direct materials, to manufacture our finished products. These include raw materials, packaging and procured goods and services. In 2024, the direct material spend was at 8.0 billion euros. Additionally, within the category of indirect materials and services, we procure materials and services that are not directly used to manufacture our finished goods, such as maintenance materials, or logistics, marketing and IT services. In 2024, the spend for indirect materials and services was at 7.0 billion euros.



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We continuously optimize our value chain to further improve our level of quality and efficiency and to secure material supplies. In addition to negotiating new, competitive contract terms and conditions, our ongoing measures to reduce total procurement expenditures is a major factor in the success of our global purchasing strategy. Sustainability plays a major role in our purchasing strategy. Closely linked to our responsible sourcing strategy, a key element of our strategic risk management and compliance approach is our six-step Responsible Sourcing Process, which focuses on risk identification and defining appropriate measures to minimize risk. Based on an assessment of our suppliers' sustainability performance, we use the resulting transparency to support our buyers in working with suppliers to make lasting improvements in the value chain.

Outputs and outcomes *(SBM-1_42b)*

We strive to continuously provide better solutions, products and services that simultaneously contribute to improving environmental conditions and society. Our outputs, expected to provide benefits to customers, investors and other stakeholders, are based on the understanding that global growth and quality of life must be decoupled from resource consumption and emissions. We aim to support our customers, consumers and end-users with our innovations and expertise as a trusted partner in strengthening their contribution to sustainability. This includes reducing energy consumption and greenhouse gas emissions. Our packaging is designed to provide the performance expected by consumers using the least possible amount of material and the most sustainable materials and it should be recyclable after product use. In our innovation process, new products are systematically analyzed, measured and evaluated using various tools. Life cycle analyses, profiles of potential raw materials, ingredients and packaging materials, along with our extensive expertise in sustainability, enable us to identify and implement improvement potential during product development.

Upstream and downstream value chain and company position *(SBM-1_42c; AR 15)*

The following diagram illustrates Henkel's value chain, categorized into the upstream value chain, our own operations and the downstream value chain:



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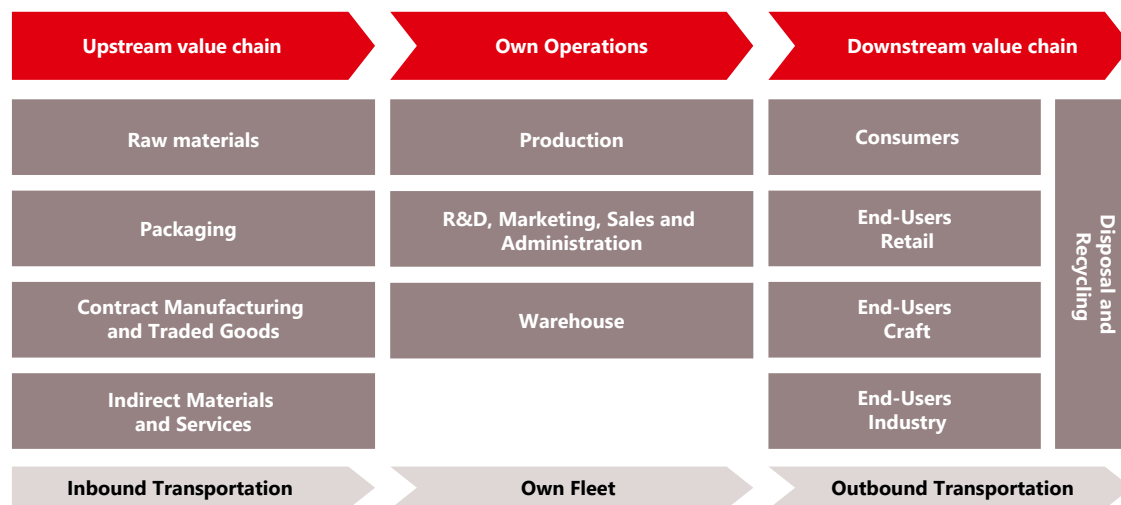
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Value chain



Upstream value chain

To manufacture our finished products, we use direct materials, that is externally sourced materials such as raw materials, packaging, procured goods and services. The five most important categories of direct materials are raw materials for use in hotmelt adhesives, washing-active substances (surfactants), polyurethanes, inorganic raw materials and packaging materials for adhesives. In 2024, these categories accounted for more than 35 percent of all direct material expenditures. Our five largest suppliers represented around 15 percent of the purchasing volume in direct materials. In addition, indirect materials and services are not directly used to manufacture our finished products, such as maintenance materials or logistics, marketing and IT services.

Own own operations

In 2024, Henkel manufactured products at 161 sites in 53 countries, covering solutions in adhesives, sealants and coatings and consumer goods (laundry and home care, hair and body care).



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Downstream value chain

Our Adhesive Technologies business unit offers a broad portfolio of adhesives, sealants and coatings. It is structured into three business areas: Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional. We maintain direct contact with our industrial customers. Our technical experts foster long-term relationships with customers and partners across 800 manufacturing and processing industry segments. For consumers, craftsmen and smaller industrial customers, we rely on retail customers and distributors.

Our Consumer Brands business unit operates worldwide in the Laundry & Home Care and Hair business areas. Both business areas have focused brand portfolios and offer consumer-relevant innovations. In our Other Consumer Businesses area, Henkel is represented in selective markets primarily in body care products. Our branded products are offered to consumers through various distribution channels: in brick-and-mortar stores, for example, such as supermarkets, discount stores, drugstores and hypermarkets, but also on e-commerce channels and in hair salons. Data-based understanding of our customers and consumers that we gain through surveys and data compilation enables us to craft customized solutions and to create shared value-adding potential for our partners across all distribution channels.

Interests and views of stakeholders (SBM-2)
The Company's key stakeholders *(SBM-2_45a i, AR 16)*

The following list shows our key stakeholders and the expectations considered in shaping our strategy and business model.

- Customers and consumers are increasingly interested in sustainable products and are looking to understand their impact along the value chain.
- Suppliers and business partners expect a fair and reliable business relationship that fosters intensive dialog and close cooperation.
- Employees seek fair working conditions and opportunities to be encouraged, challenged and empowered to contribute to sustainable development.
- Neighbors and local communities expect us to promote general welfare and contribute to social development, environmental and climate protection.
- Associations and non-governmental organizations (NGOs) expect us to actively drive sustainable development. We are therefore involved in numerous initiatives.



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- Scientists expect us to address issues of sustainable development within and beyond our direct sphere of influence.
- Policymakers and authorities require us to comply with legal regulations; beyond that, we give access to our practical expertise to support political decision-making processes.
- Shareholders and investors expect an appropriate return on their invested capital and especially investors with an ESG focus have a growing interest in sustainability-related investments.

Categories of stakeholders and their engagement *(SBM-2_45a ii, AR 16)*

Incorporating stakeholder interests is an integral part of our sustainability management, allowing us to understand and address the expectations of diverse groups. Both internal stakeholders, such as employees and external stakeholders, such as customers and suppliers, are considered. We also hold numerous memberships in industry associations, are part of global organizations, such as the World Business Council for Sustainable Development (WBCSD) and the World Economic Forum (WEF), and engage in political and social dialog, for example, with organizations at the European level.

Organization of stakeholder engagement *(SBM-2_45a iii, AR 16)*

To better understand the expectations and perspectives of our stakeholders and to engage in dialog that is more targeted and solution-oriented, we continuously monitor the opinions at several levels, for example through surveys, in direct dialog, in multi-stakeholder initiatives and through dialog platforms.

Purpose of the engagement *(SBM-2_45a iv, AR 16)*

Open engagement with stakeholders helps us understand their expectations and perspectives and enables solution-oriented dialog. This dialog fosters mutual understanding between stakeholders and our Company, building societal acceptance for our corporate decisions. It also serves as a source of new ideas, contributes to innovation and risk management and underpins the development of our sustainability strategy and reporting.

Consideration of outcome *(SBM-2_45a v, AR 16)*

The views of various stakeholders are taken into consideration during the materiality assessment process. In addition, insights relevant to the decision-making process are continuously incorporated by company representatives into the appropriate committees. This is achieved, for example, by presenting topic-specific matters such as climate, circular economy and product safety to the committees. Furthermore, matters that impact the overall direction of sustainability and are strategically relevant are included and decided upon in the committees' discussions.



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Alignment with the strategy and business model *(SBM-2_45b, AR 16)*

The interests and perspectives of our key stakeholders in relation to our strategy and business model can be captured, understood and reflected through the actions mentioned. For instance, during the materiality assessment, stakeholder perspectives were represented by proxies to ensure diverse representation. For further information, please refer to the section “Disclosures on the materiality assessment process” (IRO-1) in this chapter. This process included various stakeholder representatives and ensured the diversity of topics concerning environment, social and governance issues was addressed.

Amendments to strategy and/or business model *(SBM-2_45c i)*

There were no significant amendments to our strategy and/or business model during the 2024 fiscal year.

Information for the administrative, management and supervisory bodies *(SBM-2_45d)*

The administrative, management and supervisory bodies are informed about the results of the materiality assessment, which reflects the views and interests of the affected stakeholders regarding the Company’s impacts.

Own workforce (ESRS S1)
Incorporating interests of own workforce into the strategy and business model *(SBM-2_12, AR 4, AR 5)*

Our employees shape our Company through their dedication, knowledge and skills. They are crucial to our long-term success. By fostering a strong corporate culture, shared values and collaboration as strong teams, we drive our growth agenda. We build on our corporate purpose, “Pioneers at heart for the good of generations,” and our Leadership Commitments, which unite employees worldwide. We view cultural transformation within the organization as an ongoing process, focusing on collaboration and empowerment while promoting the development of our employees. Another key focus is our global initiatives on Diversity, Equity & Inclusion (DEI). We are convinced that a diversified workforce, as well as an open and appreciative corporate culture, are important success factors in a globalized world.



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We maintain continuous and intensive dialog with our workforce and their representatives to understand and fulfill their expectations. We conduct global employee surveys to uncover strengths and areas for improvement in our corporate culture. For example, in 2022, we introduced the Henkel Pulse Check, a global survey to ensure continuous employee feedback. Each month, at least 3,000 employees are randomly selected to participate in the survey. The results reflect the organizational “pulse” and help identify strengths and weaknesses, as well as derive targeted actions.

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

Alternative mechanisms are in place to ensure dialog and exchange about working conditions in countries where employee representation is not provided for or established, or for employees who are not covered by a collective bargaining agreement. Some examples of this are town halls, employee committees or an open door policy. These serve as voluntary, informal instruments that facilitate a close exchange with the management in each country.

Workers in the value chain (ESRS S2)

Incorporating interests of value chain workers into the strategy and business model (SBM-2_9, AR 4, AR 5)

Henkel manages its value chain, which involves the procurement of materials and services for its operations, in a way that aims to prevent potential negative impacts within supply chains.

As a matter of principle, we maintain intensive dialog with our suppliers to promote sustainable practices and respect for human rights along the value chain.

Our supplier base is one of our most important resources. It consists of a global workforce and is of great importance, as intensive dialog and close collaboration with our suppliers are essential for implementing sustainable business, process and production practices. With our comprehensive approach to responsible sourcing, we are already promoting sustainable practices and respect for human rights within our supply chain. A key element of our strategic risk management and compliance approach is our six-step Responsible Sourcing Process. This process is an integral part of our procurement activities and includes pre-checks and risk assessments at the beginning of a collaboration with our suppliers, as well as in a recurring cycle of evaluation, analysis and continuous improvement. We also work closely with stakeholders along the value chain, from our suppliers to the Roundtable on Sustainable Palm Oil (RSPO), NGOs and smallholder farmers, to promote sustainable practices and respect for human rights.



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Incorporating interests of affected communities into the strategy and business model

(SBM-2_7, AR 3, AR 4)

Our commitment to respecting internationally recognized human rights throughout the entire value chain is linked to protecting the environment and preserving and improving the livelihoods of communities along the value chain. We engage in dialog on these key topics with non-governmental organizations (NGOs) that represent the interests of communities. Collaborating with NGOs and thought leaders provides us with insights into global challenges and enables us to respond to issues at an early stage. Building on previous projects, such as the Social Impact Assessment, we strive to address stakeholder needs even more effectively and ultimately strengthen our social influence across the entire value chain. In addition, our sustainability management approach includes understanding and reflecting the demands of various social stakeholders on the Company, such as neighbors, local communities and local authorities. Since our corporate activities are such that we need to take into account our own business operations and the value chain, stakeholder dialog is a key element of our due diligence efforts, helping us continuously refine our strategy and reporting.

Consumers and end-users (ESRS S4)

Incorporating interests of consumers and end-users into the strategy and business model

(SBM-2_8, AR 3, AR 4)

Consumers and end-users expect products and solutions to meet high standards for safety, functionality and sustainability in addition to quality and performance. We align our strategy with these expectations.



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We assess how our strategy and business model affect the safety of our products and the well-being of consumers and end-users, with whom we engage directly (for example, through our customer and consumer service teams, websites, marketing and social media campaigns and social media interactions). Our processes are aligned to ensuring our products meet our safety standards throughout their life cycle. By prioritizing these aspects, we address potential health and safety risks and their possible impacts, and thus contribute to the overall trust and satisfaction of our consumers and end-users.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

Description of material impacts, risks and opportunities *(SBM-3_48a)*

Our diversified product portfolio, which serves markets worldwide, enables us to identify potential negative and positive impacts, risks and opportunities within our business model, including both business units, as well as across the entire value chain. This applies not only to specific aspects of the business model but to all stages of the value chain.

The production of our products requires a wide range of raw materials, the procurement of which can have environmental and/or social impacts. Henkel is a global manufacturing company with around 47,150 employees across various locations worldwide. The diverse applications of our products by customers across industries and sectors, as well as for consumers, result in significant product responsibility concerning safety and regarding resource consumption and climate change mitigation.

The following table provides a summary of the alignment of impact materiality and financial materiality with the sub-topics outlined under ESRS 1_AR 16.



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Materiality assessment

Environmental topics		Results of materiality assessment	
European Sustainability Reporting Standards (ESRS)			
Topics	Sub-topics	Impact materiality	Financial materiality
Climate change (ESRS E1)	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Pollution of air	<input type="checkbox"/>	<input type="checkbox"/>
Pollution (ESRS E2)	Pollution of water	<input type="checkbox"/>	<input type="checkbox"/>
	Pollution of soil	<input type="checkbox"/>	<input type="checkbox"/>
	Pollution of living organisms and food resources	<input type="checkbox"/>	<input type="checkbox"/>
	Substances of concern	<input type="checkbox"/>	<input type="checkbox"/>
	Substances of very high concern	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Microplastics	<input type="checkbox"/>	<input type="checkbox"/>
Water and marine resources (ESRS E3)	Water	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Marine resources	<input type="checkbox"/>	<input type="checkbox"/>
Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Impacts on the state of species	<input type="checkbox"/>	<input type="checkbox"/>
	Impacts on the extent and condition of ecosystems	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Impacts and dependencies on ecosystem services	<input type="checkbox"/>	<input type="checkbox"/>
Circular economy (ESRS E5)	Resource inflows, including resource use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Resource outflows related to products and services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>

■ = material; □ = not material



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Social and governance topics		Results of materiality assessment	
European Sustainability Reporting Standards (ESRS)			
Topic	Sub-topics	Impact materiality	Financial materiality
Own workforce (ESRS S1)	Working conditions	■	□
	Equal treatment and equal opportunities for all	■	□
	Other work-related rights	□	□
Workers in the value chain (ESRS S2)	Working conditions	■	□
	Equal treatment and equal opportunities for all	□	□
	Other work-related rights	■	□
Affected communities (ESRS S3)	Communities' economic, social and cultural rights	□	□
	Communities' civil and political rights	□	□
	Rights of indigenous peoples	■	□
Consumers and end-users (ESRS S4)	Information-related impacts for consumers and/or end-users	■	□
	Personal safety of consumers and/or end-users	■	□
	Social inclusion of consumers and/or end-users	□	□
	Corporate culture	■	□
	Protection of whistle-blowers	■	□
Business conduct (ESRS G1)	Animal welfare	□	□
	Political engagement	□	□
	Management of relationships with suppliers including payment practices	□	□
	Corruption and bribery	□	□

■ = material; □ = not material

Due to our diversified product portfolio, there is no concentration of potential negative or positive impacts, risks and opportunities within the business model or across the various stages of the value chain.

The following table offers an overview of our material potential impacts, risks and opportunities in accordance with our materiality assessment. The explanations provide the potential impacts, risks and opportunities that form the basis of our materiality assessment. Additional details about the impacts, risks and opportunities, such as their actual presence or geographical focus, can be found in the topic-specific chapters of this Sustainability Report.



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In long and complex value chains, greenhouse gas emissions from producing raw materials or from transportation and logistics can contribute to climate change and other sustainability topics.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Negative impact	Entire company; upstream value chain	Upstream value chain
Energy use in operations can lead to GHG emissions that contribute to climate change.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Negative impact	Entire company; own operations	Own operations
Direct GHG emissions related to the downstream transportation, use phase (indirect emissions) and end-of-life of products can contribute to climate change.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Negative impact	Entire company; downstream value chain	Downstream value chain
Adhesives, sealants and coatings can contribute to reducing and avoiding CO ₂ emissions in other sectors.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Positive impact	Entire company; downstream value chain	Downstream value chain
Innovative products can enable consumers to reduce their personal carbon footprint.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Positive impact	Entire company; downstream value chain	Downstream value chain
Policies and legal measures that aim to reduce CO ₂ emissions – like CO ₂ taxes – can raise production and transportation costs, leading to increased prices for and possible shortages of raw materials.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Risk	Entire company; upstream value chain	Upstream value chain
Policies and legal measures that aim to reduce CO ₂ emissions – like CO ₂ taxes – can raise production and transportation costs, leading to higher prices that may alter consumer or customer behavior and erode market competitiveness by reducing sales.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Risk	Entire company; downstream value chain	Downstream value chain
Business opportunities may arise from growing demand for low-carbon and carbon-neutral products.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Opportunity	Entire company; downstream value chain	Downstream value chain

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Energy use related to the downstream transportation, use phase (indirect emissions) and end-of-life of products can lead to greenhouse gas emissions that contribute to climate change.	Climate change (ESRS E1)	Energy	n.a.	Negative impact	Entire company; downstream value chain	Downstream value chain
Potential restrictions on substances of very high concern (SVHC) might affect sales of products containing SVHC and might increase costs for compliance and market retention.	Pollution (ESRS E2)	Substances of very high concern	n.a.	Risk	Entire company; downstream value chain	Downstream value chain
Water consumption for producing, transporting and warehousing raw materials and goods can put strain on water availability and quality, with potentially negative impacts for communities and ecosystems.	Water and marine resources (ESRS E3)	Water	Water consumption	Negative impact	Entire company; upstream value chain	Upstream value chain
Consuming water in production can negatively affect water resources and contribute to local supply depletion in areas with limited water availability.	Water and marine resources (ESRS E3)	Water	Water consumption	Negative impact	Entire company; own operations	Own operations
Water consumption related to the use of products can negatively affect water resources and, in areas with limited water availability, can impact the environment and the health of communities.	Water and marine resources (ESRS E3)	Water	Water consumption	Negative impact	Entire company; downstream value chain	Downstream value chain
In the upstream value chain, water withdrawals, water use and water discharges for the production of procured raw materials can exacerbate water-related issues and have an impact on communities and ecosystems.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Negative impact	Entire company; upstream value chain	Upstream value chain

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Water withdrawal for production in regions that are already experiencing water stress can further intensify water scarcity and diminish the availability of water for local communities and ecosystems.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Negative impact	Entire company; own operations	Own operations
Water withdrawal related to the use of products can strain water resources and, in regions that already face water scarcity, can increase physical water risks.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Negative impact	Entire company; downstream value chain	Downstream value chain
Water scarcity might threaten Henkel's operations in water-stressed regions, leading to potential temporary cessation of operations and a related decline in sales.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Risk	Entire company; downstream value chain	Downstream value chain
GHG emissions from producing, transporting and warehousing raw materials and goods can contribute to climate change, which can disturb ecosystems and lead to the loss of biodiversity.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Climate change	Negative impact	Entire company; upstream value chain	Upstream value chain
GHG emissions resulting from production processes contribute to climate change, which can disturb ecosystems and lead to the loss of biodiversity.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Climate change	Negative impact	Entire company; own operations	Own operations
GHG emissions related to the downstream transportation, use phase (indirect emissions) and end-of-life of products can contribute to climate change, which can have a negative impact on biodiversity and ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Climate change	Negative impact	Entire company; downstream value chain	Downstream value chain

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Land-use changes and freshwater consumption associated with extracting and manufacturing raw materials can cause habitat destruction and deforestation, and can threaten freshwater ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	Negative impact	Entire company; upstream value chain	Upstream value chain
Land-use changes and freshwater consumption related to the downstream distribution, use phase and end-of-life of products can contribute to deforestation, species loss and pollution of waterways, which affects biodiversity and ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	Negative impact	Entire company; downstream value chain	Downstream value chain
Extensive extraction of feedstocks for the production of procured raw materials can cause biodiversity loss, particularly in protected areas or Key Biodiversity Areas.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Direct exploitation	Negative impact	Entire company; upstream value chain	Upstream value chain
Using large volumes of freshwater for production can lead to increased strain on freshwater ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Direct exploitation	Negative impact	Entire company; own operations	Own operations
Extracting natural resources in upstream value chains can lead to land degradation resulting from deforestation, forest degradation and soil pollution.	Biodiversity and ecosystems (ESRS E4)	Impacts on the extent and condition of ecosystems	Land degradation	Negative impact	Entire company; upstream value chain	Upstream value chain
Non-existent, fragmented or inefficient recycling processes can limit the availability of recycled materials and lead to the use of virgin materials, potentially impacting people and the environment.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Negative impact	Entire company; upstream value chain	Upstream value chain

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The use of non-renewable resources such as fossil-based chemicals and virgin plastic can lead to resource scarcity, water pollution, habitat destruction and carbon dioxide emissions.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Negative impact	Entire company; own operations	Own operations
The use and distribution of products can introduce virgin materials like fibers, fossil and mineral resources into the economic cycle for the first time.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Negative impact	Entire company; downstream value chain	Downstream value chain
Growing demand for products made from circular raw materials, as well as innovative products in the area of circularity, might present a business opportunity.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Opportunity	Entire company; downstream value chain	Downstream value chain
Resource outflows in the upstream value chain can lead to negative impacts on people and the environment if they are not designed in line with circular economy principles.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Negative impact	Entire company; upstream value chain	Upstream value chain
The release and bioaccumulation of potentially harmful substances associated with materials used for products and packaging can result in environmental pressures.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Negative impact	Entire company; own operations	Own operations
Adhesives, sealants and coatings that have not been developed in accordance with the principles of the circular economy can be incorporated into products, which can result in negative impacts on people and the environment.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Negative impact	Entire company; downstream value chain	Downstream value chain
Replacing petro-chemical and non-circular ingredients with renewable ingredients may lead to higher costs for raw materials.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Risk	Entire company; upstream value chain	Upstream value chain

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New regulations that require the creation of (additional) local recycling systems might entail additional operating costs that lead to additional Extended Producer Responsibility (EPR) and/or Ecomodulation fees.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Risk	Entire company; downstream value chain	Downstream value chain
Waste disposal and inadequate waste management in the upstream value chain can result in negative impacts on people and the environment.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Entire company; upstream value chain	Upstream value chain
Packaging and chemical waste generated in operations can pose risks to the circular economy and can adversely affect biodiversity or public health – especially in areas with inadequate waste management systems.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Entire company; own operations	Own operations
Waste disposal and inadequate waste management in the downstream value chain can result in loss of resources and negative impacts on people and the environment.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Entire company; downstream value chain	Downstream value chain
Fully recyclable packaging, biodegradable raw materials for home and personal care, and adhesives that enable packaging recyclability can result in positive contributions in the downstream value chain, such as recycled packaging used as a secondary raw material.	Circular economy (ESRS E5)	Waste	n.a.	Positive impact	Entire company; downstream value chain	Downstream value chain
Extended working hours – including long shifts, night shifts, regular overtime and frequent weekend work – can disrupt work-life balance. When working hours exceed legal limits, necessary rest periods may not be kept, potentially affecting workers' health and safety.	Own workforce (ESRS S1)	Working conditions	Working time	Negative impact	Entire company; own operations	Own operations

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Predictable working hours can contribute to improved physical and mental health, while also reducing stress, enhancing work-life balance and fostering stability, productivity and job satisfaction.	Own workforce (ESRS S1)	Working conditions	Working time	Positive impact	Entire company; own operations	Own operations
Inadequate financial compensation can result in an inability to afford essential goods and services, negatively impacting employees' standard of living and overall well-being.	Own workforce (ESRS S1)	Working conditions	Adequate wages	Negative impact	Entire company; own operations	Own operations
Fair wages that go above and beyond basic needs can improve workforce morale and productivity, while promoting social sustainability, reducing poverty and enhancing well-being of employees.	Own workforce (ESRS S1)	Working conditions	Adequate wages	Positive impact	Entire company; own operations	Own operations
Undermining employees' bargaining power can lead to less favorable terms, less job stability and lower financial security for employees.	Own workforce (ESRS S1)	Working conditions	Collective bargaining, including rate of workers covered by collective agreements	Negative impact	Entire company; own operations	Own operations
Collective bargaining can ensure employees' rights, promote fair wages and prevent conflict, while fostering workplace cooperation through flexible agreements that can adapt to industry changes.	Own workforce (ESRS S1)	Working conditions	Collective bargaining, including rate of workers covered by collective agreements	Positive impact	Entire company; own operations	Own operations
Not offering work-life balance measures can limit employees' ability to reconcile work and family life.	Own workforce (ESRS S1)	Working conditions	Work-life balance	Negative impact	Entire company; own operations	Own operations

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Offering work-life balance measures – such as parental leave – can enhance employee well-being, reduce stress and boost productivity.	Own workforce (ESRS S1)	Working conditions	Work-life balance	Positive impact	Entire company; own operations	Own operations
Exposing employees to hazardous chemicals and physical risks can lead to work-related injuries, illnesses and accidents.	Own workforce (ESRS S1)	Working conditions	Health and safety	Negative impact	Entire company; own operations	Own operations
Underrepresentation of women in the workforce and potential pay gaps may contravene the principles of equal treatment and opportunities, resulting in disparities for women in society.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Negative impact	Entire company; own operations	Own operations
Promoting women to leadership roles and ensuring equal pay can enhance diversity and inclusion, and help women to drive economic performance.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Positive impact	Entire company; own operations	Own operations
A disregard for diversity, equity and inclusion can lead to systemic discrimination that directly affects employees. Inequities at work can also impact inequities in societies at large.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Diversity	Negative impact	Entire company; own operations	Own operations
Recruiting and supporting underrepresented talent can promote a sense of belonging, well-being and engagement among employees. Diversity and equity in our own workforce might also influence industry standards and the broader value chain.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Diversity	Positive impact	Entire company; own operations	Own operations

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Exposure to hazardous chemicals, hazardous processes and the working conditions of workers in the upstream value chain could lead to work-related injuries, illnesses and accidents.	Workers in the value chain (ESRS S2)	Working conditions	Health and safety	Negative impact	Entire company; upstream value chain	Upstream value chain
Exposure to hazardous chemicals, hazardous processes and the working conditions of workers in the downstream value chain could lead to work-related injuries, illnesses and accidents.	Workers in the value chain (ESRS S2)	Working conditions	Health and safety	Negative impact	Entire company; downstream value chain	Downstream value chain
In the complex upstream value chain, cases of child labor could occur, affecting children’s health and hindering their education.	Workers in the value chain (ESRS S2)	Other work-related rights	Child labor	Negative impact	Entire company; upstream value chain	Upstream value chain
In the complex upstream value chain, cases of coercion and forced labor could occur, exposing workers to abusive and exploitative working conditions.	Workers in the value chain (ESRS S2)	Other work-related rights	Forced labor	Negative impact	Entire company; upstream value chain	Upstream value chain
In the upstream value chain, the production of raw materials could infringe on indigenous lands, compromising the ecosystems that indigenous communities depend on and undermining the principle of free, prior and informed consent (FPIC).	Affected communities (ESRS S3)	Rights of indigenous peoples	Free, prior and informed consent	Negative impact	Entire company; upstream value chain	Upstream value chain
In the downstream value chain, the expansion of activities could encroach on indigenous territories, negatively impacting their rights and undermining the principle of free, prior and informed consent (FPIC).	Affected communities (ESRS S3)	Rights of indigenous peoples	Free, prior and informed consent	Negative impact	Entire company; downstream value chain	Downstream value chain

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The use of land for manufacturing raw materials and goods can have adverse effects on the cultural rights of indigenous communities, especially when activities lead to the loss of ancestral territories, eroding indigenous identities, traditional practices and languages.	Affected communities (ESRS S3)	Rights of indigenous peoples	Cultural rights	Negative impact	Entire company; upstream value chain	Upstream value chain
Downstream actors in the value chain can have adverse effects on the cultural rights of indigenous communities, especially when activities lead to the loss of ancestral territories, eroding indigenous identities, traditional practices and languages.	Affected communities (ESRS S3)	Rights of indigenous peoples	Cultural rights	Negative impact	Entire company; downstream value chain	Downstream value chain
Transparent product information can enable consumers to better meet their specific needs by making informed decisions about the products and services they purchase.	Consumers and end-users (ESRS S4)	Information-related impacts for consumers and/or end-users	Access to (quality) information	Positive impact	Entire company; downstream value chain	Downstream value chain
If products are not used as intended or if safety information is not adequately communicated, potential risks to the personal health and well-being of consumers can occur.	Consumers and end-users (ESRS S4)	Personal safety of consumers and/or end-users	Health and safety	Negative impact	Entire company; downstream value chain	Downstream value chain

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A corporate culture that undervalues employee well-being, with extended working hours and a lack of work-life balance, can decrease employee well-being, motivation and job satisfaction.	Business Conduct (ESRS G1)	Corporate culture	n.a.	Negative impact	Entire company; own operations	Own operations
Corporate culture and ethical business practices can contribute to a positive workplace environment and employee well-being.	Business Conduct (ESRS G1)	Corporate culture	n.a.	Positive impact	Entire company; own operations	Own operations
Lack of whistleblower protection can lead to retaliation, suppressed reporting and harmful practices, as well as economic and health risks for employees.	Business Conduct (ESRS G1)	Protection of whistleblowers	n.a.	Negative impact	Entire company; own operations	Own operations
The protection of whistleblowers can contribute to employee well-being, a positive corporate culture and higher levels of corporate compliance.	Business Conduct (ESRS G1)	Protection of whistleblowers	n.a.	Positive impact	Entire company; own operations	Own operations



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Effects of material impacts, risks and opportunities on the business model, value chain, strategy and decision-making *(SBM-3_48b)*

We assess the effects of our material impacts, risks and opportunities and strive to mitigate negative impacts, enhance positive impacts, reduce risks and leverage opportunities. All material impacts, risks and opportunities, including their current and expected effects, are strategically included as we understand sustainability as a competitive edge. Accordingly, we also consider the connections to our business model, value chain, decision-making processes and our responses to these effects.

How this is achieved with regard to the various impacts, risks and opportunities is explained in more detail in the topic-specific chapters.

Material positive and negative impacts *(SBM-3_48c, 48c i, 48c ii, 48c iii, 48c iv)*

The following table provides explanations and information on our material potential impacts in accordance with our materiality assessment. With regard to the information relating to the "reasonably expected time horizons for the impacts," it is assumed that impacts can only be categorized as medium-term or long-term if such medium-term or long-term impacts differ considerably from the short-term impacts. If the medium-term or long-term impacts do not differ from the short-term impacts, the impacts are categorized as short-term. The explanations provide the impacts that form the basis of our materiality assessment. Further details on the impacts can be found in topic-specific chapters.



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In long and complex value chains, GHG emissions from producing raw materials or from transportation and logistics can contribute to climate change and other sustainability topics.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Energy use in operations can lead to GHG emissions that contribute to climate change.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Direct GHG emissions related to the downstream transportation, use phase (indirect emissions) and end-of-life of products can contribute to climate change.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
Adhesives, sealants and coatings can contribute to reducing and avoiding CO ₂ emissions in other sectors.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Positive impact	Environment	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
Innovative products can enable consumers to reduce their personal carbon footprint.	Climate change (ESRS E1)	Climate change mitigation	n.a.	Positive impact	Environment	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas

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Energy use related to the downstream transportation, use phase (indirect emissions) and end-of-life of products can lead to GHG emissions that contribute to climate change.	Climate change (ESRS E1)	Energy	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
Water consumption for producing, transporting and warehousing raw materials and goods can put strain on water availability and quality, with potentially negative impacts for communities and ecosystems.	Water and marine resources (ESRS E3)	Water	Water consumption	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Consuming water in production can negatively affect water resources and contribute to local supply depletion in areas with limited water availability.	Water and marine resources (ESRS E3)	Water	Water consumption	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Water consumption related to the use of products can negatively affect water resources and, in areas with limited water availability, can impact the environment and the health of communities.	Water and marine resources (ESRS E3)	Water	Water consumption	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
In the upstream value chain, water withdrawals, water use and water discharges for the production of procured raw materials can exacerbate water-related issues and have an impact on communities and ecosystems.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Water withdrawal for production in regions that are already experiencing water stress can further intensify water scarcity and diminish the availability of water for local communities and ecosystems.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Water withdrawal related to the use of products can strain water resources and, in regions that already face water scarcity, can increase physical water risks.	Water and marine resources (ESRS E3)	Water	Water withdrawals	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
GHG emissions from producing, transporting and warehousing raw materials and goods can contribute to climate change, which can disturb ecosystems and lead to the loss of biodiversity.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Climate change	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
GHG emissions resulting from production processes contribute to climate change, which can disturb ecosystems and lead to the loss of biodiversity.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Climate change	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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GHG emissions related to the downstream transportation, use phase (indirect emissions) and end-of-life of products can contribute to climate change, which can have a negative impact on biodiversity and ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Climate change	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
Land-use changes and fresh-water consumption associated with extracting and manufacturing raw materials can cause habitat destruction and deforestation, and can threaten freshwater ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Land-use change, fresh-, water-use change and sea-use change	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Land use changes and fresh-water consumption related to the downstream distribution, use phase and end-of-life of products can contribute to deforestation, species loss and pollution of waterways, which affects biodiversity and ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Land-use change, fresh-, water-use change and sea-use change	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas

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Extensive extraction of feed-stocks for the production of procured raw materials can cause biodiversity loss, particularly in protected areas or Key Biodiversity Areas.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Direct exploitation	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Using large volumes of freshwater for production can lead to increased strain on freshwater ecosystems.	Biodiversity and ecosystems (ESRS E4)	Direct impact drivers of biodiversity loss	Direct exploitation	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Extracting natural resources in upstream value chains can lead to land degradation resulting from deforestation, forest degradation and soil pollution.	Biodiversity and ecosystems (ESRS E4)	Impacts on the extent and condition of ecosystems	Land degradation	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Non-existent, fragmented or inefficient recycling processes can limit the availability of recycled materials and lead to the use of virgin materials, potentially impacting people and the environment.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas

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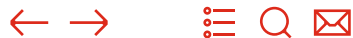
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The use of non-renewable resources such as fossil-based chemicals and virgin plastic can lead to resource scarcity, water pollution, habitat destruction and carbon dioxide emissions.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
The use and distribution of products can introduce virgin materials like fibers, fossil and mineral resources into the economic cycle for the first time.	Circular economy (ESRS E5)	Resource inflows, including resource use	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Resource outflows in the upstream value chain can lead to negative impacts on people and the environment if they are not designed in line with circular economy principles.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
The release and bioaccumulation of potentially harmful substances associated with materials used for products and packaging can result in environmental pressures.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Adhesives, sealants and coatings that have not been developed in accordance with the principles of the circular economy can be incorporated into products, which can result in negative impacts on people and the environment.	Circular economy (ESRS E5)	Resource outflows related to products and services	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
Waste disposal and inadequate waste management in the upstream value chain can result in negative impacts on people and the environment.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Packaging and chemical waste generated in operations can pose risks to the circular economy and can adversely affect biodiversity or public health – especially in areas with inadequate waste management systems.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Waste disposal and inadequate waste management in the downstream value chain can result in loss of resources and negative impacts on people and the environment.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
Fully recyclable packaging, biodegradable raw materials for home and personal care, and adhesives that enable packaging recyclability, can result in positive contributions in the downstream value chain, such as recycled packaging used as a secondary raw material.	Circular economy (ESRS E5)	Waste	n.a.	Negative impact	Environment	Impact is connected to the strategy and business model	Medium-term (up to 5 years after the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas

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Extended working hours – including long shifts, night shifts, regular overtime and frequent weekend work – can disrupt work-life balance. When working hours exceed legal limits, necessary rest periods may not be kept, potentially affecting workers' health and safety.	Own workforce (ESRS S1)	Working conditions	Working time	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Predictable working hours can contribute to improved physical and mental health, while also reducing stress, enhancing work-life balance and fostering stability, productivity and job satisfaction.	Own workforce (ESRS S1)	Working conditions	Working time	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Inadequate financial compensation can result in an inability to afford essential goods and services, negatively impacting employees' standard of living and overall well-being.	Own workforce (ESRS S1)	Working conditions	Adequate wages	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Fair wages that go above and beyond basic needs can improve workforce morale and productivity, while promoting social sustainability, reducing poverty and enhancing well-being of employees.	Own workforce (ESRS S1)	Working conditions	Adequate wages	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Undermining employees' bargaining power can lead to less favorable terms, less job stability and lower financial security for employees.	Own workforce (ESRS S1)	Working conditions	Collective bargaining, including rate of workers covered by collective agreements	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Collective bargaining can ensure employees' rights, promote fair wages and prevent conflict, while fostering workplace cooperation through flexible agreements that can adapt to industry changes.	Own workforce (ESRS S1)	Working conditions	Collective bargaining, including rate of workers covered by collective agreements	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Not offering work-life balance measures can limit employees' ability to reconcile work and family life.	Own workforce (ESRS S1)	Working conditions	Work-life balance	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Offering work-life balance measures – such as parental leave – can enhance employee well-being, reduce stress and boost productivity.	Own workforce (ESRS S1)	Working conditions	Work-life balance	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Exposing employees to hazardous chemicals and physical risks can lead to work-related injuries, illnesses and accidents.	Own workforce (ESRS S1)	Working conditions	Health and safety	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Underrepresentation of women in the workforce and potential pay gaps may contravene the principles of equal treatment and opportunities, resulting in disparities for women in society.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Promoting women to leadership roles and ensuring equal pay can enhance diversity and inclusion, and help women to drive economic performance.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
A disregard for diversity, equity and inclusion can lead to systemic discrimination that directly affects employees. Inequities at work can also impact inequities in societies at large.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Diversity	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Recruiting and supporting underrepresented talent can promote a sense of belonging, well-being and engagement among employees. Diversity and equity in our own workforce might also influence industry standards and the broader value chain.	Own workforce (ESRS S1)	Equal treatment and opportunities for all	Diversity	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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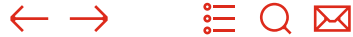
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Exposure to hazardous chemicals, hazardous processes and the working conditions of workers in the upstream value chain could lead to work-related injuries, illnesses and accidents.	Workers in the value chain (ESRS S2)	Working conditions	Health and safety	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Exposure to hazardous chemicals, hazardous processes and the working conditions of workers in the downstream value chain could lead to work-related injuries, illnesses and accidents.	Workers in the value chain (ESRS S2)	Working conditions	Health and safety	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
In the complex upstream value chain, cases of child labour could occur, affecting children's health and hindering their education.	Workers in the value chain (ESRS S2)	Other work-related rights	Child labour	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
In the complex upstream value chain, cases of coercion and forced labour could occur, exposing workers to abusive and exploitative working conditions.	Workers in the value chain (ESRS S2)	Other work-related rights	Forced Labour	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas

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In the upstream value chain, the production of raw materials could infringe on indigenous lands, compromising the ecosystems that indigenous communities depend on and undermining the principle of free, prior and informed consent (FPIC).	Affected communities (ESRS S3)	Rights of indigenous peoples	Free, prior and informed consent	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
In the downstream value chain, the expansion of activities could encroach on indigenous territories, negatively impacting their rights and undermining the principle of free, prior and informed consent (FPIC).	Affected communities (ESRS S3)	Rights of indigenous peoples	Free, prior and informed consent	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas

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The use of land for manufacturing raw materials and goods can have adverse effects on the cultural rights of indigenous communities, especially when activities lead to the loss of ancestral territories, eroding indigenous identities, traditional practices and languages.	Affected communities (ESRS S3)	Rights of indigenous peoples	Cultural rights	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the upstream value chain in all geographical areas
Downstream actors in the value chain can have adverse effects on the cultural rights of indigenous communities, especially when activities lead to the loss of ancestral territories, eroding indigenous identities, traditional practices and languages.	Affected communities (ESRS S3)	Rights of indigenous peoples	Cultural rights	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas

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Transparent product information can enable consumers to better meet their specific needs by making informed decisions about the products and services they purchase.	Consumers and end-users (ESRS S4)	Information-related impacts for consumers and/or end-users	Access to (quality) information	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
If products are not used as intended or if safety information is not adequately communicated, potential risks to the personal health and well-being of consumers can occur.	Consumers and end-users (ESRS S4)	Personal safety of consumers and/or end-users	Health and safety	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Business relationships in the downstream value chain in all geographical areas
A corporate culture that undervalues employee well-being, with extended working hours and a lack of work-life balance, can decrease employee well-being, motivation and job satisfaction.	Business conduct (ESRS G1)	Corporate culture	n.a.	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

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Corporate culture and ethical business practices can contribute to a positive workplace environment and employee well-being.	Business Conduct (ESRS G1)	Corporate culture	n.a.	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
Lack of whistleblower protection can lead to retaliation, suppressed reporting and harmful practices, as well as economic and health risks for employees.	Business Conduct (ESRS G1)	Protection of whistleblowers	n.a.	Negative impact	People	Impact is connected to the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company
The protection of whistleblowers can contribute to employee well-being, a positive corporate culture and higher levels of corporate compliance.	Business Conduct (ESRS G1)	Protection of whistleblowers	n.a.	Positive impact	People	Impact originates from the strategy and business model	Short-term (until the end of the next financial year)	Own activities in all geographical areas and production facilities of the Company

Current financial effects of key risks and opportunities (SBM-3_48d)

The current financial effects of the material risks and opportunities in 2024 are expected to impact the operating result and, consequently, the earnings situation by up to 330 million euros. The financial position and cash flows are affected to a similar extent. In determining this maximum value, certain aspects have been estimated, such as the impact of specific costs, particularly CO₂ prices, on the prices of raw materials and packaging materials. For further information, please refer to the section "Disclosures in relation to specific circumstances" (BP-2) in this chapter.



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Short-, medium- and long-term anticipated financial effects of key risks and opportunities *(SBM-3_48e i)*

The disclosure of anticipated financial effects of material risks and opportunities is subject to phase-in and is therefore not reported for the year 2024.

Planned sources of funding to implement the strategy *(SBM-3_48e ii)*

The planned funding sources for implementing the strategy are subject to phase-in and are therefore not reported for 2024.

Resilience of the strategy and business model *(SBM-3_48f)*

To support a qualitative analysis of the resilience of the Company's strategy and business model, long-term risks over a period of ten years are identified annually, subjected to qualitative assessment and reviewed by selected in-house experts. This risk assessment also covers social and environmental risks. The risks are analyzed as a whole and assessed against our long-term risk-bearing capacity, taking into account the risk environment that is specific to Henkel.

The analysis accounts for our extensive knowledge and experience gained from our many years of intensive work on a wide range of sustainability topics, including impacts, risks and opportunities, as well as from our diversified product portfolio and presence in various markets. Furthermore, we have been reporting on sustainability for more than 30 years, aligning our targets with medium- and long-term perspectives. Recognized ESG ratings and rankings provide important feedback about how effectively we are implementing sustainability. We are also aware that the world around us, the expectations of our stakeholders and the opportunities to advance sustainability are constantly changing. We are committed to tackling these challenges proactively by implementing our strategy in an informed and agile manner, further underscored by our commitment to driving positive change. Pursuing this comprehensive approach, while recognizing the significant developments in a dynamic environment, is aimed at strengthening our resilience.

Changes compared to the previous reporting period *(SBM-3_48g)*

Due to the initial application of the ESRS, no comparison of key impacts, risks and opportunities with the previous year has been made.

Entity-specific disclosures *(SBM-3_48h)*

Henkel is not reporting any additional entity-specific disclosures for 2024.



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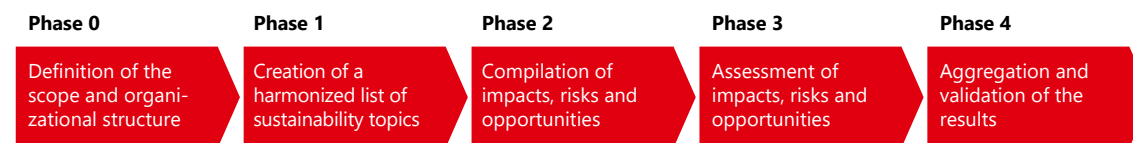
Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

Methods and assumptions applied in the process (IRO-1_53a, 53b i, 53b ii, 53b iv, 53c ii)

For the 2024 materiality assessment, we implemented a five-step process, in which various stakeholders collaborated over several months throughout the year. For further information, please refer to the section “Decision-making process and related internal control procedures” (IRO-1_53d) in this chapter.

Materiality assessment process



Phase 0: Definition of scope and organizational structure

Henkel defined its operational boundaries for the materiality assessment by determining the scope of consolidation and structuring the underlying value chain in accordance with ESRS1, chapter 5 and the “EFRAG IG2 Implementation Guidance.” For the definition of the scope of consolidation and the value chain, please refer to the section “General basis for preparation” (BP-1) in this chapter.

Phase 1: Creation of a harmonized list of sustainability topics

The list of sustainability topics was developed using a combined approach of secondary research and collaboration with topic initiative (co-)leads. In this process, the table of sustainability topics according to ESRS 1 AR 16 was used, along with additional sources such as the content of previous Henkel sustainability reports, external frameworks (for example Sustainability Accounting Standards Board [SASB], International Sustainability Standards Board [ISSB], Global Reporting Initiative [GRI], Sustainable Development Goals [SDGs]) and other references such as ratings from EcoVadis and the Carbon Disclosure Project (CDP). Henkel’s annual reports, the Sustainability Finance Disclosure Regulation (SFDR) and the Company’s business priorities were also considered. After an overview was created at the central level, feedback was obtained from the topic initiative (co-)leads. The list of topics and their sub-(sub-)topics, in accordance with ESRS 1 AR 16, was subsequently used to prepare the collection of impacts, risks and opportunities (Phase 2).



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Phase 2: Compilation of impacts, risks and opportunities

Along the value chain (the upstream value chain, own operations and the downstream value chain), indicative impacts, risks and opportunities were developed based on the results from Phase 1 and the sub-topics collected during that phase. After drafting descriptions of these indicative impacts, risks and opportunities, consultations were held for each topic-specific ESRS standard with relevant stakeholders to refine and further develop these descriptions. These refined descriptions would later serve as the foundation for the assessments conducted in Phase 3.

The following stakeholders were primarily involved in developing the descriptions of impacts, risks and opportunities: Regarding impacts, the topic initiative (co-)leads and relevant subject-matter experts were involved. For risks, the primary contributors were the Sustainability Finance department, the business unit controlling teams and the topic initiative (co-)leads. Additionally, guidance for reviewing the identified impacts and risks was provided to stakeholders. The descriptions of opportunities were gathered using the Sustainability Portfolio Assessments of the two business units, Adhesive Technologies and Consumer Brands, with the involvement of the corresponding subject-matter experts.

In the process of identifying and describing positive and negative impacts, risks and opportunities, contextual information was considered, including details about Henkel's business model, the underlying value chain, direct and indirect business relationships and local conditions. In addition, insights from the due diligence process were incorporated into the analysis. For further information, please refer to the section "Statement on due diligence" (GOV-4) in this chapter.

Phase 3: Assessment of impacts, risks and opportunities

The starting point for the assessment was the impacts, risks and opportunities collected in the previous phase (Phase 2). A heatmap approach using matrices was used to evaluate the materiality of impacts and the financial materiality. For further details, please refer to the section "Disclosure requirements in ESRS covered by this Sustainability Report" (IRO-2) in this chapter.



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The evaluation of impacts was based on a gross assessment from Henkel's perspective and followed a sector approach. The gross assessment approach assumes that no actions to prevent, minimize, mitigate or remediate impacts are taken into account (in accordance with "EFRAG IG1 – Materiality Assessment Implementation Guidance, FAQ 23"). Accordingly, no company-specific mitigation actions were considered in the evaluation of impacts, while industry and sector standards were treated as given. The gross approach evaluation of impacts establishes a link to internationally recognized frameworks, including the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. This approach is critical for Henkel in identifying and prioritizing impacts based on their inherent severity.

Impacts were evaluated using a qualitative severity scoring system that considered all three attributes: scale, scope and irremediability of impacts, as well as likelihood. Risks and opportunities were assessed based on financial magnitude and likelihood. For each of these criteria (severity, scale, scope, irremediability of impacts, financial magnitude and likelihood), Henkel applied a standardized scale from 0 to 5. To facilitate the evaluation process, additional guidance was provided by the central project team, including overviews and detailed criteria with guiding questions. Each evaluation of impacts, risks and opportunities was supplemented by written justifications.

For each topic-specific ESRS standard, the topic initiative (co-)leads were responsible for evaluating impacts. For the evaluation of risks and opportunities, the topic initiatives provided qualitative aspects, while the Sustainability Finance department, in collaboration with the business unit controlling teams, contributed quantitative aspects regarding risks and coordinated the alignment between them. The Sustainability Portfolio Assessments of the two business units were used for the evaluation of opportunities.

Phase 4: Aggregation and validation of results

The assessments of impacts, risks and opportunities related to the individual topic-specific ESRS standards were consolidated by presenting the results separately for the impact materiality and financial materiality. To validate and calibrate the assessment results, the (co-)leaders of the topic initiatives, along with the respective sponsors, reviewed the evaluation at the sub-(sub-)topic level. Additionally, interim results and subsequently the final results were presented to the CSRD Steering Committee, the Management Board and the Audit Committee of the Supervisory Board in dedicated meetings for approval.



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Consultations with affected stakeholders (IRO-1_53b iii)

As part of the materiality assessment, Henkel incorporated diverse perspectives by involving stakeholders or their representatives. For the various stakeholder groups, appropriate representatives were identified from within the Company, who were primarily involved in Phases 1 through 4. The varying degrees of stakeholder involvement were also taken into account when evaluating the scope of positive and negative impacts, for example, in Phase 2. Members of the administrative, management and supervisory bodies were informed about the results of the process during Phase 4, which was followed by their approval of the evaluations and final results.

Henkel considered different perspectives when involving stakeholders. The categorization of stakeholders and their representatives was as follows:

Stakeholder categorization

Stakeholders	Representatives	Type of stakeholder (aligned to ESRS 1_22 and ESRS 1_AR 6, AR 8)
Customers and consumers	Marketing and Sales	Affected
Suppliers	Procurement	Affected
Business partners	R&D, Procurement	Affected
Employees	Human Resources Department, employee representatives	Affected
Shareholders	Finance (including Investor Relations), Internal Audit	Users of sustainability reports
Financial institutions and ESG rating agencies	Treasury, Sustainability Department	Users of sustainability reports
Neighbors and local communities	Corporate Citizenship, Corporate Infrastructure	Affected
Associations and non-governmental organizations	Corporate Communications, Public Affairs	Users of sustainability reports/ Representatives of affected stakeholders
Policy-makers and government authorities	Public Affairs	Users of sustainability reports



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Process for identifying, assessing, prioritizing and monitoring risks and opportunities *(IRO-1_53c)*
Connections of impacts and dependencies with risks and opportunities *(IRO-1_53c i)*

Throughout the various phases of the materiality assessment, substantive exchanges took place regarding the compilation, evaluation, validation and calibration of impacts, risks and opportunities. The topic initiative (co-)leads primarily represented the perspective of “impact materiality,” while the Sustainability Finance team led the perspective on “financial materiality.” This iterative exchange ensured that the relationships between impacts, dependencies, risks and opportunities were accounted for.

Prioritization of sustainability-related risks relative to other types of risks *(IRO-1_53c iii)*

We assess risks as part of our global sustainability management within our Company and along our value chain. For further information, please refer to the section “Risk management and internal controls over sustainability reporting” (GOV-5) in this chapter.

Decision-making process and related internal control procedures *(IRO-1_53d)*

The following parties at Henkel were involved in the materiality assessment:

- The lead of the transversal initiative “Materiality Assessment”
- All topic initiative (co-)leads and the respective members of these initiatives
- Chief Sustainability Officer
- Sustainability Finance
- The central CSRD implementation team
- Members of the CSRD Steering Committee in their capacity as members of the Sustainability Council and their role as sponsors
- The Management Board and
- The Audit Committee

During the various phases of the materiality assessment, the topic initiative (co-)leads represented the “impact materiality” perspective in their respective areas of expertise, working closely with other experts from corporate functions and business units. At the same time, the Sustainability Finance team represented the “financial materiality” perspective, facilitating exchanges with the controlling teams of the business units and risk reporting.



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Throughout the materiality assessment, activities took place both centrally, led by the central CSRD implementation team and the lead of the transversal initiative “Materiality Assessment” and decentrally, driven by the topic initiative (co-)leads and Sustainability Finance. Collaboration on content and regular meetings ensured ongoing alignment between the central and decentral levels. Interim results, as well as the final results for approval, were presented to the CSRD Steering Committee, the Management Board and the Audit Committee.

Integration of the process for identifying, assessing and managing impacts and risks into the risk management process *(IRO-1_53e)*

The sustainability-related risks identified during the materiality assessment have been integrated into the risk management and enterprise-wide risk reporting process. The financial threshold for classifying a risk as material within the framework of the double materiality assessment has been aligned with the thresholds used in the risk management process.

Integration of the process for identifying, assessing and managing opportunities into the overall management process *(IRO-1_53f)*

The Sustainability Portfolio Assessments of the two business units were used for the evaluation of opportunities. The opportunities identified in the materiality assessment related to sustainability topics are thus an inherent part of the management of our product portfolio.

Input parameters used *(IRO-1_53g)*

As previously explained, the table of sustainability matters according to ESRS 1_AR 16, the content of previous Henkel sustainability reports, external frameworks (such as the Sustainability Accounting Standards Board [SASB], International Sustainability Standards Board [ISSB], Global Reporting Initiative [GRI], and Sustainable Development Goals [SDGs]), as well as other references such as ratings (EcoVadis and CDP), were considered as input parameters.

Process compared to the previous reporting period *(IRO-1_53h)*

Due to the initial preparation of this separate Sustainability Report in accordance with the content requirements of the ESRS to fulfill the reporting obligations under the still applicable Sections §§ 289b to 289e and Sections §§ 315b, 315c of the German Commercial Code (HGB), there is no requirement to report on previous periods.



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Description of the processes to identify and assess material climate-related impacts, risks and opportunities (E1 ESRS 2 IRO-1)

Impacts on climate change, in particular greenhouse gas (GHG) emissions (IRO-1_20a, AR 9, AR 10)

Henkel's materiality assessment includes the evaluation of impacts, risks and opportunities. The evaluation was conducted from a sector perspective. For a detailed description of the overall approach and assessment, please refer to the sections "Methods and assumptions applied in the process" (IRO-1_53a) and following in this chapter.

Specifically, for the assessment of climate change impacts, particularly GHG emissions, the following applies: The global total emissions of our sector were compared to the global total emissions across all sectors for each stage of the value chain and assessed based on the criteria of scale, scope, irremediability and likelihood. We identified material negative impacts from GHG emissions along the value chain and within our own operations. Regarding positive impacts, Henkel focused on indirect emission reductions under Scope 3.11 during the use phase and avoided emissions. Additionally, in many industries supplied by Henkel, our products and technologies demonstrated positive impacts on emissions during the use phase and avoided emissions.

Climate-related physical risks in own operations and along the upstream and downstream value chain

(IRO-1_20b; IRO-1_21, AR 11)

To identify and assess the short-, medium- and long-term climate-related impacts, risks and opportunities, Henkel has considered physical risks to its own operations and value chain arising from climate-related hazards, in accordance with the classification of climate hazards outlined in Annex I, Appendix A of Delegated Regulation (EU) 2021/2139 under the EU Taxonomy. The time horizons applied align with those defined for the materiality assessment. For further details, please refer to the section "Definitions of time horizons" (BP-2_9a) in this chapter.



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To evaluate physical risks within the given time frames, Henkel used three potential future climate scenarios from the Shared Socioeconomic Pathways (SSP):

- SSP5-8.5 (3.2–5.4 degrees): Scenario where emissions continue to rise throughout the 21st century. This path would lead to severe climate impacts, including extreme heatwaves, widespread habitat loss, rising sea levels and increased frequency of severe storms.
- SSP2-4.5 (1.7–3.2 degrees): Scenario where emissions peak around 2040 before declining. While less harmful than SSP5-8.5, this pathway would still result in significant environmental changes, including stressed ecosystems, more frequent extreme weather events and challenges to food and water security.
- SSP1-2.6 (0.9–2.3 degrees): Scenario based on immediate, deep decarbonization efforts aligned with goals similar to those of the Paris Agreement. If successful, this path would mitigate many severe climate impacts, help preserve ecosystems, limit sea level rise and reduce the frequency of extreme weather events. Some impacts of climate change would still occur, but they would be easier to cope with.

These SSP scenarios are used by the International Panel on Climate Change (IPCC) in its assessment reports. Considering the SSP5-8.5 scenario enables Henkel to forecast the highest possible physical risks to the Company based on scientific evidence.

Henkel evaluated the exposure of assets and operations to climate hazards under the three defined climate scenarios, incorporating internal expert opinions on past events and known or anticipated risks. Global and regional trends from climate research and literature were also considered. The assessment included the likelihood, scale and duration of hazards for all components of the value chain: For the upstream value chain, relevant feedstocks and supplier and logistics data were included in the assessment. For own operations, Henkel's sites were assessed. For the downstream value chain, an analysis was conducted to assess how climate change may impact consumer and customer purchasing behavior, as well as markets and logistics.



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Regarding the impacts, risks and opportunities for Henkel's own operations, factors such as geographic coordinates were considered, while other parts of the value chain were evaluated at a regional level. Henkel believes that by evaluating specific parts of the value chain individually, the most relevant causal chains leading to potential asset damage, risks to business continuity or increased costs can be identified. Risks in the upstream value chain were assessed through an analysis of Henkel's key suppliers and critical feedstocks. Physical risks can cause disruptions among suppliers, potentially impacting raw material supply for Henkel. Risks to Henkel's own operations, particularly its production sites, may affect the Company's ability to maintain business continuity. For risks in the downstream value chain, the impacts of climate change on consumers, customers and markets were examined, as these impacts could influence their purchasing behavior and, consequently, Henkel's revenue. Henkel has also examined logistics-related risks in the upstream and downstream value chain that could potentially disrupt supply chains.

Climate-related transition risks and opportunities in own operations and along the upstream and downstream value chain (IRO-1_20c, IRO-1_21, AR 12)

The World Energy Outlook (WEO) 2024, published by the International Energy Agency (IEA), presents a detailed "Net-Zero by 2050" scenario, which outlines a specific, actionable pathway to reduce CO₂ emissions to net zero by the middle of the century. This scenario aligns with the goal of limiting the long-term global average temperature increase to 1.5 degrees Celsius, the climate targets and the strategic focus on achieving a net-zero transition. Henkel has therefore assessed transition risks and opportunities based on the assumption of a net-zero scenario by 2050, taking into account the resulting changes in political and technological assumptions, macroeconomic trends, energy consumption and the energy mix.

For the climate-related transition risks and opportunities, all transition events in the areas of politics and law, technology, market and reputation from the classifications of the Task Force on Climate-related Financial Disclosures (TCFD), including all internally known risks and opportunities, were assessed. A key area of concern for Henkel is the potential financial impact of increasing CO₂ prices, for example, through taxation or emissions trading systems. The increase in CO₂ prices can lead to higher procurement costs and product prices for Henkel. Henkel assesses the potential direct and indirect impacts of rising CO₂ prices by assigning a "CO₂ shadow price" to its GHG emissions. For the year 2030, Henkel applied regionally differentiated assumptions regarding CO₂ prices, as described in the WEO. To maintain a conservative approach, Henkel based its calculations on constant GHG emissions across its value chain and own operations, using 2023 as the baseline. This assumption allows for a conservative estimation. However, it is important to note that the estimation does not reflect the expected reductions outlined in Henkel's climate strategy and Climate Transition Plan (CTP).



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Given that emissions in Henkel's upstream and downstream value chains account for the majority of the Company's total emissions, the financial impact of a CO₂ shadow price are most significant for these areas. It was determined that the cost impact in the upstream value chain (that is for raw materials and packaging) could be financially material under the assumptions (gross assessment without mitigating actions).

In downstream operations, increased CO₂ prices and additional political or regulatory measures could lead to higher production and transportation costs, potentially affecting customer and consumer behavior over the long term. This could negatively impact Henkel's competitiveness and lead to revenue losses. Such developments could also result in downstream risks becoming a material risk in the long-term.

Transition risks related to Henkel's own operations have also been assessed. However, they have not been identified as financially material.

To mitigate the identified gross risks, Henkel's Climate Transition Plan (CTP) serves as a strategic element. It defines the Company's net-zero targets, outlines its emission reduction activities to achieve these goals and establishes its governance and delivery mechanisms for implementing the net-zero transformation. It should be noted that certain risks addressed in other standards, such as risks associated with replacing petrochemical raw materials with renewable resources in the topic-specific standard ESRS E5 ("Resource Use and Circular Economy"), are also related to climate-relevant transition risks.



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Henkel proactively addresses environmental issues, which helps to mitigate risks and even unlock opportunities. With a proactive climate protection strategy, Henkel enhances its competitiveness by optimizing production and raw material use, while also creating added value for customers and consumers through innovative solutions and strong brands. Beyond risk mitigation, Henkel actively leverages business opportunities related to climate change, for example, by offering products with low carbon intensity and climate-neutral products. Demand for such products is expected to grow.

Use of climate-related scenario analysis *(IRO-1_21)*

Regarding the use of climate-related scenario analysis for identifying physical risks, transition risks and opportunities, please refer to the sections “Climate-related physical risks in own operations and along the upstream and downstream value chain” (IRO-1_20b) and “Climate-related transition risks and opportunities in own operations and along the upstream and downstream value chain” (IRO-1_20c) in this chapter.

Alignment of the climate scenarios used with critical climate-related assumptions in financial statements *(IRO-1, AR 15)*

The assumptions derived from climate scenarios regarding the medium-term development of CO₂ prices are taken into account in the annual impairment test for assets.

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities *(E2 ESRS 2 IRO-1)*
Review of sites and business activities *(IRO-1_11a, AR 1)*

Henkel’s materiality assessment includes the evaluation of impacts, risks and opportunities. The impacts were assessed based on a sector perspective.

The analysis of pollution focused on Henkel’s own operations, potential pollution within upstream supply chains and pollution caused by Henkel products. The impact assessment used an environmental risk analysis method. It assumes no material impacts if the expected environmental concentration remains below effect thresholds. The evaluation of risks and opportunities is based on estimates of the financial extent of business losses or gains and on the likelihood of their occurrence. Examples of assumed reasons for business losses include increased expenditures for reducing pollution at Henkel sites, higher procurement costs or decreased revenues due to regulatory restrictions or reduced product acceptance among customers.



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Consultations, particularly with affected communities (IRO-1_11b)

The relationships with affected communities are indirect, and consultations with these communities were conducted through designated representatives from within the Company. For further information regarding the designated representatives, please refer to the section “Consultations with affected stakeholders” (IRO-1_53b iii) in this chapter.

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities (E3 ESRS 2 IRO-1)

Review of assets and business activities (IRO-1_8a, AR 1)

Henkel’s materiality assessment includes the evaluation of impacts, risks and opportunities. The impacts were assessed based on a sector perspective. In order to assess the impacts, risks and opportunities associated with water and marine resources, information from external studies and, for example, the publicly accessible risk assessment tool (WWF Water Risk Filter) were considered for the analysis of our own business activities and those of our upstream and downstream value chain.

Consultations, particularly with affected communities (IRO-1_8b, AR 1)

The relationships with affected communities are indirect, and consultations with these communities were conducted through designated representatives from within the Company. For further information regarding the designated representatives, please refer to the section “Consultations with affected stakeholders” (IRO-1_53b iii) in this chapter.

Specifically for water and marine resources, this means that: As our relationship with affected communities is indirect in nature, we collaborate with partners such as the civil society organization Solidaridad to take the perspectives of these communities into account. This partnership is ongoing and collaboration occurs regularly. As no material impacts on ecosystem services were identified, no additional avoidance strategy is in place beyond legal requirements and commitments already considered in Henkel’s policies.



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Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities (E4 ESRS IRO-1)

Actual and potential impacts on biodiversity and ecosystems (IRO-1_17a)

Henkel's materiality assessment includes the evaluation of impacts, risks and opportunities. The impacts were assessed based on a sector perspective.

Specifically, for impacts on biodiversity and ecosystems, a detailed assessment of Henkel sites was carried out on the basis of the materiality assessment approach to identify "sites with biodiversity relevance" that exert a larger influence on nearby ecosystems with sensitive biodiversity. For a description of the method used to identify locations with biodiversity relevance, please refer to the section "Activities and locations in biodiversity-sensitive areas" (ESRS 2 SBM-3_16a) in the chapter "Biodiversity and Ecosystems" (ESRS E4).

Dependencies on biodiversity and ecosystems and their services (IRO-1_17 b)

The relevant dependencies of the "locations with biodiversity relevance" on ecosystem services were identified using the World Wildlife Fund (WWF) Biodiversity Risk Filter. For a description of the method used to identify these dependencies, please refer to the section "Activities and locations in biodiversity-sensitive areas" (ESRS 2 SBM-3_16a) in the chapter "Biodiversity and Ecosystems" (ESRS E4).

Transition and physical risks and opportunities (IRO-1_17 c)

Risks and opportunities related to biodiversity and ecosystems were identified as part of the overall double materiality assessment, with no material risks and opportunities being identified.

Consideration of systemic risks (IRO-1_17d)

No systemic risks related to biodiversity and ecosystems were identified.

Consultations, particularly with affected communities (IRO-1_17e)

The relationships with affected communities are indirect, and consultations with these communities were conducted through designated representatives from within the Company. For further information regarding the designated representatives, please refer to the section "Consultations with affected stakeholders" (IRO-1_53b iii) in this chapter.



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Regarding biodiversity and ecosystems, it should be noted that as no material impacts on ecosystem services have been identified, no additional avoidance strategy is in place beyond the legal requirements and commitments outlined in Henkel's Safety, Health and Environmental Protection (SHE) Standards and the Code of Sustainability.

Sites in or near biodiversity-sensitive areas and negative impacts *(IRO-1_19)*

Henkel has sites with biodiversity relevance that are located in or near biodiversity sensitive areas and that could potentially impact threatened species. For a detailed overview of activities at individual locations, please refer to the table "Impacts of sites relevant to biodiversity on threatened species" in the chapter "Biodiversity and Ecosystems" (ESRS E4).

As a company operating in the consumer goods sectors (laundry and home care, hair and body care), as well as in adhesives, sealants and coatings, Henkel generally has no material impact on threatened species in ecosystems with vulnerable biodiversity. Soil sealing, habitat fragmentation or construction in sensitive ecosystems are not among Henkel's business activities. The potential impacts of individual sites with biodiversity relevance are described in the chapter "Biodiversity and Ecosystems" (ESRS E4). According to the directives and frameworks or equivalent national or international standards listed below, no specific mitigation measures are required:

- Directive 2009/147/EC of the European Parliament and of the Council on the conservation of wild birds: This Directive addresses the protection of endangered bird species and the governmental actions of member states to protect these habitats, such as prohibiting hunting or creating protected areas. Henkel's business activities as a company for consumer goods (laundry and home care, hair and body care) as well as adhesives, sealants and coatings, do not involve trade in endangered bird species. The Company strictly adheres to protected areas and complies with legal requirements when operating in such areas. Consequently, no additional mitigation measures were deemed necessary under this Directive.



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- Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora: The directive on the conservation of natural habitats and wild fauna and flora establishes guidelines for Member States to implement actions aimed at maintaining or restoring a favorable conservation status of natural habitats and wild animal and plant species of community interest. This primarily applies to Natura 2000 sites. Henkel has considered these sites in its impact assessments and strictly complies with protected area regulations and legal requirements when operating in such areas. Consequently, no additional mitigation measures were deemed necessary under this Directive.
- Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council on the assessment of the effects of certain public and private projects on the environment: The EIA primarily applies to construction and other soil-sealing projects, as well as the erection of structures with material impacts on nature and landscapes, such as mines. These activities are not part of Henkel's regular business operations in the consumer goods sector (laundry and home care, hair and body care) or in adhesives, sealants and coatings. It was therefore concluded that no additional mitigation measures are required under the directive on the assessment of the environmental effects of certain public and private projects.
- International Finance Corporation (IFC) Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources: This international standard focuses on projects located in critical habitats that impact ecosystem services, over which the project owner has control or significant influence, as well as projects involving the production of living natural resources. This does not reflect Henkel's regular business operations in the consumer goods sector (laundry and home care, hair and body care) or in adhesives, sealants and coatings. It was therefore concluded that no additional mitigation measures are required under this standard.



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Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (E5 ESRS 2 IRO-1)

Review of assets and business activities (IRO-1_11a)

Henkel's materiality assessment includes the evaluation of impacts, risks and opportunities. The impacts were assessed based on a sector perspective.

Consultations, particularly with affected communities (IRO-1_11b)

The relationships with affected communities are indirect, and consultations with these communities were conducted through designated representatives from within the Company. For further information regarding the designated representatives, please refer to the section "Consultations with affected stakeholders" (IRO-1_53b iii) in this chapter.

In relation to resource use and the circular economy, the following should be added: Henkel integrates scientific communities and thought leaders (such as the World Economic Forum [WEF], the World Business Council for Sustainable Development [WBCSD] and the Business Coalition for a Global Plastic Treaty), non-governmental organizations (such as the Ellen MacArthur Foundation [EMF]) and customers with whom the Company collaborates in its materiality assessment.

In 2024, Henkel conducted a global assessment of post-consumer packaging waste to map regulatory requirements for circular economy in the markets where the Company operates. This assessment also covered existing extended producer responsibility obligations and the availability of appropriate recycling infrastructure. Through this analysis, the Company has also identified any additional needs, opportunities, risks and other business impacts.

Description of the processes to identify and assess material impacts, risks and opportunities related to corporate governance (G1 ESRS 2 IRO-1)

Description of the processes to identify and assess material impacts, risks and opportunities (G1 IRO-1)

Henkel's materiality assessment includes the evaluation of impacts, risks and opportunities. The impacts were assessed based on a sector perspective. The assessment considers the entire Company, including all locations, as well as upstream and downstream value chains.



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The following tables show the disclosure requirements included in ESRS and covered by Henkel.

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	GOV-4 Statement on due diligence, Section 30	Indicator no. 10 in Annex 1, Table 3				material	P. 39-40
	SBM-1 Participation in activities related to fossil fuels, Section 40, letter d, number i	Indicator no. 4 in Annex 1, Table 1	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on environmental risk, Table 2: Qualitative disclosures on social risks	Commission Delegated Regulation (EU) 2020/1816, Annex II		not material	-
	SBM-1 Participation in activities related to the production of chemicals, Section 40, letter d, number ii	Indicator no. 9 in Annex 1, Table 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		not material	-
	SBM-1 Participation in activities related to controversial weapons Section 40, letter d, number iii	Indicator no. 14 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1818, Article 12, Section 1, Delegated Regulation (EU) 2020/1816, Annex II		not material	-
	SBM-1 Participation in activities related to the cultivation and production of tobacco Section 40, letter d, number iv			Delegated Regulation (EU) 2020/1818, Article 12, Section 1, Delegated Regulation (EU) 2020/1816, Annex II		not material	-
ESRS E1	E1-1 Transition plan to achieve climate neutrality by 2050 Section 14				Regulation (EU) 2021/1119, Article 2, Section 1	material	P. 133
	E1-1 Companies exempt from the Paris-aligned benchmarks Section 16, letter g		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Reporting template 1: Banking book – Climate change transition risk: Credit quality of risk positions by sector, emissions and remaining maturity	Delegated Regulation (EU) 2020/1818, Article 12, Section 1, letters d to g and Article 12, Section 2		material	P. 140

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ESRS E1	E1-4 GHG emissions reduction targets Section 34	Indicator no. 4 in Annex 1, Table 2	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Reporting template 3: Banking book – Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		material	P. 152-154
	E1-5 Energy consumption from fossil fuels broken down by source (only high climate impact sectors) Section 38	Indicator no. 5 in Annex 1, Table 1 and Indicator no. 5 in Annex 1, Table 2				material	P. 157
	E1-5 Energy consumption and energy mix, Section 37	Indicator no. 5 in Annex 1, Table 1				material	P. 157
	E1-5 Energy intensity related to activities in high climate impact sectors, Sections 40 to 43	Indicator no. 6 in Annex 1, Table 1				material	P. 158
	E1-6 Gross GHG emissions for Scope 1, 2 and 3 categories, and total GHG emissions Section 44	Indicators no. 1 and 2 in Annex 1, Table 1	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Reporting template 1: Banking book – Climate change transition risk: Credit quality of risk positions by sector, emissions and remaining maturity	Delegated Regulation (EU) 2020/1818, Article 5, Section 1, Article 6 and Article 8, Section 1		material	P. 163-164, 167-168
	E1-6 Intensity of gross GHG emissions Sections 53 to 55	Indicator no. 3 in Annex 1, Table 1	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Reporting template 3: Banking book – Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8, Section 1		material	P. 166-168
	E1-7 Removal of greenhouse gases and CO ₂ certificates Section 56				Regulation (EU) 2021/1119, Article 2, Section 1	material	P. 169

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ESRS E1	E1-9 Risk position of the benchmark portfolio with respect to climate-related physical risks Section 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		material	- (reporting obligation to be introduced in stages)
	E1-9 Breakdown of amounts by acute and chronic physical risk Section 66, letter a Location of significant assets with material physical risk Section 66, letter c		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Sections 46 and 47; Reporting template 5: Banking book – Climate change physical risk: Exposures subject to physical risk			material	- (reporting obligation to be introduced in stages)
	E1-9 Breakdown of the carrying value of its real estate assets by energy efficiency classes Section 67, letter c		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Section 34; Reporting template 2: Banking book – Climate change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral			material	- (reporting obligation to be introduced in stages)
	E1-9 Degree of exposure of the portfolio to climate-related opportunities Section 69			Commission Delegated Regulation (EU) 2020/1818, Annex II		material	- (reporting obligation to be introduced in stages)
ESRS E2	E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil Section 28	Indicator no. 8 in Annex 1, Table 1 Indicator no. 2 in Annex 1, Table 2 Indicator no. 1 in Annex 1, Table 2 Indicator no. 3 in Annex 1, Table 2				not material	-
ESRS E3	E3-1 Water and marine resources Section 9	Indicator no. 7 in Annex 1, Table 2				material	P. 178-180
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	E3-4 Total water consumption in m ³ versus net revenue from own operations, Section 29	Indicator no. 6.1 in Annex 1, Table 2				material	P. 188
ESRS E4	ESRS 2 – SBM-3 – E4 Section 16, letter a, number i	Indicator no. 7 in Annex 1, Table 1				material	P. 189-191
	ESRS 2 – SBM-3 – E4 Section 16, letter b	Indicator no. 10 in Annex 1, Table 2				material	P. 191
	ESRS 2 – SBM-3 – E4 Section 16, letter c	Indicator no. 14 in Annex 1, Table 2				material	P. 191-196
	E4-2 Sustainable practices or concepts in land use and agriculture Section 24, letter b	Indicator no. 11 in Annex 1, Table 2				material	P. 201
	E4-2 Sustainable practices or concepts in oceans/seas Section 24, letter c	Indicator no. 12 in Annex 1, Table 2				material	P. 198-201
	E4-2 Concepts for addressing Section 24, letter d	Indicator no. 15 in Annex 1, Table 2				material	P. 198-199
	ESRS E5	E5-5 Non-recycled waste Section 37, letter d	Indicator no. 13 in Annex 1, Table 2				material
E5-5 Hazardous and radioactive waste, Section 39		Indicator no. 9 in Annex 1, Table 1				material	P. 227, 231
ESRS S1	ESRS 2 SBM3 – S1 Risk of forced labor, Section 14, letter f	Indicator no. 13 in Annex I, Table 3				not material	-
	ESRS 2 SBM3 – S1 Risk of child labor, Section 14, letter g	Indicator no. 12 in Annex I, Table 3				not material	-

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ESRS S1	S1-1 Commitments on human rights policy Section 20	Indicator no. 9 in Annex I, Table 3 and Indicator no. 11 in Annex I, Table 1				material	P. 240-242
	ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 Section 21			Commission Delegated Regulation (EU) 2020/1816, Annex II		material	P. 240-241
	S1-1 Procedures and measures to address human trafficking Section 22	Indicator no. 11 in Annex I, Table 3				material	P. 237-242
	S1-1 Concept or management system for the prevention of work-related accidents, Section 23	Indicator no. 1 in Annex I, Table 3				material	P. 242
	S1-3 Handling of complaints Section 32, letter c	Indicator no. 5 in Annex I, Table 3				material	P. 245
	S1-14 Number of fatalities and number and rate of work-related accidents, Section 88, letters b and c	Indicator no. 2 in Annex I, Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II		material	P. 261
	S1-14 Number of days lost due to injuries, accidents, fatalities, or illnesses, Section 88, letter e	Indicator no. 3 in Annex I, Table 3				material	P. 261
	S1-16 Unadjusted gender pay gap, Section 97, letter a	Indicator no. 12 in Annex I, Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		material	P. 261
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	S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines Section 104, letter a	Indicator no. 10 in Annex I, Table 1 and Indicator no. 14 in Annex I, Table 3		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12, Section 1		material	P. 262
ESRS S2	ESRS 2 SBM3 – S2 Significant risk of child labor or forced labor in the value chain, Section 11, letter b	Indicators no. 12 and 13 in Annex I, Table 3				material	P. 265
	S2-1 Commitments on human rights policy Section 17	Indicator no. 9 in Annex 1, Table 3 and Indicator no. 11 in Annex 1, Table 1				material	P. 271
	S2-1 Concepts related to value chain workers, Section 18	Indicators no. 11 and 4 in Annex 1, Table 3				material	P. 271
	S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines Section 19	Indicator no. 10 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12, Section 1		material	P. 271
	S2-1 Due diligence policies on issues addressed by fundamental International Labour Organisation Conventions 1 to 8, Section 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		material	P. 271
	S2-4 Issues and incidents related to human rights within the up-stream and downstream value chain, Section 36	Indicator no. 14 in Annex 1, Table 3				material	P. 282

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ESRS S3	S3-1 Commitments on human rights policy Section 16	Indicator no. 9 in Annex 1, Table 3 and Indicator no. 11 in Annex 1, Table 1				material	P. 287-288
	S3-1 Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO principles, or OECD Guidelines Section 17	Indicator no. 10 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12, Section 1		material	P. 288
	S3-4 Issues and incidents related to human rights, Section 36	Indicator no. 14 in Annex 1, Table 3				material	P. 293
ESRS S4	S4 S4-1 Concepts related to consumers and end-users Section 16	Indicator no. 9 in Annex 1 Table 3 and Indicator no. 11 in Annex 1, Table 1				material	P. 299
	S4-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines Section 17	Indicator no. 10 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12, Section 1		material	P. 297-299
	S4-4 Issues and incidents related to human rights, Section 35	Indicator no. 14 in Annex 1, Table 3				material	P. 303-306
ESRS G1	G1-1 United Nations Convention against Corruption Section 10, letter b	Indicator no. 15 in Annex 1, Table 3				material	P. 309-312
	G1-1 Protection of whistleblowers Section 10, letter d	Indicator no. 6 in Annex 1, Table 3				material	P. 309-312
	G1-4 Fines for violations of anti-corruption and bribery laws Section 24, letter a	Indicator no. 17 in Annex 1, Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II		not material	-
	G1-4 Standards for addressing corruption and bribery Section 24, letter b	Indicator no. 16 in Annex 1, Table 3				not material	-



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Determining material information, including the use of thresholds (IRO-2_59)

To determine the materiality of impacts and financial materiality (that is risks and opportunities), Henkel followed a heatmap approach. Two matrices were used, one for the impacts and one for risks and opportunities.

To determine the materiality, the impacts were classified in a matrix on a six-point scale (scales 0–5) according to their assessment in the two dimensions “severity” and “likelihood.” The actual impacts have a likelihood value of “5,” while potential impacts are classified with a maximum value of “4.” All impacts at Henkel that are assessed at least “severe” (severity scale: 3 to 5) and at least “more likely than not” (likelihood scale: 3 to 5) are classified as material. The purpose of setting these thresholds is to focus on the severe impacts that are combined with a medium and high likelihood. In addition, impacts with a higher degree of severity (severity scale: 4 and 5) and a lower likelihood (likelihood scale: 2) were also classified as material. Similarly, impacts with the highest severity level (severity scale: 5), which are unlikely to occur (likelihood scale: 1), were classified as material.

Regarding the determination of financial materiality for risks and opportunities, Henkel also uses a matrix where the two dimensions of “financial magnitude” – measured as the annual impact on operating profit – and “likelihood” were classified on a six-point scale. Actual risks or opportunities have a likelihood value of “5,” while potential risks or opportunities are classified with a maximum value of “4.” All risks and opportunities that Henkel assesses as having a financial magnitude of at least a high annual EBIT impact (scale of financial magnitude: 3 to 5) and as at least “more likely than not” (scale of likelihood: 3 to 5) were classified as material. In addition, risks and opportunities with a higher financial magnitude (scale of financial magnitude: 4 and 5) and lower likelihood (scale of likelihood: 2) were also classified as material. Substantial risks respectively substantial opportunities (scale of financial magnitude: 5) that are unlikely to materialize (scale of likelihood: 1) were likewise classified as material.

The determination of the assessment criteria and thresholds was the result of an iterative coordination process as part of the materiality assessment and with the involvement of the relevant stakeholders (in accordance with IRO-1_53d). Both external sources such as the document “EFRAG IG1 – Materiality Assessment Implementation Guidance” and internal references such as the risk management requirements were used as the basis for the determination.



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Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

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

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

Economic activities that fall within the scope of the EU Taxonomy are referred to as "Taxonomy-eligible." Economic activities that additionally meet all of the aforementioned criteria are categorized as "Taxonomy-aligned." For all activities ("Taxonomy-eligible" and "Taxonomy-aligned") key performance indicators and qualitative information is required by the EU Taxonomy.

Accounting policy

The EU Taxonomy comprises three key performance indicators (KPI): turnover, operating expenditures (OpEx) and capital expenditures (CapEx). The definition and the subsequent determination of these KPIs under the EU Taxonomy are based on the International Financial Reporting Standards (IFRS).



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Turnover is therefore determined in accordance with IFRS15 "Revenue from Contracts with Customers." For further information on turnover, please refer to the corresponding item "Sales" in the consolidated income statement in the Annual Report 2024 on page 211. For further information on the principles of revenue recognition, please refer to Note 24 (pages 321 and 322) of the Annual Report 2024.

According to the EU Taxonomy, the denominator of operating expenditure includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes research and development expenses recognized as an expense in the income statement during the reporting period in accordance with IAS 38 (see page 323 of our Annual Report 2024). Lease expenses were determined in accordance with IFRS 16 and include expenses for short-term leases and leases of low-value assets (see pages 252 and 253 of our Annual Report 2024). Maintenance and repair costs and costs for building renovation measures are calculated and allocated appropriately.

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

The share of capital expenditures (CapEx-KPI) associated with economic activities that are categorized as Taxonomy-aligned is calculated as follows: Proportion of total capital expenditure that is Taxonomy-aligned (numerator) divided by total capital expenditure in accordance with Annex I of the Delegated Regulation on reporting requirements (denominator).

The determination of the denominator of capital expenditure follows IAS 16 "Property, Plant and Equipment" (IAS 16.73(e)(i) and (iii)), IAS 38 "Intangible Assets" (IAS 38.118(e)(i)) and IFRS 16 "Leases" (IFRS 16.53(h)). CapEx for 2024 are calculated based on the aggregate of the corresponding lines "Acquisitions," "Additions to existing business" and "Additions of right-of-use assets" under property, plant and equipment in the Annual Report 2024 on page 249 and "Acquisitions" and "Additions" under intangible assets, page 243 in the Annual Report 2024. Goodwill is not included in CapEx for the purposes of EU Taxonomy reporting. For further information on property, plant and equipment, intangible assets and leases, please refer to pages 241 to 252 of the Annual Report 2024.



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Turnover

Henkel's revenue-generating economic activities are not covered by the EU Taxonomy and are not Taxonomy-eligible. Consequently, the share of sales from Taxonomy-eligible economic activities in total sales is 0 percent.

Operating expenditure

In line with the disclosure in previous years, the operating expenditures (OpEx) in accordance with section 1.1.3 of Annex I of the Delegated Regulation on reporting obligations (723 million euros) are insignificant for the business model in relation to Henkel's total OpEx in fiscal year 2024. The corresponding Taxonomy-eligible share is therefore 0 percent.

Capital expenditure

Total capital expenditure (CapEx) in accordance with section 1.1.2 of Annex I of the Delegated Regulation on reporting obligations amounts to 1,275 million euros in fiscal year 2024.

To avoid double counting of Taxonomy-eligible and Taxonomy-aligned investments, either individual investment projects or individual investments and leases are clearly assigned to the most relevant economic activity for reporting in fiscal year 2024.

Taxonomy-eligible capital expenditure

Taxonomy-eligible CapEx was assessed and classified for the reporting year. Assets or processes that relate to revenue-generating economic activities or that are part of a CapEx plan are not currently relevant in accordance with section 1.1.2.2. a) and b) of Annex I of the Delegated Regulation on reporting requirements, as Henkel's revenue-generating economic activities are not covered by the EU Taxonomy.

Therefore, only CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual actions enabling the target activities to become low-carbon or to lead to greenhouse gas reductions is relevant. CapEx that relates to individual building renovation actions in accordance with section 1.1.2.2. c) of Annex I of the Delegated Regulation on reporting requirements are also relevant.



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

In the case of individual measures, Henkel is responsible for managing the project and for checking Taxonomy-alignment. As described above (1.1.2.2. c)), only individual actions that contribute to reducing greenhouse gas emissions have been classified as Taxonomy-eligible. As the economic activities of the non-climate-related environmental objectives do not typically also result in a reduction in greenhouse gas emissions, individual actions are not relevant with regard to the other environmental objectives.

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

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

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



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In 2024, Henkel acquired the company Seal for Life Industries LLC. This acquisition resulted in the acquisition of buildings including leasing (CCM 7.7), cars (CCM 6.5) and IT equipment including leasing (CE 1.2).

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

In total, the Taxonomy-eligible CapEx defined under the EU Taxonomy Regulation amounts to 384 million euros. This corresponds to 30.1 percent of total capital expenditure (CapEx).

Taxonomy-aligned capital expenditure

In order to demonstrate Taxonomy-alignment of the aforementioned additions to intangible assets and property, plant and equipment, we conducted a comprehensive analysis of the technical screening criteria for the respective economic activities, including exchanges with affected suppliers. Meeting the technical screening criteria continued to pose challenges for both Henkel and its suppliers. Suppliers were either unable to provide the required information at all or not in a timely manner. Furthermore, the criteria for the Taxonomy-alignment of the activities for most investment projects and leasing contracts were not met or could not be verified due to the extensive documentation requirements and complex criteria. Furthermore, applicability in countries outside of the EU is limited since non-EU suppliers regularly do not know and therefore do not comply with the EU Taxonomy Regulation. In addition, countries outside the EU lack equivalent regulations for the EU regulations or EU directives frequently referenced in the technical screening criteria. This concerned both the criteria for the substantial contribution and the DNSH criteria, for example with regard to climate change adaptation, the transition to a circular economy or the pollution prevention and control. As Henkel is a global company, a large proportion of its investments are carried out in non-EU countries. Therefore, with the exception of activities CCM 7.5 and 7.6, no Taxonomy-aligned capital expenditure could be identified.



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For activities CCM 7.5 and 7.6, the economic activity as such is a sufficient criterion for fulfilling the substantial contribution. In the case of CCM 7.5, this relates to investment projects in the area of measuring energy consumption in offices, warehouses and production buildings. CCM 7.6 mainly relates to investment projects for building-related photovoltaic systems, heat pumps and heat recovery systems. Henkel also reviewed the DNSH criteria. For activities CCM 7.5 and CCM 7.6, a robust climate risk and vulnerability assessment in accordance with Annex A of the Climate Delegated Act was carried out for all relevant sites. For most investment projects, this assessment has shown the economic activities as not affected. For a few affected investment projects, no adaptation solutions were identified, and these were therefore assessed as not Taxonomy-aligned.

In accordance with Article 18 of the EU Taxonomy Regulation (EU 2020/852), compliance with minimum safeguards is a further condition for economic activities to be considered environmentally sustainable. In 2023, the minimum safeguards were assessed on the basis of Commission Notice 2023/C 211/01 and the compliance of Henkel was confirmed. In 2024, the results from 2023 were reviewed and it was again confirmed that Henkel complies with the minimum safeguards in the areas of human rights, corruption, taxation and fair competition.

The Taxonomy-aligned investments in the area CCM 7.5 amount to 1.2 million euros. The Taxonomy-aligned investments in the area CCM 7.6 amount to 6 million euros. Investments in both economic activities exclusively represent additions to property, plant and equipment while intangible assets are not affected.



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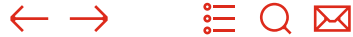
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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial Year 2024	2024		Substantial Contribution Criteria							DNSH Criteria ("Does Not Significantly Harm")							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activities (20)
	Code (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Economic Activities (1)	in EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)¹																			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	1.2	0%	Y	N/EL ²	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	6.0	0%	Y	N/EL ²	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		7.2	1%	1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1%		
Of which enabling		7.2	1%	1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T

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Financial Year 2024	2024		Substantial Contribution Criteria							DNSH Criteria (“Does Not Significantly Harm”)								
	Code (2)	CapEx (3) in EURm	Proportion of CapEx, 2024 (4) %	Climate Change Mitigation (5) Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/ N	Climate Change Adaptation (12) Y/ N	Water (13) Y/ N	Pollution (14) Y/ N	Circular Economy (15) Y/ N	Biodiversity (16) Y/ N	Minimum Safeguards (17) Y/ N	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2023 (18) %	Category enabling activity (19) E
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)¹																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
	Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	37.5	3%	EL	N/EL ²	N/EL	N/EL	N/EL									3%
	Renovation of existing buildings	CCM 7.2																
	Installation, maintenance and repair of energy efficiency equipment	CE 3.2	33.9	3%	EL	N/EL ²	N/EL	N/EL	EL ³	N/EL								3%
	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.3	7.8	1%	EL	N/EL ²	N/EL	N/EL	N/EL	N/EL								1%
	Installation, maintenance and repair of renewable energy technologies	CCM 7.5	0.0	0%	EL	N/EL ²	N/EL	N/EL	N/EL	N/EL								0%
	Acquisition and ownership of buildings	CCM 7.6	0.1	0%	EL	N/EL ²	N/EL	N/EL	N/EL	N/EL								0%
	Manufacture of electrical and electronic equipment	CCM 7.7	252.1	20%	EL	N/EL ²	N/EL	N/EL	N/EL	N/EL								13%
		CE 1.2	45.6	4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								4%

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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial Year 2024	2024		Substantial Contribution Criteria							DNSH Criteria ("Does Not Significantly Harm")							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activities (20)
	Code (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Economic Activities (1)		in EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		377.1	30%	27%	0%	0%	0%	4%	0%							24%			
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		384.3	30%	27%	0%	0%	0%	4%	0%							25%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		891.1	70%																
Total		1,275.4	100%																

Abbreviations used in the templates: Y: Yes, N: No, EL: Taxonomy-eligible, N/EL: not Taxonomy-eligible, E: enabling activity, T: transitional activity

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

² Although the activity description for the environmental objective of climate change adaptation is fulfilled, respective investment projects do not specifically contribute to this environmental objective. Corresponding CapEx is therefore identified as not Taxonomy-eligible for the environmental objective of climate change adaptation.

³ As the activity description is fulfilled, the activity is generally Taxonomy-eligible for the environmental objective circular economy. As corresponding investment projects are not carried out with the objective circular economy, these are always assigned to the objective climate change mitigation.



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Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2024

Financial Year 2024	2024		Substantial Contribution Criteria							DNSH Criteria (“Does Not Significantly Harm”)							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Turnover (3)	Proportion of CapEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Economic Activities (1)	in EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)¹																			
None	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	0%			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	0%			
Of which enabling	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	0%	E		
Of which transitional	0	0%	0%							N	N	N	N	N	N	0%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)¹																			
None	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0	0%	0%	0%	0%	0%	0%	0%	0%							0%			
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)	0	0%	0%	0%	0%	0%	0%	0%	0%							0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities	21,585.9	100%																	
Total	21,585.9	100%																	

Abbreviations used in the templates: Y: Yes, N: No, EL: Taxonomy-eligible, N/EL: not Taxonomy-eligible, E: enabling activity, T: transitional activity

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



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Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial Year 2024	2024		Substantial Contribution Criteria							DNSH Criteria (“Does Not Significantly Harm”)							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	OpEx (3)	Proportion of OpEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Economic Activities (1)	in EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)¹																			
None	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	0%			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	0%			
Of which enabling	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	0%	E		
Of which transitional	0	0%	0%							N	N	N	N	N	N	0%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)¹																			
None	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0	0%	0%	0%	0%	0%	0%	0%	0%							0%			
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)	0	0%	0%	0%	0%	0%	0%	0%	0%							0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities	723.0	100%																	
Total	723.0	100%																	

Abbreviations used in the templates: Y: Yes, N: No, EL: Taxonomy-eligible, N/EL: not Taxonomy-eligible, E: enabling activity, T: transitional activity

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



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Proportion of CapEx/Total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1%	27%
CCA	0%	0%
WTR	-	0%
CE	-	4%
PPC	-	0%
BIO	-	0%

CCM: Climate Change Mitigation, CCA: Climate Change Adaptation, WTR: Water and Marine Resources, CE: Circular Economy, PPC: Pollution Prevention and Control, BIO: Biodiversity and ecosystems

Proportion of turnover/Total turnover

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

CCM: Climate Change Mitigation, CCA: Climate Change Adaptation, WTR: Water and Marine Resources, CE: Circular Economy, PPC: Pollution Prevention and Control, BIO: Biodiversity and ecosystems

Proportion of OpEx/Total OpEx

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

CCM: Climate Change Mitigation, CCA: Climate Change Adaptation, WTR: Water and Marine Resources, CE: Circular Economy, PPC: Pollution Prevention and Control, BIO: Biodiversity and ecosystems



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Registration form 1: Activities in the areas of nuclear energy and fossil gas

Row	Nuclear-energy-related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil-gas-related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



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Climate change (ESRS E1)

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

Climate change is one of the major global challenges of our time. Henkel considers climate change to be a factor that causes various risks, but that also offers numerous opportunities at the same time. Climate change mitigation and energy are material topics for Henkel. Negative impacts on climate change are linked to Henkel's business model as a company for consumer goods (laundry and home care, hair and body care) and adhesives, sealants and coatings. Energy is used and greenhouse gases are omitted in the Company's production processes, and in the upstream and downstream value chain. Moreover, Henkel identified CO₂ taxation in its upstream and downstream value chain as a potential material risk in regard to financial effects. However, there are also potential material economic opportunities in marketing products with a reduced carbon footprint. For adhesives, sealants and coatings, replacement of existing technologies with energy-efficient and carbon-friendly alternatives is an opportunity and has positive impacts on many sectors that make a material contribution to climate change.

Henkel assumes responsibility for reducing its impacts on climate change. For this reason, the Company is aligning its strategy with the 1.5-degree Celsius target of the Paris Climate Agreement and mitigating climate change. We consider sustainability in our strategy to be a competitive advantage.

Henkel has set a target to achieve net-zero greenhouse gas (GHG) emissions in its entire value chain by 2045. Henkel's transition plan is a key component of the climate strategy, which provides for an end-to-end organizational and cultural shift toward net-zero. Topics such as energy use, energy efficiency, renewable energies, ecodesign of products and packaging, use of low-carbon materials and low-carbon logistics are at the forefront of actions adopted for implementation.

The ambitions and targets for climate change mitigation are a key element in Henkel's strategy and business model with regard to its own activities, and within the upstream and downstream value chain. The double materiality assessment carried out did not identify any material dependencies with regard to climate change.



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Climate-related risk types (ESRS 2, SBM-3_18)

Henkel determined two potential material climate-related risks in the materiality assessment. Both risks can be categorized as climate-related transition risks and relate to the sub-topic “climate change mitigation.” The first potential risk lies in the upstream value chain and relates to political and legal actions for reducing carbon emissions such as imposing carbon taxes. These can increase production and transportation costs in the medium term, which leads to higher raw material prices and possible raw material shortages. The second potential risk lies in the downstream value chain, and also relates to political and legal actions for reducing carbon emissions such as imposing carbon taxes. In addition to the stated risks, the usage behavior of consumers and customers can change, which can lead to revenue losses.

Scope of the resilience analysis (ESRS 2, SBM-3_19a, AR 16)

The resilience analysis considered physical risks and transition risks for Henkel’s business activities and for the value chain. The definition of the EU Taxonomy for sustainable activities is used for physical climate risks (this includes 28 climate risks including wildfires, storms and heat waves). The assessment of the physical risks in the upstream value chain assessed climate-related risks for the relevant raw materials, suppliers and logistical services. For Henkel’s own operations, the climate-related risks for its own production sites were assessed. The assessment of impacts of climate-related risks on the downstream value chain looked at the impacts on customers and consumers, on Henkel’s markets and logistical services. Transition risks were defined as risks relating to the transition to an economy with reduced GHG emissions and are based on classifications of the Task Force on Climate-related Financial Disclosures (TCFD). For the assessment of climate-related transition risks and opportunities, potential regulatory changes in politics and law, technological changes and changes in customer and consumer behavior were examined. For the resilience analysis, the transition risks were assessed qualitatively at the strategic level and based on expert predictions, while the potential impacts of CO₂ prices were assessed quantitatively.

Timing and implementation of the resilience analysis (ESRS 2, SBM-3_19b, AR 7)

The resilience analysis was carried out in mid-2024 by a task force assigned for the purpose in order to assess the resilience of Henkel’s strategy and business activities in view of climate change. The analysis was based on the knowledge of internal and external experts and stakeholders, geographical models and relevant literature. Although the climate scenarios and analysis as such look ahead to 2050 and beyond, the time horizons used for the risk assessments were aligned with the time horizons defined for the materiality assessment. These are defined in the section “Definitions of time horizons” (BP-2_9a) in the chapter “General disclosures” (ESRS 2). Regulatory, economic and societal changes are likely to impact the surrounding macro-economic trends, energy consumption and energy mix, as well as assumptions about the use of technology in dependence on the climate scenarios considered. For further details, please refer to the section “Description of the processes to identify and assess material climate-related impacts, risks and opportunities”



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(E1 ESRS IRO-1) in the chapter “General disclosures” (ESRS 2). Consideration of the “Net Zero by 2050” scenario is in line with Henkel’s net-zero strategy and the associated targets relating to the reduction of GHG emissions and the actions defined in the transition plan for climate change mitigation.

Results of the resilience analysis *(ESRS 2 SBM-3_19c, AR 8, AR 13)*

As a forward-looking analysis was carried out, uncertainties cannot be excluded. The resilience analysis is a comprehensive analysis of climate risks and the possible impacts on Henkel. It is based on current methodologies, the latest climate projections and available scientific literature. For further details, such as relevant studies or sources, please refer to the section “Description of the processes to identify and assess material climate-related impacts, risks and opportunities” (E1 ESRS 2 IRO-1) in the chapter “General disclosures” (ESRS 2). The resulting material risks and opportunities are linked to climate change and relate to the upstream and downstream value chain. It can be assumed that changes to legal requirements will have a financial impact on the Company, that is through increasing carbon taxes or market restrictions. However, these changes also offer opportunities based on changing customer and consumer demand and the marketing of low-carbon and climate-neutral products. The resilience analysis shows that Henkel must consider the anticipated changes to the surrounding macroeconomic trends and prepare itself for changes to energy use and the energy mix, and for the use of appropriate technology because of climate change. Subsequently, climate-related transition risks and opportunities are an inherent part of Henkel’s corporate strategy for reducing emissions. The strategic focus shows that the Company is dedicated to adapting itself to the anticipated changes in order to minimize short-term, medium-term and long-term climate-related risks and to make use of opportunities.



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Transition plan for climate change mitigation (E1-1)
Transition plan for climate change mitigation (E1-1_14, AR 1, E1-1_17)

Henkel is committed to the Paris Climate Agreement and aims to comply with the nationally determined contributions (NDCs) of the countries in which it operates in order to limit global warming to 1.5 degrees Celsius. Henkel considers the transition to a low-carbon economy to be a decisive prerequisite for securing its future competitiveness and reducing negative impacts for society and its stakeholders, while also creating added value. Henkel's transition plan for climate change mitigation serves as a strategic element of our climate change mitigation approach and defines how the strategy and the business model should be adapted to ensure that they are compatible with limiting global warming to 1.5 degrees Celsius.

To support the transition to a low-carbon economy and limit global warming to 1.5 degrees Celsius, Henkel is integrating climate change mitigation into its central corporate strategy and business activities. On the one hand, developing a net-zero roadmap by determining science-based targets to achieve net-zero emissions is of critical importance. For further information, please refer to the following section "Compatibility of the targets with the 1.5-degree Celsius target of the Paris Climate Agreement" (E1-1_16a). On the other hand, the implementation of the net-zero transition plan involves adaptations to the product portfolio and the introduction of new technologies and solutions within the Company itself or in the upstream and downstream value chain. For further information, please refer to the section "Decarbonization levers and key actions planned" (E1-1_16b) in this chapter.

Compatibility of the targets with the 1.5-degree Celsius target of the Paris Climate Agreement

(E1-1_16a, AR 2, AR 26, AR 27)

Henkel's climate targets for 2030 and its net-zero target were defined according to guidelines, criteria and recommendations of the Corporate Net-Zero Standard of and officially validated by the Science Based Targets initiative (SBTi). Henkel's science-based targets thereby comply with the requirements needed to limit the global temperature increase to 1.5 degrees Celsius. In line with the SBTi Corporate Net-Zero Standard, the targets for reducing emissions cover the seven greenhouse gases of the Kyoto Protocol and all the relevant categories of the Scopes that are defined by the Corporate Standard of the Greenhouse Gas (GHG) Protocol. The Scope categories 3.8, 3.10, 3.13 and 3.14 are covered by the target but are not relevant in the base and reporting year due to the Henkel business model. Indirect emissions from the use phase are an exception here because these emissions cannot be part of the prescribed emission scope of the target according to the SBTi. Henkel's targets are absolute emissions reduction targets. As there is currently no finalized version of the sector-specific guidelines for the chemicals sector, the guidelines of the cross-sectoral pathway of the SBTi were used.



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SBTi climate targets for 2030:

1. Henkel commits to reduce absolute Scope 1 and Scope 2 GHG emissions by 42 percent by 2030 from a 2021 base year.¹
2. Henkel commits to reduce absolute Scope 3 GHG emissions by 30 percent by 2030 from a 2021 base year.

SBTi net-zero climate target: According to the SBTi definition, net-zero is defined as achieving an absolute reduction of at least 90 percent of emissions across the entire value chain, i.e. via the categories of Scopes 1, 2 and 3 (except 3.11) and the permanent neutralization of any residual emissions. The net-zero target is therefore stated as follows:

Henkel commits to reduce absolute Scope 1, Scope 2 and Scope 3 GHG emissions by 90 percent by 2045 from a 2021 base year.¹

Accordingly, Henkel is following the mitigation hierarchy, by targeting at least 90 percent absolute emission reduction through abatement across at least 95 percent of all Scope 1 and Scope 2 emissions and 90 percent of all Scope 3 emissions by 2045. To neutralize any residual emissions of a maximum of 10 percent of total emissions, Henkel is following the SBTi guidelines and plans to use permanent carbon removal and storage, with the Company relying on high-quality carbon offsets along the value chain and beyond. In the future, Henkel will set milestones for neutralization to prove the integrity of our commitment to neutralize unabated emissions at net-zero.

Decarbonization levers and key actions planned (E1-1_16b)

To achieve the SBTi climate targets for 2030 and net-zero target, Henkel has carried out comprehensive cross-functional investigations into the possibilities of emissions reduction along the entire value chain. Several levers for emissions reduction were defined on this basis, which focus on own operations of Henkel and the upstream and downstream value chain.

¹ The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.



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Own operations:

Emissions from Henkel's own operations are a key focus of Henkel's climate change mitigation actions because these have a direct influence on the respective actions. The portion of emissions from Henkel's operations (Scopes 1 and 2) collectively accounts for a low portion of total emissions.

Energy use:

In general, the following energy-related mitigation levers can be applied for Henkel's own operations:

- **Energy efficiency:**
To improve energy efficiency in its own operations, Henkel is investing in energy-efficient technologies and processes to reduce the overall energy consumption in production sites and office buildings, as well as research, training and logistics facilities. Examples of this are redesigning manufacturing processes, energy recovery and the renewal of technical equipment. To reduce the emissions from Henkel's vehicle fleets, a global mobility initiative with flexible and sustainable mobility solutions has been devised.
- **Renewable energy deployment:**
The installation of solar panels and biomass boilers contributes to Henkel sites generating renewable energy directly on-site.
- **Renewable energy and fuel sourcing:**
For the energy required in our operational processes, we aim to transition to 100 percent renewable energy sources. To do so, Henkel is following the Scope 2 quality criteria of the GHG Protocol Scope 2 Guidance for energy procurement. Electricity is Henkel's main energy source. For heat production, Henkel relies on efficiency, electrification and the switch to renewable fuels. The Company uses biomethane and other renewable fuels in order to achieve the Scope 1 emissions reductions.

Upstream and downstream value chain:

With regard to the upstream and downstream value chain, activities for emissions reduction can be summarized in the following key categories: ecodesign, low-emission materials and carbon-efficient logistics.



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Ecodesign:

Henkel's transition plan requires the development of a low-emission product portfolio through optimizing properties and composition of products. Two levers in particular were identified here in order to achieve emissions reductions: format design and packaging design.

- **Format design:**
The optimization of product formats is an important aspect in the development of a low-emission product portfolio. Switching to more concentrated formulations and more innovative product formats can enable the use of raw materials that generate less emissions when they are produced. This can result in emissions being reduced in the upstream value chain. In addition, further emissions reductions can be achieved by a reduced amount of packaging materials used.
- **Packaging design:**
Innovative packaging designs that enable circularity are of great significance to our emissions reduction efforts in the downstream value chain. The development of reusable and refillable packaging solutions for consumers and customers allows the lifetime of the packaging materials to be extended. This results in less packaging material and a reduction of the associated emissions.

Low-emission materials:

The materials procured for manufacturing our products have a significant influence on our GHG emissions footprint. For this reason, the transition to more sustainable and low-emission materials is an important prerequisite for the net-zero transformation. In this regard, there are three critically important levers for emissions reduction: supplier engagement, packaging and raw materials.

- **Supplier engagement:**
Henkel considers collaboration with suppliers to be a decisive prerequisite for a holistic transformation of the emissions profile of procured materials. Within the scope of the supplier engagement, the business units together with the Henkel Purchasing team work closely with strategic suppliers and actively get involved in direct abatement initiatives. This involves the development of low-emission raw materials and the optimization of the respective process emissions through actions on energy efficiency and renewable energy, and further possibilities for reducing emissions throughout the supply chain. To use the knowledge relating to our upstream value chain, emission data is increasingly being integrated into the initial supplier selection. This means it is possible to base the selection on strategic criteria that optimize the emissions profile, for example by selecting suppliers based on specific geographical considerations.



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In 2024, Henkel introduced a global comprehensive program for supplier engagement “Henkel Climate Connect.” The program aims to scale up our collaboration with suppliers. Supplier engagement is promoted based on the respective maturity level of suppliers in terms of their endeavors in the area of sustainability. In this way, we want to ensure that suppliers introduce climate and decarbonization initiatives and are enabled to quantify relevant GHG emissions related to Henkel products and services, for example through Product Carbon Footprints (PCF) for chemical materials.

- **Packaging:**
 Henkel aims to achieve emissions reductions with a strategy for sustainable packaging in which the amount of packaging material used is minimized and the share of low-emission material is maximized. Our packaging experts are working on developing innovative and intelligent packaging solutions with the objective of reducing the amount of packaging materials used. To reduce the emissions resulting from the packaging material, it is important to replace fossil-based virgin raw materials with recycled or renewable alternatives. In addition, Henkel seeks to increase the use of low-emission energy for the production of packaging materials.

- **Raw materials:**
 The raw materials that are used for the production of our products play a crucial role in the emissions reduction strategy. The raw materials will be changed on a gradual basis: In the first instance, our short-term targets for 2030 are focused on identifying and procuring low-emission raw materials, for example through optimized energy use in the upstream value chain. In addition, we aim to lower dependency on fossil fuels and improve circularity by increasing the use of bio-based raw materials (such as biomass) and using more recycled materials.

In order to reduce the GHG emissions in the upstream value chain, Henkel plans to increasingly procure alternative raw materials (bio-based, recycled or CO₂-capture and utilization-based materials) in the future. Energy use in the upstream value chain plays a crucial role in this as well. Henkel is aiming to have a positive effect on the transformation of the chemical industry through its supplier management approach. In addition to using sustainable raw materials in chemical processes – such as recycled materials or renewable raw materials – the changeover of the energy supply is crucial in the upstream value chain. Process energy for heat generation can be switched to green electricity and renewable energy sources, such as green hydrogen or renewable fuels like biogas. Henkel is continually observing the development of alternative, low-energy production methods and their market readiness. The capture and storage or use of CO₂ in the upstream value chain can also lead to emission reductions under certain conditions.



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Furthermore, as part of its responsible procurement strategy, Henkel is committed to minimizing negative impacts on biodiversity and food chains.

Carbon-efficient logistics:

Henkel's logistics emissions originate from the upstream transportation of materials and from the downstream transportation and distribution of products. To reduce the associated emissions, we use the following two levers for emissions reduction:

- **Logistics optimization:**
Optimizing logistics and distribution networks makes a key contribution to reducing fuel consumption and the associated emissions. Key measures include the use of digital tools, the maximization of load efficiency and the minimization of transportation distances. In addition, nearshoring and local procurement are also promoted to further optimize the logistics network.
- **Low-carbon transportation:**
Henkel uses two approaches to effectively reduce emissions within the transportation system: Firstly, we optimize the transportation mode in terms of emissions. In this regard, air freight should – wherever possible – be replaced by sea freight and road haulage should be switched to rail haulage. Secondly, traditional drivetrains will be replaced with sustainable alternatives. This includes the strategic evaluation and application of electric vehicles, bio-based fuel alternatives and green hydrogen for transporting Henkel raw materials and goods.

Investments and funding supporting the implementation of the transition plan (E1-1_16c)

Please refer to the section "Financial resources for action plans" (E1-3_28, MDR-A_68e) in this chapter.



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Assessment of potential locked-in GHG emissions (E1-1_16d, AR 3)

Henkel's product portfolio does not contribute to locked-in emissions since Henkel ranks the Scope 3 category "Use of Sold Products" as negligible according to Disclosure Requirement E1-6_51 and did not report any emissions from this category for 2024 according to Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions. We see our product portfolio and its position in the value chain as an opportunity, as demonstrated in the materiality assessment. Solutions in the area of adhesives, sealants and coatings may help to replace emission-intensive materials in a wide range of areas and applications in a sustainable way.

Henkel's power plant at its headquarters in Düsseldorf-Holthausen was identified as a material asset because of its expected lifetime and potential future emissions in that time period. It has the potential to produce larger amounts of locked-in GHG emissions. Achieving the short-term Scope 1 reduction target may be jeopardized if Henkel does not reduce the power plant emissions in line with an absolute reduction of 42 percent by 2030 (compared to the base year 2021). Since Henkel is actively and successfully addressing the emissions bound in its assets and is doing so by its key climate change mitigation actions, we rate the risk of missing the GHG emission reduction target as low. The transition risk listed in the section "Material impacts, risks and opportunities and their interaction with strategy and business model" (SBM-3) in the chapter "General disclosures" (ESRS 2) that is made up of political and legal risks that could have a financial impact on Henkel's own operations was not classified as material since the overall cost contribution of the emission transition risk is low.

For the power plant at the Düsseldorf-Holthausen site, plans have been made to implement the following actions by 2030 that are directly linked with the key actions for emissions reductions listed in the transition plan. Firstly, the aim is to consistently increase the energy efficiency of the installation and the energy-consuming installations that it supplies. Secondly, a continuous increase in the share of renewable energies such as biomethane is being pursued. In 2024, the use of coal as an energy source ceased completely and the infrastructure for coal loading was dismantled. Furthermore, there are plans to use some of the energy generated for the electrification of heat production.

Referencing of targets and plans relating to the EU Taxonomy Regulation (E1-1_16e, AR 4)

Please refer to the section "The key performance indicators and CapEx plan according to the EU Taxonomy Regulation" (E1-3_29c iii) in this chapter.



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Significant CapEx amounts invested to coal-, oil- and gas-related economic activities (E1-1_16f, AR 5)

During the reporting period, no notable capital expenditures were invested to coal, oil and gas-related activities.

Exclusion from EU Paris-aligned benchmarks (E1-1_16g)

Henkel is excluded from the EU Paris-aligned benchmarks.

Alignment of the transition plan within the business strategy and financial planning (E1-1_16h)

The transition plan is in line with our general business strategy and resilience analysis as presented in the section "Material impacts, risks and opportunities and their interaction with strategy and business model" (SBM-3) in the chapter "General disclosures" (ESRS 2). The transition plan serves as a strategic key element in achieving the agreed science-based net-zero targets and demonstrates the direction of Henkel's corporate strategy toward a low carbon economy. The transition plan is incorporated into our financial planning through corresponding operating and capital expenditure plans for key actions to achieve our net-zero targets. For further information, please refer to the section "Amount of future financial resources" (E1-3_28, MDR-A_69c) in this chapter.

Approval by the administrative, management and supervisory bodies (E1-1_16i)

The transition plan was approved by the Sustainability Council.

Progress in the implementation (E1-1_16j)

The transition plan was implemented in the fourth quarter of 2024.

Impact, risk and opportunity management

Policies related to climate change mitigation and adaptation (E1-2)

Key content of the policy (E1-2_24, MDR-P_65a, AR 16, AR 17, AR 18)

Emissions of carbon dioxide and other greenhouse gases (GHG) caused by humans are largely responsible for increased climate change and global warming. The United Nation's global Paris Agreement on climate change represents a commitment by the community of nations to limit global warming to well below 2 degrees Celsius above pre-industrial levels and to continue efforts to limit the temperature increase even further to 1.5 degrees Celsius. To achieve this, GHG emissions must be reduced to net-zero by 2050. The 6th Assessment Report (2021) of the Intergovernmental Panel on Climate Change (IPCC) has confirmed that climate change is already affecting every region on earth. Its impacts are increasingly visible in the form of extreme weather, worsened droughts and heightened risk of forest fires.



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As a globally operating company, Henkel acknowledges its responsibility to reduce its impact on climate change and to adapt to climate change to ensure a long-term sustainable business model. To achieve this, the Company is aligning its strategy with the 1.5-degree Celsius target of the Paris Climate Agreement. In this context, Henkel commits to reaching net-zero GHG emissions across the value chain by 2045 and to neutralizing any residual GHG emissions released into the atmosphere after 2045. This includes a stepwise reduction of our absolute direct and indirect GHG emissions (including biogenic emissions resulting from land-use changes and the extraction of biological raw materials for the production of bioenergy), followed by counterbalancing the impact of any remaining emissions in line with the SBTi Corporate Net-Zero Standard. In order to achieve these emission reduction targets, Henkel is committed to continuously increasing its energy efficiency and transitioning to renewable energies (especially electricity) while not investing in the expansion of fossil fuels. We also want our products and technologies to contribute to reducing or, depending on the application, avoiding the generation of GHG emissions. In terms of our brands and technologies, we manufacture products that are associated with consumption of energy when they are used, such as detergents, shower gels and hot-melt adhesives. We want to contribute to reducing our customers' and consumers' energy consumption and the associated GHG footprint through innovations for greater energy efficiency.

With this, we address the material impacts, risks and opportunities related to "climate change mitigation" in our upstream and downstream value chain as well as in our own operations, and those related to "energy use" in our downstream value chain.

The Sustainability Council, supported by a Net-Zero Steering Committee, regularly reviews the effectiveness of our policies and progress toward our objectives as well as the material impacts, risks and opportunities and their changes.

Scope (E1-2_24, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded.

Accountability for the implementation (E1-2_24, MDR-P_65c)

The Henkel Management Board bears overall responsibility for our sustainability policies. The Sustainability Council aligns on common positions, prior to approval by the Management Board. These include new strategic priorities, targets as well as risks and opportunities with respect to climate change. The Sustainability Council adopts climate-specific measures and sets up topic-specific project groups to steer the implementation of action plans, compliance with common standards, the exchange of best practices, and the monitoring of results. It also handles cross-unit projects and continuously reviews the extent to which climate mitigation



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targets are met. The business units Executive Committees (Adhesive Technologies and Consumer Brands) and relevant corporate functions are responsible for the implementation of climate concepts and policies, planning of relevant actions as well as for the provision of necessary resources. They are advised by their sustainability teams.

Commitment to third-party standards or initiatives *(E1-2_24, MDR-P_65d)*

Henkel supports the global net-zero imperative to limit global warming to 1.5 degrees Celsius as defined in the Intergovernmental Panel on Climate Change's (IPCC) Special Report on Global Warming. This is in line with our support for the guidance and ambitions of the Kyoto Protocol and the Paris Climate Agreement. With our actions, we aim to contribute to the nationally determined contributions (NDC) of countries in which we operate.

Henkel recognizes the Sustainable Development Goals (SDGs) of the United Nations as crucial goals toward climate change mitigation, especially SDG 7 "Clean and Affordable Energy," SDG 11 "Sustainable Cities and Communities" and SDG 13 "Climate Action." Henkel also recognizes the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Policy and Action Standard (for policies and strategies) and the GHG Protocol for Project Accounting (for projects), as the basis of our GHG emission accounting at the overall company level. Our target setting, target review and target progress tracking are in line with the SBTi Corporate Net-Zero Standard. This standard is the reference standard that harmonizes the achievement of net-zero targets with social and climate-related sustainability targets within the planetary boundaries.

Consideration of stakeholders *(E1-2_24, MDR-P_65e)*

We maintain dialog and consider the interests of all our stakeholders. Key internal and external stakeholders include retail and industrial customers, end-users, employees, shareholders, suppliers, and producer responsibility organizations.

Accessibility and communication *(E1-2_24, MDR-P_65f)*

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) in the **Downloads & Publications** section. Our concepts on climate are also further elaborated in the Henkel Nature Policy, which is available on our corporate website and provides stakeholders with additional insights into this specific topic.



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Areas addressed in the policy (E1-2_25, AR 16, AR 17, AR 18)

The Code of Sustainability regulates the material impacts, risks and opportunities in connection with Henkel's business processes, which are regularly analyzed, reported and, if necessary, addressed through targets and measures. With regard to climate change, the Code of Sustainability covers the sub-topics of climate change mitigation and energy. Energy efficiency, use of renewable energy and other levers to mitigate climate change are mainly addressed in our Climate Transition Plan.

Actions and resources in relation to climate change policies (E1-3)
Key current and planned actions (E1-3_28, MDR-A_68a)

The transition plan serves as a long-term action plan for Henkel. For further details about the transition plan, please refer to the main levers for emissions reduction described in the section "Decarbonization levers and key actions planned" (E1-1_16b) in this chapter. These key actions are:

- Energy use/Energy efficiency
- Energy use/Renewable energy and fuel sourcing
- Use of energy/Renewable energy deployment
- Ecodesign/Format design
- Ecodesign/Packaging design
- Low-emission materials/Supplier engagement
- Low-emission materials/Packaging
- Low-emission materials/Raw materials
- Carbon efficient logistics/Logistics optimization
- Carbon efficient logistics/Low-carbon transportation

Henkel worked on all of these actions within the reporting year or intends to implement them in the next few years.

The "Energy efficiency" action covers activities such as investments in energy-efficient technologies and the development of processes to reduce total energy consumption. The anticipated result of this action is the reduction of the energy requirements in Henkel's own operations, which will lead to a reduction in the absolute Scope 1 and Scope 2 GHG emissions. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to improving energy efficiency within its own operations. The increase in energy efficiency will contribute to achieving the Scope 1 and Scope 2 targets for 2030 and the net-zero targets of Henkel, in which the absolute Scope 1 and Scope 2 emissions are reduced due to the lower energy requirements in Henkel's own operations.



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The “Renewable energy and fuel sourcing” action includes activities such as the direct purchase of renewable energies via Power Purchase Agreements (PPA) and energy purchasing via eco tariffs and “International Renewable Energy Certificates” (I-RECs), an international certification system for renewable energies. The “Use of renewable energies” action includes the generation of renewable energies on-site, for example through the installation of solar panels. The anticipated result of both of these actions is the reduction of absolute Scope 1 and Scope 2 GHG emissions by avoiding burning fossil fuels. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to switching to renewable energies. The increase in the proportion of renewable energy sources will contribute to the Scope 1 and Scope 2 target for 2030 and to the net-zero target of Henkel, in that the absolute Scope 1 and Scope 2 emissions will be reduced through emissions reductions in Henkel’s own operations and in its energy supply chain.

The “Ecodesign/Format design” action includes more compact product formations and the development of new formulations for manufacturing products with a reduced carbon footprint. The expected result of this action is a reduction of Scope 3 GHG emissions from the following categories: 3.1, 3.3, 3.4, 3.5, 3.9 and 3.12. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to sustainable product innovation. The switch to formulations that are optimized for a lower carbon footprint will reduce Henkel’s absolute Scope 3 emissions and will help to achieve the Scope 3 target for 2030 and the net-zero target.

The “Ecodesign/Packaging design” action includes the development of innovative packaging solutions for improved recyclability and the offer of refillable and reusable solutions. The expected result of this action is a reduction of absolute Scope 3 GHG emissions from categories 3.1 and 3.12. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to innovation in the area of sustainable packaging, improved recyclability and the avoidance of microplastics in the environment. Higher recycling and reuse rates for packaging material will reduce Henkel’s absolute Scope 3 emissions and will help to achieve the Scope 3 target for 2030 and the net-zero target.

The “Low-emission materials/Supplier engagement” action describes the collaboration with suppliers for developing reduced-emissions raw materials and optimizing process emissions through energy efficiency, renewable energies and further actions to reduce emissions throughout the supply chain. In addition, Henkel is seeking improved data transparency and closer tracking of climate strategies by its suppliers. The expected result of this action is an increased amount of primary data on raw materials with a reduced emissions footprint to make the reduction of the GHG emissions visible through reduction actions in the inventory on the supplier side. Currently, the primary data approach is restricted to category 3.1, but it is intended to be expanded to other Scope 3 categories during the coming years. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to active collaboration with suppliers for responsible



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procurement of raw materials. This action helps to achieve Henkel's Scope 3 target for 2030 and the net-zero target.

The "Low-emission materials/Packaging" and "Low-emission materials/Raw materials" actions include the purchase of packaging materials and raw materials with a lower carbon footprint. This can include recycled materials, bio-based materials or fossil raw materials that allow for GHG emissions reductions. The expected result of this action is a reduction of absolute Scope 3 GHG emissions from categories 3.1 and 3.12. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to responsible and sustainable procurement of raw materials. This helps to achieve Henkel's Scope 3 target for 2030 and the net-zero target.

The "Emission-efficient logistics/Logistics optimization" action includes the use of digital instruments for improving the logistics, optimizing load efficiency and for shortening transportation routes, for example through local procurement. The "Emission-efficient logistics/Low-carbon transportation" action includes the switch to low-carbon transportation modes and sustainable fuel alternatives. The expected result of these two actions is a reduction of absolute Scope 3 GHG emissions from categories 3.4 and 3.9. The implementation approach is in line with the Code of Sustainability, in which Henkel commits to sustainable modes of transportation. These actions help to achieve Henkel's Scope 3 targets for 2030 and the net-zero target.

Scope (E1-3_24, MDR-A_68b)

All of the described material actions can be applied globally. The "Energy use" actions "Energy efficiency," "Purchasing renewable energies and fuels" and "Use of renewable energies" apply to Henkel's own operations. The scope includes its own sites, leased sites and managed sites. The "Ecodesign/Format design," "Ecodesign/Packaging design," "Low-emission materials/Packaging" and "Low-emission materials/Raw materials" actions relate to the upstream and downstream value chain. The "Low-emissions materials/supplier engagement" action relates to Henkel's upstream value chain in which suppliers operate as the most important stakeholders. The "Emission-efficient logistics/Logistics optimization" and "Emission-efficient logistics/Low-carbon transportation" actions relate to Henkel's upstream and downstream value chain with regard to the product distribution logistics.



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Time horizons (E1-3_24, MDR-A_68c)

Henkel worked on all actions in the reporting year 2024 and will continue to do this on a short-term, medium-term and long-term scale.

Taking remedial actions (E1-3_28, MDR-A_68d)

The impacts identified by Henkel as material arise in complex ways. Since the extent of Henkel's contribution to such impacts cannot usually be determined with certainty, the actions taken should not be understood as remedial actions for those who have actually been harmed by material impacts. Rather, the actions taken by Henkel represent a contribution to mitigating or avoiding impacts. Such actions, including preventive measures, encompass, for example, technical and managerial instruments, including process instructions, implementation of codes, standards and guidelines, as well as accompanying training.

Progress on actions or action plans (E1-3_28, MDR-A_68e)

The transition plan including the key actions ensuring its implementation was formalized in 2024. Therefore, no quantitative or qualitative information relating to the progress versus prior reporting periods is published.

Financial resources for action plans (E1-3_28, MDR-A_68e)

The transition plan serves as a long-term action plan for Henkel. Specific GHG emissions reduction targets for Scopes 1, 2 and 3 were formulated as milestones for the time period up to 2030 (see sections E1-4_32, MDR-T_80b, AR 24, AR 25, AR 26). The financial resources assigned to the transition plan cover operating expenditures (OpEx) and capital expenditures (CapEx) for the current reporting period and for the short-term, medium-term and long-term future until the planned achievement of the milestones in 2030. While the additional operating expenditures compared to fiscal year 2024, which are expected to be spent annually to meet the targets for reducing GHG emissions by 2030, are considered financially significant, the necessary capital expenditures are considered not significant from a financial perspective. Henkel's ability to implement the transition plan does not depend on specific prerequisites.



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Amount of current financial resources (E1-3_28, MDR-A_69b)

The accumulated operating expenditures for the transition plan in 2024 for achieving the GHG emission reduction targets of Scopes 1, 2 and 3 amounted to 87 million euros.

Amount of future financial resources (E1-3_28, MDR-A_69c)

The additional operating expenditures compared to fiscal year 2024, which are expected to be spent annually to meet the GHG emission reductions targets by 2030, are provided in the table below.

Resources relating to the climate transition plan

Transition plan for climate change mitigation (in millions of euros)	2025 (short-term)	2026–2029 (medium-term)	2030 (long-term)
Additional operating expenditures (OpEx) vs. 2024 p.a.	80–100	140–400	400–500

Climate change mitigation actions by decarbonization levers (E1-3_29a)

For a description of the actions, please refer to the section “Decarbonization levers and key actions planned” (E1-1_16b) in this chapter.

Achieved and expected greenhouse gas emissions reductions (E1-3_29b, AR 19)

The annual contribution of each of the actions described in the transition plan is given as an estimated proportion of the entire reduction of the GHG emissions. An overview can be found in the table “Contributions of the Scope 1 and 2 levers to achieving emission reduction targets” and “Contributions of the Scope 3 levers to achieving emission reduction targets.” The transition plan in which the named actions are described came into effect in 2024. Therefore, no target achievement for reducing GHG emissions can be indicated for this reporting period.



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Contributions of the Scope 1 and 2 levers to achieving emission reduction targets

Levers (in percent)	Base year 2021	Target 2030
GHG emissions	100	58.0
Energy use/Energy efficiency		-9.1
Energy use/Purchasing renewable energies and fuels		-32.2
Use of energy/Use of renewable energies		-0.6

Contributions of the Scope 3 levers to achieving emission reduction targets

Levers (in percent)	Base year 2021	Target 2030
GHG emissions	100	70.0
Ecodesign/Format design		-1.5
Ecodesign/Packaging design		-0.5
Low-carbon materials/Packaging		-0.5
Low-carbon materials/Raw materials		-15.6
Low-carbon materials/Supplier commitment		-9.8
Efficient logistics/Logistics optimization		-0.5
Efficient logistics/Low-carbon transportation		-1.5

Dependence on the availability and allocation of financial resources (E1-3_AR 21)

Henkel's ability to implement the actions relating to the transition plan does not depend on the availability and allocation of external financial resources.

Relation of significant CapEx/OpEx to the relevant items or notes in the financial statements (E1-3_29c i)

The OpEx relate to the following items of the consolidated income statement:

- Costs of sales
- Marketing, selling and distribution expenses
- Research and development expenses
- Administrative expenses



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The key performance indicators and CapEx plan according to the EU Taxonomy Regulation
(E-1_3-29c ii, 29 c iii)

The EU Taxonomy Regulation uses a much narrower definition of operating expenditures (OpEx), which deviates from the traditional understanding of the term in standard accounting practice. In particular, the definition of the operating expenditures according to the EU Taxonomy excludes certain elements such as the costs of the implemented services, which are generally included in the more comprehensive, generally accepted interpretation of operating expenditures in the financial reporting and analysis and are also used here. The operating expenditures defined according to the EU Taxonomy Regulation are insignificant to Henkel's business model and, therefore, are not reported. For further information, please refer to the chapter on the EU Taxonomy Regulation. For this reason, no correlation can be made with the operating expenditures used for the transition plan.

Henkel's revenue-generating economic activities are not covered by the Taxonomy Regulation. For this reason, assets or processes that relate to revenue-generating economic activities or are part of a capital expenditure plan, are currently not relevant according to section 1.1.2.2 a) and b) of Annex I of the Delegated Regulation on reporting requirements. Only capital expenditures relating to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, are reported in accordance with section 1.1.2.2. c) of Annex I of the Delegated Regulation on reporting requirements.

Since the necessary capital expenditures are not considered significant for the transition plan from a financial perspective, no connection can be established to the corresponding performance indicators of the EU Taxonomy.

Metrics and targets
Targets related to climate change mitigation and adaptation (E1-4)
Relation between targets and policy objectives *(E1-4_32, MDR-T_80a, AR 24, AR 25, AR 26)*

Henkel recognizes its responsibility as a globally active corporation to reduce its impacts on climate change. For this reason, Henkel undertakes to achieve net-zero GHG emissions throughout the entire value chain by 2045, including a gradual reduction of the absolute direct and indirect GHG emissions.



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Target level (E1-4_32, MDR-T_80b, AR 24, AR 25, AR 26)

In accordance with the mentioned obligation, Henkel has set the following emission reduction targets for itself:

- E1-T1: Henkel undertakes to reduce the absolute Scope 1 and Scope 2 GHG emissions by 42 percent by 2030 compared to the base year 2021.¹
- E1-T2: Henkel undertakes to reduce the absolute Scope 3 GHG emissions by 30 percent by 2030 compared to the base year 2021.
- E1-T3 (net-zero target): Henkel undertakes to reduce the absolute GHG emissions of Scopes 1, 2 and 3 by 90 percent by 2045 compared to the base year 2021.¹

All three targets are absolute targets and are measured in percent.

Entity-specific disclosures

Henkel additionally reports the degree of target achievement regarding its previous SBTi targets from 2020 as entity-specific disclosures in the table "Henkel's previous intensity climate targets" to meet its reporting obligations for Management Board remuneration and sustainability-linked bonds.

Scope (E1-4_32, MDR-T_80c, AR 24, AR 25, AR 26)

The climate targets apply to Henkel's full inventory including all of the relevant GHG-emission Scopes and activities except for emissions from the indirect use phase, which are reported under category 3.11 of the GHG Protocol. In addition, categories 3.8, 3.10, 3.13 and 3.14 are not relevant to Henkel's business model and are therefore not reported. The targets apply for all geographical areas and all activities that fall under the strategy and inventory limitations.

Baseline value and base year (E1-4_32, MDR-T_80d, AR 24, AR 25, AR 26)

(1) Base value and (2) base year: see the table "GHG emissions."

Period and interim targets(E1-4_32, MDR-T_80e, AR 24, AR 25, AR 26)

(1) Time period applicable to the target: see the table "GHG emissions" and the target description under the section "Target level" (E1-4_32, MDR-T_80b).

¹ The targets include biogenic land-use emissions and capturing carbon from bioenergy raw material production.



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(2) Information relating to milestones or intermediate targets:

The SBTi climate targets for 2030 serve as milestones on the way to Henkel's SBTi net-zero climate target for 2045. When Henkel reaches the current SBTi climate targets for 2030, we will set new SBTi near-term targets, including a recalculation and adjustment of the base according to the SBTi requirements.

Methodologies and significant assumptions (E1-4_32, MDR-T_80f, AR 24, AR 25, AR 26)

Henkel's GHG emission reduction targets are geared toward the methodologies and SBTi climate scenario analysis to define emissions reduction in pathways that are geared toward a global net-zero target before 2050. This occurs in a way that is compatible with societal climate and sustainability targets and the biophysical limitations of the planet. To achieve a net-zero condition at company level, Henkel must significantly reduce emissions and offset the impacts of the remaining emissions. The SBTi Corporate Net-Zero standard defines net-zero emissions at the company level as follows: Emissions reduction from Scopes 1, 2 and 3 to zero or to a residual level that is compatible with achieving net-zero emissions at the global or sectoral level in permissible 1.5-degree Celsius paths. Permanent neutralization of all residual emissions in the net-zero target year and all GHG emissions released into the atmosphere afterwards are associated with this. This is in line with the EU Green Deal and the European targets for 2030, 2040 and 2050, with which the EU aims to achieve climate neutrality.

Scientific evidence (E1-4_32, MDR-T_80g, AR 24, AR 25, AR 26)

Henkel uses the SBTi Corporate Net-Zero Standard for defining its net-zero targets at company level in line with climate science. The standard contains guidelines, criteria and recommendations that companies need in order to define science-based net-zero targets that are in line with limiting the global temperature increase to 1.5 degrees Celsius. The SBTi Corporate Net-Zero Standard is based on a science-based definition of net-zero.

Involvement of stakeholders (E1-4_32, MDR-T_80h, AR 24, AR 25, AR 26)

Henkel is in discussion with all relevant stakeholders and considers their interests in its target setting processes. The growing consensus of all interested parties is mirrored in the urgency with which climate change is being addressed. Stakeholders from various sectors are increasingly urging governments, companies and institutions to define net-zero targets in order to limit global warming and to mitigate the most serious impacts of climate change.



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Changes to targets and metrics (E1-4_32, MDR-T_80i, AR 24, AR 25, AR 26)

To date, Henkel has not made any changes to the targets, the corresponding metrics or the base measurement methods, the material assumptions, restrictions, sources and processes, in order to gather data within the defined time horizons.

Performance against targets (E1-4_32, MDR-T_80j, AR 24, AR 25, AR 26)

The progress made toward our targets is regularly checked and reported to Henkel's Sustainability Council and Management Board. The progress toward the SBTi climate targets for 2030 is 41 percent for 2024 in respect of Scope 1 and Scope 2, and 19 percent in respect of Scope 3. The Company was thereby able to achieve progress for each emissions group and target represented in the table "GHG emissions."

How GHG emission reduction targets and/or other targets are set (E1-4_33)

Henkel's net-zero targets are set in such a way that the transition risks and negative impacts will be reduced throughout the value chain. They create opportunities by allowing science-based emissions reductions to be validated. With the reduction of the total emissions in all areas, Henkel aims to reduce its overall negative impacts on climate change. With a lower emissions profile that is in line with the developments toward a 1.5-degree Celsius path, Henkel is reducing its global exposure to financial transition risks such as the introduction of carbon taxation and market restrictions, which will have a negative impact on the costs for raw materials, packaging and transportation. These risks can manifest themselves in the form of higher prices for raw materials, packaging and transportation services, as well as a possible shortage of goods and services.

GHG emission reduction targets for Scope 1, 2 and 3 GHG emissions (E1-4_34b, AR 24)

Henkel has combined the GHG emissions from the Scope 1 and 2 categories in its climate target 1 for 2030 (E1-T1). All Scope 3 emissions with the exception of category 3.11 of the GHG Protocol are combined in climate target 2 for 2030 (E1-T2). Henkel's long-term net-zero target (E1-T3) covers the GHG emissions from Scopes 1, 2 and 3 excluding category 3.11. Biogenic CO₂ emissions from incineration or biodegradation of biomass is reported separately from the GHG emissions of Scopes 1, 2 and 3 but excludes the emissions of other GHG types (especially CH₄ and N₂O). They remain within the Scopes 1, 2 and 3 according to the GHG Protocol. Since Henkel follows the SBTi Net-Zero Standard, the removal of greenhouse gases, CO₂ certificates or the avoidance of emissions will not be considered as ways of achieving the GHG emission reduction targets.



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GHG emission reduction targets (E1-4_34a, 34b, AR 27, AR 28, AR 29)

Henkel's GHG emissions reduction targets meet the following requirements: They are given in absolute values and cover all the relevant GHG emissions of Scopes 1, 2 and 3. Henkel indicates the combined GHG emission reduction targets in the table "GHG emissions," such as information about which GHG emissions (Scope 1, 2 and/or 3) are covered by each target, the share related to each respective Scope and which greenhouse gases are covered. To present its Scope 1 and 2 GHG emissions, Henkel uses accounting according to a market-based approach and a location-based approach, and lists them in separate lines. By setting targets that consider all relevant greenhouse gases and the relevant Scopes and aims for absolute reductions compared to the base year without using climate compensation certificates, the coherence of these targets with the limitations of our greenhouse gas inventory is ensured.

Representativeness of the baseline value for progress measurement (E1-4_AR 25a)

Henkel has chosen 2021 as the base year because it is representative of our average business activities. After GHG emissions reversed in some Scopes in 2020 due to the global economic downturn from lockdowns associated with the COVID-19 pandemic, emissions increased again in 2021, which can be seen as representative for a normalized fiscal year. Cessation of business activities in Russia in the first quarter of 2022 was retrospectively taken into consideration in the recalculation of the baseline value. The suitability of the base year was validated by the SBTi during the course of the target validation process.

Scientific basis and the use of scenarios (E1-4_34e)

Henkel's SBTi climate targets for 2030 and the SBTi net-zero target were defined according to guidelines, criteria and recommendations of the SBTi Corporate Net-Zero Standard and officially validated by the SBTi. The targets are therefore in line with the restriction of the global temperature increase to 1.5 degrees Celsius. At the time of target validation there was no finalized version of the sector-specific guidelines for the chemicals sector, so Henkel used the guidelines of the cross-sectoral pathway of the SBTi. Accordingly, the targets are aimed at the respective base climate and policy scenarios that are considered by the SBTi. The emission reduction pathways consider the availability of low-carbon energy and low-carbon/reduced GHG emissions materials, packaging and technologies, in particular from the various availability scenarios such as materials within the chemicals sector. The transformation of this sector is of particular importance. The availability of green energies and low-carbon raw materials such as renewable or recycled raw materials are of central relevance. The increased demand for low-carbon products and the associated expected revenue increases were taken into account. This represents a material opportunity that was identified in the materiality assessment. That is why it is a material factor for setting our targets. However, expected regulatory changes represent a material financial risk as outlined in the materiality assessment which can be reduced by Henkel's net-zero target setting. Our product and packaging strategy and the general principles of ecodesign, as presented in Henkel's transition plan, were considered when developing the expected volume growth.



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Contribution of decarbonization levers to achieving GHG emission reduction targets (E1-4_34f)

For the contributions of individual decarbonization levers to the targets for Scope 1, 2 and 3, please refer to the tables “Contributions of the Scope 1 and 2 levers to achieving emission reduction targets” and “Contributions of the Scope 3 levers to achieving emission reduction targets” in the section “Achieved and expected greenhouse gas emissions reductions” (E1-3_29b) in this chapter. The respective levers are described and presented in Henkel’s transition plan.

Consideration of various climate scenarios (E1-4_AR 30c)

Henkel uses various studies focusing on some of the most important commercial sectors that the Company works together with for procurement. In this way, we aim to better understand the prices and availability of certain pertinent materials within the scope of developing CO₂ pricing and guaranteeing cost competitiveness. The CO₂ pricing model is closely linked to climate scenarios because Henkel assumes that the introduction or expansion of CO₂ pricing systems is likely to increase with global warming. Henkel assumes that after 2030, significantly more levers and technologies driving net-zero will be available. For 2030, Henkel is using the levers available in 2024, which are not linked to the scenarios of climate change, and its influence on the availability of technologies, scalability or the price competitiveness.

Metrics relating to material sustainability matters (MDR-M)

Metrics used (MDR-M_75)

The ESRS E1 standard for climate change requires disclosure of certain metrics for climate change mitigation and energy use, especially the measurement of energy consumption in megawatt hours (MWh) and the measurement of GHG emissions in metric tons of CO₂ equivalents. These metrics evaluate the direct and indirect impacts on the climate. The risks that have been determined in connection with these metrics are associated directly with the reduction of GHG emissions. In particular, the reduction of GHG emissions reduces the potential burden of climate-related taxes, fees and regulatory restrictions.



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Each action to tackle the climate impacts via Henkel's net-zero targets is evaluated for its effectiveness based on these metrics, with the focus being on reducing energy consumption and GHG emissions. Additional metrics within the standard are presented primarily as proportions, shares or relationships that are derived from these metrics. In addition, an economic intensity level is reported that compares the total energy consumption and GHG emissions with the company's revenue in euros. These metrics provide insights into the environmental footprint of the Company.

Methodologies and significant assumptions (MDR-M_77a)

The calculation method of metrics used by Henkel are presented in the table "Metrics relating to material sustainability matters of climate change (ESRS E1)." The methodologies used for calculating the emissions are also presented in detail in the table "CO₂e emissions – Explanations." For the energy metrics, an overview can be found in the table "Energy mix." If the metrics presented in this section include estimated data from the upstream and/or downstream value chain, they are presented in the respective table in the section "General basis for preparation" (BP-1) in the chapter "General disclosures" (ESRS 2). Likewise, the sources for estimation and outcome uncertainty for the quantitative metrics disclosed here are presented in the respective table in the section "General basis for preparation" (BP-1) in the chapter "General disclosures" (ESRS 2).

External validation (MDR-M_77b)

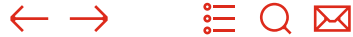
The disclosed metrics have been verified exclusively by our auditor as part of the audit of this Sustainability Report with limited assurance.

Labeling and definition of metrics (MDR-M_77c)

All of the metrics used by Henkel use clear names, and their calculation method and all of the calculations used are presented in the table "Metrics relating to material sustainability matters of climate change (ESRS E1)." The methods used for calculating the emissions are also presented in detail in the table "CO₂e emissions – Explanations."

Information relating to currency as the unit of measure (MDR-M_77d)

Henkel provides all the financial metrics and their deductions such as economic intensity in euros.



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Metrics relating to material sustainability matters of climate change (ESRS E1)

Parameter	Unit	ESRS reference	Methodologies	Assumptions	Validation by third party
Energy consumption	MWH	ESRS E1-5_37	Presented in the table "CO ₂ e emissions – Explanations" column 2	Presented in the table "CO ₂ e emissions – Explanations" column 3	No
		ESRS E1-5_37a			
		ESRS E1-5_37b			
		ESRS E1-5_37c			
		ESRS E1-5_37c i			
		ESRS E1-5_37c ii			
		ESRS E1-5_37c iii			
		ESRS E1-5_38a			
		ESRS E1-5_38b			
		ESRS E1-5_38c			
		ESRS E1-5_38d			
		ESRS E1-5_38e			
		ESRS E1-5_39			
Emissions	CO ₂ e	ESRS E1-3_29b	Presented in the table "CO ₂ e emissions – Explanations" column 2	Presented in the table "CO ₂ e emissions – Explanations" column 3	No
		ESRS E1-4_34a			
		ESRS E1-4_34b			
		ESRS E1-6_44			
		ESRS E1-6_48a			
		ESRS E1-6_49a			
		ESRS E1-6_49b			
		ESRS E1-6_51			
		ESRS E1-6_52a			
		ESRS E1-6_52b			
ESRS E1-6, AR 43c					
Revenue	Euros	ESRS E1-1_16c	See explanations on sales in the Annual Report 2024 (pages 321 and 322)	See explanations on sales in the Annual Report 2024 (pages 321 and 322)	No
		ESRS E1-1_16f			
		ESRS E1-3_29c i			
		ESRS E1-6, AR 55			



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Energy consumption and mix (E1-5)
Breakdown of the total energy consumption in own operations
(E1-5_37, 37a, 37b, 37c, 37c i; 37 c ii, 37c iii, AR 33, AR 34, AR 35)

Henkel enters the energy consumption of its production location using a centralized data entry software. For office and R&D locations the consumption is approximated using reference values. The annual consumption data for the reporting period, including the shares of energy sources, is presented in the table "Energy mix." This includes the total energy consumption from fossil fuels, nuclear energy and renewable sources.

Breakdown of the total energy consumption from fossil sources *(E1-5_38a, 38b, 38c, 38d, AR 33)*

The annual consumption of fossil energy is, as presented in the table "Energy mix," broken down according to the various fossil energy sources. The specified fossil sources are coal and coal products, crude oil and petroleum products, natural gas and other fossil sources, as well as externally procured fossil energy.

Energy consumption and energy mix for high climate impact sectors *(E1-5_AR 34)*
Energy mix

Energy consumption and energy mix	2024	Share in 2024
Fuel consumption from coal and coal products (MWh)	10,078	0.5%
Fuel consumption from crude oil and petroleum products (MWh)	196,205	9.3%
Fuel consumption from natural gas (MWh)	769,423	36.4%
Fuel consumption from other fossil sources (MWh)	152	0.0%
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	139,946	6.6%
Total fossil energy consumption (MWh)	1,115,803	52.8%
Consumption from nuclear sources (MWh)	n.a.	0.0%
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	326,720	15.5%
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	652,802	30.9%
Consumption of self-generated non-fuel renewable energy (MWh)	18,934	0.9%
Total renewable energy consumption (MWh)	998,456	47.2%

In line with its climate targets, Henkel uses a market-based approach based on the GHG Protocol to balance its energy mix.



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Breakdown of energy production from non-renewable and renewable sources (E1-5_39)

Henkel's own energy generation amounted to 935,711 MWh in the reporting year. Thereof, 99,107 MWh was generated from fossil sources and 836,604 MWh from renewable sources. Henkel considers two relevant categories when calculating energy generation: its own generation from photovoltaic systems and industrial energy generation, especially from the power plant at the Düsseldorf-Holthausen site that uses fossil and renewable fuels for energy generation for Henkel and third parties. Smaller fossil sources such as combustion engines or heating systems are not classified as relevant as part of this differentiated representation. The total amount of the primary energies used is contained in the table "Energy mix."

Deriving energy intensity information for activities in high climate impact sectors (E1-5_41)

As a company manufacturing consumer goods (laundry and home care, hair and body care), as well as adhesives, sealants and coatings, Henkel is active in a high climate impact sector, according to the definition of the EU Commission's Delegated Regulation 2022/1288. Accordingly, all activities are considered for the calculation of total energy consumption and the net revenue.

Energy intensity in activities in high climate impact sectors (E1-5_40, AR 36, AR 37)

Energy intensity 2024

Net revenue from activities in high climate impact sectors used to calculate energy intensity	21,585.9 EURm
Energy consumption	2,114,259 MWh
Energy intensity based on net revenue (manufacturing sector)	97.9 MWh/EURm

Information relating to high climate impact sectors (E1-5_42)

Henkel discloses its net revenue and its energy consumption for consumer goods (laundry and home care, hair and body care), adhesives, sealants and coatings in accordance with the EU Commission's Delegated Regulation 2022/1288 definition of a high climate impact sector.

Comparison of net revenue with notes in the financial statements (E1-5_43)

With regard to net revenue, please refer to the corresponding item "Sales" of the consolidated statement of income. Since all Henkel activities are assigned to a high climate impact sector in accordance with the EU Commission's Delegated Regulation 2022/1288 definition, the calculation must contain all of Henkel's sales.



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Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)
Methodologies, significant assumptions and emission factors (E1-6_AR 39b)

For Scope 1, our methodology follows the GHG Protocol Corporate Accounting and Reporting Standard. For energy-related emissions, we use DEFRA emissions factors (Department for Environment, Food and Rural Affairs) to convert activity data (such as fuel consumption) to CO₂-equivalent emissions. For Kyoto Protocol gases, the formula for calculating process emissions from non-energy-related sources is used: "GHG = amount of emissions x global warming potential (GWP)." We also use the formula "GHG = amount of emissions x GWP" for refrigerant emissions.

According to the GHG Protocol Scope 2 Corporate Accounting and Reporting Standard, the Scope 2 emissions are calculated according to a hierarchical approach. The hierarchy orders the emission factors from the most specific (supplier-specific) to the broadest (country averages from the International Energy Agency, IEA). Scope 3 emissions are either quantified using primary data (see the table "CO₂e emissions – Explanations") or are determined using recognized methodologies such as green/environmental accounting (Life Cycle Assessments, LCA) or environmentally extended input-output (EEIO) and internal calculations. The Scope 3 emissions are quantified using the calculation according to the equation in the GHG Protocol Scope 3 Corporate Accounting and Reporting Standard: "GHG = activity data x emission factor x GWP."

The GWP data taken as the basis for Scopes 1, 2 and 3 is aligned with the current IPCC report with a time horizon of 100 years. In a few cases, GWP data from older IPCC progress reports or sources was used. To calculate Scope 3.6 emissions (business trips), the GWP data of the fifth IPCC report is used for air travel, according to the United Nations Framework Convention on Climate Change (UNFCCC). For refrigerants (Scope 1) the following applies: If no GWP is recorded in the IPCC report for a substance, reference is made instead to data of the California Air Resources Board. The methodologies, significant assumptions and emission factors that were used for calculating the GHG emissions and the reasons why they were chosen, including the calculation tools and external databases used for the calculation, are provided in detail in the table "CO₂e emissions – Explanations."



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CO₂e emissions – Explanations

Scope	Methodologies	Significant assumptions	Emission factors	Reason for using emission factors	Calculation tool
1	Emission factors and activity data, converted into CO ₂ equivalent emissions	If no provider-specific values are available, standardized, globally accepted calorific values and densities from fuels on the basis of the DEFRA guidelines are used. The following applies to refrigerants: If no GWP is recorded in the IPCC report for a substance, data of the California Air Resources Board is used.	DEFRA emission factors are used for each type of fuel (e.g. natural gas, diesel, gasoline). These factors are updated annually by DEFRA.	The DEFRA factors are known for their consistent and accepted conversion rate that is tailored to company reporting in the United Kingdom and internationally for its compatibility with the Standards of the GHG Protocol.	Sphera site reporting
2	Hierarchical approach: The hierarchy orders the emission factors from the most specific (supplier-specific) to the broadest (IEA country averages) factors.	Consistency and availability of supplier-specific data. When no data is available, it is assumed that residual mixes, eGrid and IEA factors provide sufficient estimates for Scope 2 emissions.	Supplier-specific emission factors, eGrid, residual factors and IEA.	This hierarchy is in line with the recommendations of the GHG Protocol to prioritize the most accurate emission factors and thus to improve reporting.	Sphera site reporting
3.1 Purchased goods and services – Chemicals	Collection of indirect GHG emissions based on specific activity data (e.g. purchasing volumes of specific goods) and in part on spend-based methods (e.g. financial expenditures for goods).	Supplier-specific information or industry-specific global averages are used. If unavailable, standard values for specific materials or material classes are used. The spend-based approach is based on internally calculated averages.	Use of supplier-specific emission factors and industry-specific global averages for quantity- and spend-based purchasing volumes based on Ecoinvent 3.10 and CarbonMinds 2023 expert assessments.	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	PowerApps and PowerBI
3.1 Purchased goods and services – Packaging	Collection of indirect GHG emissions based on specific activity data (e.g. purchasing volumes of specific goods) and in part on spend-based methods (e.g. financial expenditures for goods).	Industry-specific global averages are used. If unavailable, standard values for specific materials or material classes are used. The spend-based approach is based on internally calculated averages.	Use of supplier-specific emission factors and industry-specific global averages for quantity- and spend-based purchasing volumes based on Ecoinvent 3.10 and CarbonMinds 2023, as well as expert assessments.	This hierarchy is in line with the recommendations of the GHG Protocol to prioritize the most accurate emission factors and thus to improve reporting.	Python

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CO₂e emissions – Explanations

Scope	Methodologies	Significant assumptions	Emission factors	Reason for using emission factors	Calculation tool
3.1 Commissioned production and traded goods	Collection of indirect GHG emissions on the basis of spend-based data (financial expenditure for goods and services)	Classification by experts of material types and spend-based standard values per type of material	Use of global, material-specific average values based on Ecoinvent 3.10 and CarbonMinds 2023, as well as professional assessments	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	PowerApps and Python
3.1 Purchased goods and services – Services	Collection of indirect GHG emissions on the basis of spend-based data (financial expenditure for services)	Classification of service groups by experts; use of an spend-based factor per service group	Use of the most current country- and services-specific average factors determined per service group from Exiobase, without adjusting for inflation	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Python and Excel
3.2 Capital goods	Collection of indirect GHG emissions based on specific activity data with an spend-based method	Classification of capital goods groups by experts; use of spend-based factors per capital goods group	Use of country- and services-specific average factors determined per capital goods group from Exiobase	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Python and Excel
3.3 Activities related to fuel and energy (not included in Scope 1 or Scope 2)	Collection of indirect GHG emissions on the basis of specific activity data with a hybrid method based on fuels and average data	Energy-specific global averages are used. Some standard values are used based on expert evaluations.	Use of global specific average values per type of fuel/energy from Ecoinvent 3.10. Use of country-specific factors from IEA 2024 for electricity grids, including transmission and distribution losses	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Excel
3.4 and 3.9 Transportation and distribution	Collection of indirect GHG emissions using a distance-based method, energy-based bottom-up approach (external calculation by EcoTransIT World ETW)	Calculation is based on fuel, distances, distribution amounts and capacity utilization of trucks. Volume estimation is based on business units and product classes.	Use of global specific average values based on downstream truck load factors and dedicated emission factors per mode of transportation	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	External calculation (ETW) and Excel
3.5 Waste accumulation in operations	Collection of indirect GHG emissions on the basis of specific activity data with a hybrid method based on waste, distance and average data	Use of statistical data for various disposal routes	Use of global specific average values per waste and disposal type from Ecoinvent 3.10	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Excel

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CO₂e emissions – Explanations

Scope	Methodologies	Significant assumptions	Emission factors	Reason for using emission factors	Calculation tool
3.6 Business travel	Collection of indirect GHG emissions based on specific activity data with a distance- and spend-based method (rail transportation)	Emissions from rail travel are calculated using spend-based exploration	Use of global specific average values for rail transportation and fuel combustion for air travel based on ICAO CORSIA and BEIS (DEFRA) 2024	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	External calculation (CHOOOSE) and Excel
3.7 Commuting employees	Collection of indirect GHG emissions based on specific activity data with an average data method	Emissions from commuting based on full-time equivalents	Use of global specific average values per transportation mode based on BEIS (DEFRA) 2024	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Excel
3.11 Use of sold products	Collection of indirect GHG emissions in the usage phase based on financial data, and specific scenarios using an average data method	Expert assessment of scenarios of the use phase, including relevant consumer/disposal figures for each product type/technology class	Use of global specific averages per energy mix for water heating, water consumption, wastewater treatment and electricity consumption, based on Ecoinvent 3.10, BEIS (DEFRA) 2024 and IEA 2024	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Python and Excel
3.12 Handling of products at the end of their lifetime	Collection of indirect GHG emissions based on specific activity data and financial data by average data methods for specific types of waste for solid waste and wastewater	Assumptions for various disposal routes based on waste statistics	Use of global specific average values per waste and disposal type based on Ecoinvent 3.10 and internal calculations using literature data and waste statistics	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Excel
3.15 Investments	Collection of indirect GHG emissions on the basis of revenue data according to financial average data methods	Calculation of indirect GHG emissions on the basis of financial data from associated companies that are not already included in Scope 1 or Scope 2. This takes into account all associated companies and investments included in the group financial statements. The reporting period normally follows the financial reporting for fiscal year N-1	Country-specific averages from Small World Consulting (SWC)	The hierarchy for emission factors is in line with the use of the current, industry-specific data, as well as the recommendations of the GHG Protocol.	Excel



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Breakdown of GHG emissions (E1-6_AR 41)

Henkel's GHG emissions are presented in the table "GHG emissions." The emissions are broken down according to Scope 1, 2 and 3 including all sub-categories. Scope 1 emissions have also been additionally broken down to indicate Henkel's production (including electricity and steam generation, and also process emissions) and energy production for third parties. Scope 3 emissions have been further broken down in principle into the 15 categories, while category 3.1 has been further broken down into the categories of raw materials, packaging and other Scope 3.1 emissions. Categories 3.8, 3.10, 3.13 and 3.14 are not shown in the table because they are insignificant for our business model according to our significance analysis.

Impacts of significant events and changes to circumstances (E1-6_AR 42c)

The reported emissions include all companies of the Henkel Group included in the consolidated financial statements in the reporting period. No material events or changes to the circumstances occurred in the reporting year. The only category for which GHG emissions from the previous year are reported is category 3.15 – investments.

Biogenic CO₂ emissions from incineration or the biodegradation of biomass (E1-6_AR 43c)

Biogenic emissions of Scopes 2 and 3 are not material. We are reporting the biogenic emissions from Scope 1 because we consider this information to be material for the transparency of our direct energy use and have reported this information in previous years. The GHG emissions of Scopes 1, 2 and 3 and the biogenic emissions of Scope 1 are presented in the table "GHG emissions." In doing so, the biogenic emissions only include the direct CO₂ emissions from the incineration or biodegradation of biomass. Other greenhouse gases (especially N₂O or CH₄) remain in Scope 1.

Information relating to gross GHG emissions in metric tons of CO₂ equivalent (E1-6_44)

Henkel's gross GHG emissions are presented in the table "GHG emissions."

Changes to the definitions and impacts of the annual comparability (E1-6_47)

In 2024, there were no material changes to the definitions and impacts of the annual comparability.

Gross Scope 1 GHG emissions (E1-6_48a, AR 43)

The gross Scope 1 GHG emissions in metric tons of CO₂ equivalents amount to 405,621 t CO₂e in the reporting year.



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Percentage of Scope 1 GHG emissions from regulated emission trading systems

(E1-6_48b, AR 44)

The percentage of Scope 1 GHG emissions from regulated emission trading systems amounts to 56 percent.

Gross Scope 2 GHG emissions *(E1-6_49a, 49b; E1-6_52a, 52b, AR 45)*

Henkel discloses its site-based and market-based gross Scope 2 GHG emissions in metric tons of CO₂ equivalent.

Use of site-based and market-based methods for calculating Scope 2 GHG emissions *(E1-6_AR 45d)*

In 2024, Henkel used contractual instruments for market-related calculation of its Scope 2 GHG emissions. The instruments include virtual agreements relating to the acquisition of electricity, eco tariffs and unbundled energy attribute certificates. In 2024, the share of acquired electricity compared to overall acquired electricity was at a) 53 percent for virtual agreements, b) was at 28 percent for eco tariffs and c) at 6 percent for unbundled energy attribute certificates. The remaining 13 percent of our consumption from purchased or received electricity, heat, steam or cooling from renewable sources (MWh) is not assigned an attribute or an attribute relationship cannot be established

Breakdown of Scope 1 and Scope 2 emissions *(E1-6_50)*

The same scope of consolidation applies for the reporting of gross Scope 1 and Scope 2 GHG emissions as applies for the consolidated financial statements. Henkel has neither operational control of the associated companies included in the financial statements nor of the investments in the consolidated financial statements.

Breakdown of gross Scope 3 GHG emissions according to significant Scope 3 categories *(E1-6_51)*

Henkel's GHG emissions are presented in the table "GHG emissions." Scope 3 emissions have been broken down into the significant Scope 3 categories.

Scope 2 emissions, measured using site-based or market-based methods *(E1-6_44)*

Henkel's GHG emissions are presented in the table "GHG emissions." For Scope 2 and the total emissions, market-based and site-based GHG emissions are presented for each Scope 2 and the total for the Company. The instruments used to calculate market-based emissions are listed in the section "Use of site-based and market-based methods for calculating Scope 2 GHG emissions" (E1-6_AR 45d) in this chapter.



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Significant Scope 3 categories (E1-6_AR 46d)

Henkel carried out a combined significance analysis to analyze the significance of the individual Scope 3 categories. The results of the significance analysis show that the Scope 3 categories 3.8, 3.10, 3.13 and 3.14 are classified as not significant for the business model of Henkel.

Scope 3 GHG emissions from activities within the upstream and downstream value chain (E1-6_AR 46g)

The share of primary data is only given for the emissions from Scope 3.1 because that is the only place where primary data relating to suppliers and generators is gathered. The share amounted to 20 percent in the reporting year 2024. The share of primary data is defined as emissions that are calculated using primary data from suppliers or other partners in the value chain.

Calculation methods for significant Scope 3 categories (E1-6_AR 46h)

The scope of consolidation for this Sustainability Report corresponds to the scope of consolidation of the consolidated financial statements. Accordingly, all essential Scope 3 GHG categories contain the corresponding information of all subsidiaries that were fully consolidated in the consolidated financial statements based on the policy of control. Unconsolidated subsidiaries are generally not active and are therefore not considered in the Scope 3 GHG categories. The associated companies and other investments that fall under ESRS 1 AR 46 (h) ii) or iii) are mainly included in the 3.15 scope of application. The significance assessment of the Scope 3 GHG categories is explained in the section "Significant Scope 3 categories" (E1-6_AR 46d) in this chapter. The calculation methods for the significant Scope 3 categories are described in detail in the section "Methods, significant assumptions and emissions factors" (E1-6_AR 39b).

List of the Scope 3 categories included in the inventory (E1-6_AR 46i)

The significance assessment carried out for the Scope 3 categories is the basis for the exclusion of categories 3.8, 3.10, 3.13 and 3.14.

Biogenic CO₂ emissions from incineration or the biodegradation of biomass in the upstream and downstream value chain (E1-6_AR 46j)

Henkel incorporates biogenic emissions from the incineration or the biodegradation of biomass along the entire value chain in its Scope 3 inventory for all types of greenhouse gases with the exception of CO₂ (for example emissions from N₂O or CH₄). Biogenic CO₂ emissions from incineration or the biodegradation of biomass in the upstream and downstream value chain are classified as non-material.



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Intensity of greenhouse gas emissions (E1-6_53)

See the table "GHG intensity 2024" for the market-related GHG emissions intensity, defined as the total GHG emissions for each net revenue figure in euros.

GHG intensity 2024

Net revenue from activities in high climate impact sectors* used to calculate energy intensity (EURm)	21,585.9
Location-based GHG emissions (t CO ₂ e)	38,402,589
Location-based GHG intensity per net revenue	1,779.1
Market-based GHG emissions (t CO ₂ e)	38,137,680
Market-based GHG intensity per net revenue	1,766.8

* The reported net revenue is disclosed under the high climate impact sector of the processing industry.

Comparison of net revenue with notes in the financial statements (E1-5_43)

With regard to net receipts, please refer to the corresponding item "Revenue" of the consolidated income statement in the consolidated financial statements. Since all Henkel activities are assigned in accordance with the EU Commission's Delegated Regulation 2022/1288 definition to a high climate impact sector, the calculation must contain all of Henkel's revenue.



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Gross GHG emissions of the categories Scope 1, 2 and 3 and total GHG emissions

(MDR-T_80d, 80e, 80j, E1-4_34a, 34b, E1-6_AR 41, AR 43c, E1-6_44, E1-6_52a, 52b, E1-6_51, E1-6_53)

GHG emissions

Emissions	Base year 2021	N-1= 2023	N= 2024	Annual % target/previous year	Reduction compared to base year	2025	2030	2045	Annual % target/base year
					(%N/base year)				
Scope 1 GHG emissions									
Gross Scope 1 GHG emissions (t CO₂e) excluding biogenic CO₂ emissions	618,089	n.a.	405,621	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 1 (t CO ₂ e) from steam, heat and electricity, and other used by Henkel	360,792	n.a.	220,463	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 1 (t CO ₂ e) from steam, heat and electricity, supplied to third parties	257,298	n.a.	185,158	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	52.2%	n.a.	56.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 2 GHG emissions (t CO₂e)									
Gross location-based Scope 2 GHG emissions (t CO ₂ e)	330,837	n.a.	320,897	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Gross market-based Scope 2 GHG emissions (t CO ₂ e)	160,242	n.a.	55,988	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 1 and 2 GHG emissions (t CO₂e)									
Scope 1 and 2 GHG emissions SBTi target scope (t CO ₂ e)	778,331	n.a.	461,609	n.a.	40.7%	n.a.	451,432	n.a.	4.7%
Significant Scope 3 GHG emissions									
Total gross indirect (Scope 3) GHG emissions (t CO ₂ e)	n.a. ¹	n.a.	37,676,071	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 3 GHG emissions SBTi target scope (t CO ₂ e)	17,990,115	n.a.	14,512,249	n.a.	19.3%	n.a.	12,593,080	n.a.	3.3%
1 Purchased goods and services	14,289,354	n.a.	11,468,812	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 Purchased raw materials	8,997,901	n.a.	6,984,857	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 Purchased packaging materials	2,383,257	n.a.	1,750,742	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 Other 3.1 emissions	2,908,196	n.a.	2,733,213	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2 Capital goods	207,500	n.a.	259,335	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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GHG emissions

Emissions	Base year			Annual % target/ previous year	Reduction compared to base year (%N/base year)	2025	2030	2045	Annual % target/ base year
	2021	N-1= 2023	N= 2024						
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	315,895	n.a.	235,407	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Upstream transportation and distribution	1,096,389	n.a.	818,920	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Waste generated in operations	72,620	n.a.	39,111	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Business travel	14,044	n.a.	56,818	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Employee commuting	47,221	n.a.	42,003	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Upstream leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9 Downstream transportation and distribution	66,708	n.a.	67,170	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Processing of sold products	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Use of sold products	n.a.	n.a.	23,163,822	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 End-of-life treatment of sold products	1,864,474	n.a.	1,436,546	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Downstream leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Franchises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
15 Investments ²	15,909	n.a.	88,127	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total GHG emissions									
Total GHG emissions (location-based) (t CO ₂ e)	n.a. ¹	n.a.	38,402,589	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total GHG emissions (market-based) (t CO ₂ e)	n.a. ¹	n.a.	38,137,680	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total GHG emissions (SBTi target scope) (t CO ₂ e)	18,768,446	n.a.	14,973,858	n.a.	20.2%	n.a.	n.a.	1,876,845	3.8%
Biogenic emissions									
Biogenic CO ₂ emissions from stationary or mobile combustion (Scope 1) (t CO ₂)	n.a.	n.a.	73,556	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

¹ Data is not meaningful as the base year representation refers only to the scope of our SBTi targets and does not include the category (3.11) for emissions from the indirect use phase. Details of our SBTi targets can be found in the section "Targets related to climate change mitigation and adaptation" (E1-4).

² The investments taken into account for calculating the emissions for the year 2024 relate to the previous year. In the base year 2021, the investments from the same year were used.



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Henkel's previous intensity climate targets

Emissions per production amount	2017 base year intensity	2024 intensity	Progress compared to the base year in %
Scope 1 and 2 GHG emissions (t CO ₂ /t production volume) ¹	84.3	30.4	-63.9
Scope 3.1 GHG emissions (t CO ₂ e/t production volume) ²	1.5	1.3	-15.3

¹ The emissions metrics used to calculate the metric are net values that were determined by giving consideration to the following assumptions. Emissions from the generation of energy to be sold to third parties, from vehicle fleets, from refrigerant and process emissions, and from non-production locations are not included in these numbers. Emissions are calculated using the market-based method in accordance with the GHG Protocol. The reporting on the intensity targets with base year 2017 considers all Scope-1- and Scope-2-related business activities from 2019, excluding business activities in Russia. This excludes emission sources that were reported in separate lines (vehicle fleets that are reported under business travel, biogenic emissions that are reported in addition to the Scopes) and various emission factors (CO₂, current targets for Scope 1 and 2 use CO₂e).

² Reporting on the 2017 base year intensity target takes into account all Scope-3.1-relevant business activities in 2021, excluding those in Russia, and was extrapolated based on the activities in 2021. This only includes sources of emissions from raw materials and packaging materials purchased in this specific year. This corresponds to the definition of the Sustainable Finance Framework (October 2021).

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)**GHG removal and storage** (E1-7_56a, AR 56, AR 57, AR 58, AR 60)

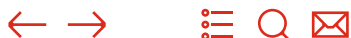
GHG removal and storage is either possible via nature-based solutions or through technical solutions. According to Henkel's current net-zero strategy and transition plan, the removal and storage of greenhouse gases are not part of Henkel's emissions reduction in the reporting year and are excluded from the target calculation under the application of the SBTi Net-Zero Standard, on which our targets are based.

Scope, methodologies and frameworks applied, and how the residual greenhouse gas emissions are intended to be neutralized (E1-7_60)

Henkel has set a net-zero target for itself in conjunction with the SBTi Net-Zero Standard. Hence, actions to neutralize remaining emissions can be considered with an emission reduction of 90 percent in the Scopes 1, 2 and 3. Acceptable measures are high-quality CO₂ compensation for the long-lasting removal and storage of CO₂, as described in the SBTi Net-Zero Standard.

Achieving greenhouse gas neutrality using carbon credits (E1-7_61a, 61b, 61c)

Henkel has not yet made any public claims regarding the Company's GHG neutrality.



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CO₂ certificates that have been deleted or are expected to be deleted in the future (E1-7_AR 64)

Henkel has not publicly claimed GHG- neutrality related to the use of CO₂ certificates.

Internal carbon pricing (E1-8)

Type of internal carbon pricing scheme (E1-8_63a, AR 66)

Internal carbon prices can be an effective instrument to link investments to sustainable solutions. Henkel uses shadow carbon prices for relevant business decisions in order to anticipate and mitigate risks from an increasing carbon price and to create incentives for emissions reductions. This strategy goes hand in hand with Henkel's net-zero targets. The company does not use any internal carbon fees.

Specific scope of application of the carbon pricing schemes (E1-8_63b, AR 66)

Shadow pricing is used in particular for strategic questions when setting targets, for the further development of raw materials and product portfolios, as well as for the supply of energy.

Carbon prices applied and critical assumptions for price determination (E1-8_63c, AR 66)

A global average CO₂ price was calculated for the shadow price model based on the weighted average of the national and regional CO₂ price, in which the latest data from the World Bank was used. To calculate the weighting factors, Henkel's GHG emissions in the respective countries were used. The global average calculated for the reporting year 2024 amounted to USD 19.1 per CO₂ metric ton. The extrapolation of the CO₂ price was based on the World Energy Outlook of the IEA and its "Net Zero Emissions by 2050" scenario.

Amount of gross GHG emissions covered by pricing systems and their share of overall GHG emissions

(E1-8_63d, AR 66)

The potential relevant volume for investment and R&D projects cover Henkel's Scope 1 and Scope 2 GHG emissions (461,609 metric tons) and Scope 3.1 (11,468,812 metric tons), 3.11 (23,163,822 metric tons) and 3.12 (1,436,546 metric tons) GHG emissions. However, the actual share of emissions covered depends on the specific challenges to be considered and the relevance of the carbon price in this context.

Consistency of the carbon prices used in internal carbon pricing schemes with those used in financial statements (E1-8_AR 65)

The applied CO₂ pricing system corresponds to those used in the financial statements. The planning process of the Company considers the potential impacts of climate change. Accordingly, the budgeted purchase prices reflect the transition risks of increasing CO₂ fees, for example. The CO₂ shadow price model is also used for checking depreciations.



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Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

Our business and industry customers, as well as consumers and end-users, rightfully expect that our products are safe when they are used as intended. That is why we undertake to comply with all statutory requirements. This includes consistently following locally imposed prohibitions or restrictions about the use of substances that are classified by regulators as “Substances of Very High Concern” (SVHCs) because of possible negative impacts on people and the environment. In addition, we follow our Safety, Health and Environmental Protection (SHE) standards and ensure that Henkel’s products can be used without having negative impacts on human health or the environment. This also applies to products that contain SVHCs. We also implement policies and actions to minimize the use of SVHCs, and have set ourselves the goal of replacing SVHCs with alternative solutions. To achieve this, Henkel works with all of the relevant stakeholders along the value chain.

A small share of Henkel’s net revenue is generated by products that contain SVHCs, mostly in low concentrations of below 1 percent. This includes substances that are used in low amounts because of their technical characteristics, such as UV stabilizers and antioxidants. It also includes substances that are contained in our raw materials as by-products or contaminants. Potential statutory restrictions on the use of these substances in the future could negatively influence the sale of products containing SVHCs and cause increased costs for adjustment actions. Consequently, potential restrictions in the future for Henkel are associated with financial risks in its downstream value chain.

Impact, risk and opportunity management

Policies related to pollution (E2-1)

Key content of the policy (E2-1_14, MDR-P_65a; E2-1_15b; E2-1_AR 12)

In connection with the topic of environmental pollution, it is our commitment to comply with external requirements worldwide. Henkel therefore complies with local regulations for substances of very high concern (SVHC) worldwide. In addition to the SVHC definition of the European Sustainability Reporting Standards (ESRS), we also take local definitions into account. By complying with our internal standards, we ensure that Henkel products can be used without having a negative impact on human health or the environment. This also applies to products that contain substances of very high concern.



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In addition, we strive to increase safety during the manufacturing and use phase as well as for end-users. As part of product development, both divisions implement global portfolio management initiatives. This involves proactively developing solutions to replace products containing SVHCs without compromising the quality and efficiency of the product solution for customers. We are doing this because reducing emissions from the process is less expensive and less demanding from a technical point of view when using products without SVHCs. These advantages can also be a benefit to our customers.

Within these initiatives, programs are developed for reformulating or replacing products that are flagged as containing SVHC. Due to the different characteristics of the portfolios of Henkel's two business units, their respective policies have different priorities. The raw material strategy of Consumer Brands takes into account that many of the products pass into wastewater after use – such as detergents and cleaning agents, as well as hair and personal care products. For that reason, the Consumer Brands raw material strategy has a focus on (bio)degradable ingredients. The strategy pursued by Adhesive Technologies for the responsible use of chemicals ("Responsible Chemistry") is embedded in the sustainable portfolio assessment process of this business unit. In line with this strategy, Adhesive Technologies proactively replaces products containing SVHC with SVHC-free alternatives. This has advantages for our customers.

Henkel's policy for minimizing the use of SVHC consists of four elements:

- Henkel complies with local laws and regulations that prohibit these substances or restrict their use and concentration in a product.
- In cases where it is not yet possible to eliminate SVHC, Henkel ensures that products containing SVHC can be used safely by providing instructions on the proper use of these products.
- Henkel anticipates future regulations and works with stakeholders to identify the need for alternative solutions for products containing SVHC.
- In cases where alternatives without SVHCs are available, Henkel actively engages with stakeholders along the value chain to encourage them to switch to these alternatives.



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The policy is in line with the “zero pollution hierarchy” of the EU action plan to prevent pollution of air, water and soil. The first two concept elements mentioned, ‘regulatory compliance’ and ‘product safety,’ address the hierarchy level ‘Minimize and Control.’ The concept elements listed in third and fourth place deal with alternatives in the sense of ‘proactive transformation of products & solutions.’ They are assigned to the ‘Prevent’ hierarchy level. All concept elements introduce measures to minimize the most harmful chemicals in consumer products and in products for professional users.

With this, we address the material risks related to SVHC in our downstream value chain. Portfolio management monitors the progress of specific initiatives to reduce products containing SVHCs in the two business units and reports to the Consumer Brands and Adhesive Technologies Executive Committees. The Sustainability Council regularly reviews the effectiveness of our policies and progress toward our objectives, as well as the material impacts, risks and opportunities and their changes.

Scope *(E2-1_14, MDR-P_65b)*

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded. Therefore, this policy includes Henkel’s entire product portfolio.

Accountability for the implementation *(E2-1_14, MDR-P_65c)*

The Henkel Management Board bears overall responsibility for our sustainability concepts and policies. Guided by a corporate expert, strategic topic leaders for pollution in the business units are responsible for the development of concepts and policies addressing SVHC. They are responsible for their governance and lead the implementation of relevant measures based on company-wide standards and programs. The two business units are responsible for implementing the remaining concept elements. This includes providing the necessary resources. In Adhesive Technologies the leaders of the strategic business units have the responsibility for implementing these policy elements. In Consumer Brands, the members of the executive committee take this responsibility. The effectiveness of our policies and progress toward our objectives as well as the material impacts, risks and opportunities and their changes are regularly reviewed by the Sustainability Council.



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Commitment to third-party standards or initiatives (E2-1_14, MDR-P_65d)

We ensure that Henkel makes its contribution to achieving the goals of the 'Global Framework on Chemicals' of the United Nations Environment Program. In doing so, we follow the legal requirements and are committed to avoiding SVHCs.

Consideration of stakeholders (E2-1_14, MDR-P_65e)

We maintain dialog and consider the interests of all our stakeholders. The transformation of products is shaped by intensive dialog with customers. This enables our teams to learn more about the needs of our customers with the aim of minimizing potential exposure to SVHCs.

Accessibility and communication (E2-1_14, MDR-P_65f)

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com), within the **Downloads & Publications** section. The same applies to our SHE standards with further details on product safety. In addition, Henkel has fully formalized its methodology for sustainable portfolio assessment. Those stakeholders in the Product Development, Product Safety and Sustainability Management departments who participate in the product development process are trained in the "Responsible Chemistry" method. The training sessions prepare them to apply this method to reduce the share of products containing SVHCs in the portfolios of both Henkel business units. The relevant stakeholders thus have the methods and data at their disposal to assess the extent of the presence of SVHCs in products.

Avoidance of incidents and controlling and limitation of impact (E2-1_15c)

We aim at ensuring sufficient control of incidents and emergency situations along our value chain. Our policies and product safety data sheets address our suppliers, the staff in Henkel's operations and our customers in this regard, respectively. In addition, the Product Crisis and Recall Management Process is in place. These elements act in combination to control and limit the impact of incidents and emergency situations on the environment and/or civil society.



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Actions and resources related to pollution (E2-2)
Key current and planned actions (E2-2_18, AR 13, MDR-A_68a)

We implement our policy through active portfolio management in both Henkel business units. To manage and reduce the risk emanating from Henkel products that contain SVHC, the two following actions have been defined as the most important. As part of the “Responsible Chemistry” approach of Adhesive Technologies, existing exit decisions are tracked, and ongoing activities are compiled into a detailed project plan for how our business units and technologies can replace SVHC-containing products with alternatives that do not contain substances of very high concern. With the initiative “Reducing and replacing SVHCs in Henkel Consumer Brands’ products,” this business unit is targeting an already defined list of SVHC.

These key actions contribute to the targets of the policy by reducing the volume of SVHC in Henkel products. The actions also serve to enhance safety during the production and use phases, as well as for end-users.

Scope (E2-2_18, MDR-A_68b)

The two key actions mentioned above are being implemented globally.

Time horizons (E2-2_18, MDR-A_68c)

The initiative “Reduction and substitution of SVHC in products by Henkel Consumer Brands” is intended to be completed by 2029, making it a medium-term target. The initiative “Responsible Chemistry in Henkel Adhesive Technologies” is designed with a long-term perspective.

Taking remedial actions (E2-2_18, MDR-A_68d)

Henkel takes numerous actions to reduce or prevent negative impacts related to environmental pollution. These include technical and organizational instruments, including process specifications, implementation of codes, standards and guidelines, as well as accompanying training. As a result, Henkel has not identified any material impacts related to environmental pollution and is therefore not taking any mitigating action.



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Progress on actions or action plans (E2-2_18, MDR-A_68e)

This data point is obsolete because of the initial use of the European Sustainability Reporting Standards (ESRS).

Financial resources for action plans (E2-2_18, MDR-A_69a, 69b, 69c)

Henkel has not established an action plan in line with the ESRS relating to pollution and therefore is not reporting on allocated financial resources.

Metrics and targets

Targets related to pollution (E2-3)

Reporting in the absence of targets (E2-3_22, MDR-T_81a, 81b)

Currently, Henkel has not defined any target for the sub-topic of “Substances of very high concern.” The sub-topic of ESRS E2 is managed by policies and actions and not by an aggregate target. Our monitoring processes track the effectiveness of our policies and the progress of our actions in relation to the main sustainability impacts, risks and opportunities. For further information, please refer to the sections “Key content of the policy” (E2-1_14, MDR-P_65a) and “Key current and planned actions” (E2-2_18, MDR-A_68) in this chapter.



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Water and marine resources (ESRS E3)

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

Water plays a crucial role along our value chain. We use water as a part of our production processes and as an ingredient in our products. Many of our products also require water during their use phase. Water consumption and water withdrawal throughout the value chain represent material environmental impacts for Henkel. Negative impacts on nature related to water are linked to Henkel's business model as a consumer goods company (laundry and home care, hair and body care), as well as to its adhesives, sealants and coatings. In regions already affected by water scarcity, water resources may come under additional pressure. A lack of water availability and quality can harm human health and damage ecosystems. For Henkel as a company, there is a potential risk that water scarcity may jeopardize ongoing operations in water-stressed regions, which may lead to temporary business interruptions and revenue losses.

We recognize the critical role water plays in our operations, supply chains and communities. As part of our strategic direction, we are also addressing water-related issues and are aiming for sustainable use of water resources along our value chain. To this end, we have set the target of reducing water withdrawals by 35 percent per metric ton of product by 2025, using 2010 as the base year. This strategic target requires adjustments to Henkel's business model, both in our operations and across the downstream value chain.



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Policies related to water and marine resources (E3-1)

Key content of the policy (E3-1_11, MDR-P_65a, E3-1_12a, E3-1_12a i, E3-1_12a ii, E3-1_12b, 12c, E3-1_13)

Water is a finite resource and is essential for society, economy, and nature. Research on the planetary boundaries indicates that human-induced modification of the earth systems has led to the transgression of the freshwater change boundary. Marine resources are essential to natural ecosystems and the human food chain. As a globally operating company, Henkel acknowledges its responsibility for actions on water scarcity and the protection of aquatic ecosystems and marine resources. In this context, Henkel aims for holistic water stewardship that enables responsible water management across the value chain based on collective action.

This includes reduction of water consumption, circular water use and engagement in water-replenishment projects.

We promote sustainable water management in our operational processes, primarily by reducing water withdrawal and consumption. We apply efficiency measures and the reuse of wastewater wherever possible. We apply wastewater treatment to avoid water pollution resulting from our operational activities as well as to enable water recycling. Pretreatments are applied when required to remove any pollutants prior to treatment in the conventional wastewater treatment.

When sourcing water, sustainable and environmentally compatible methods are prioritized. This includes sourcing water from renewable and responsibly managed supplies, avoiding over-extraction from vulnerable ecosystems, and preferring sources that have a minimal impact on local communities and wildlife. We strive to reduce water consumption in areas at water risk in our own operations and across our value chain. Innovations in product design are key to sustainable water management, as they optimize water requirements in production and reduce the water consumption of our products during the use phase. Innovations in product design are also used to prevent water pollution in the downstream value chain. In doing so, we aim to replace substances that have a negative impact on people or nature without compromising the quality and efficiency of the solutions. To promote the responsible use of water in the upstream value chain, we strive to encourage our suppliers to improve their practices in the areas of water conservation, quality monitoring, wastewater treatment and recycling.



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By implementing this policy, we are responding to new global challenges relating to water as a resource and to the material impacts and risks in our upstream and downstream value chain as well as in our own operations. The Sustainability Council regularly reviews the effectiveness of our policies and progress toward our objectives, as well as the material impacts, risks and opportunities and their changes.

Scope (E3-1_11, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded.

Accountability for the implementation (E3-1_11, MDR-P_65c)

The Henkel Management Board bears overall responsibility for our sustainability concepts and policies. The Sustainability Council aligns on common positions, prior to approval by the Management Board. These include new strategic priorities, targets as well as risks and opportunities with respect to water and marine resources. The Sustainability Council approves water-and-marine-resources-specific policies and sets up topic-specific project groups to steer the implementation of action plans, the compliance with common standards, the exchange of best practices, and the monitoring of the results. It also handles cross-departmental projects and continuously reviews the extent to which water protection targets are met. The business units (Adhesive Technologies and Consumer Brands) and relevant corporate functions are responsible for the implementation of sustainability policies, the planning of relevant actions as well as for the provision of necessary resources. They are advised by their respective sustainability teams.

Commitment to third-party standards or initiatives (E3-1_11, MDR-P_65d)

Henkel supports the efforts toward a European Blue Deal that is complementary to the EU Green Deal and the Sustainable Development Goals (SDGs). Henkel respects the planetary boundary related to freshwater change. Freshwater change is identified as a strategic priority for the whole Company in the area of sustainability. Since 2021, Henkel has been an endorsing member of the CEO Water Mandate, an initiative of the UN Global Compact. Accordingly, Henkel commits to adopting and implementing a comprehensive approach to water management.



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Consideration of stakeholders (E3-1_11, MDR-P_65e)

We maintain dialog and consider the interests of all our stakeholders. Key internal and external stakeholders include retail and industrial customers, end consumers, employees, shareholders, suppliers and producer-responsibility organizations.

Accessibility and communication (E3-1_11, MDR-P_65f)

This policy is made available to all employees and external stakeholders through our Code of Sustainability, on our website (henkel.com) in the **Downloads & Publications** section. Our concepts on water are also further elaborated in our Nature Policy, which is available on our website and provides interested stakeholders with additional insights into this specific topic.

Actions and resources related to water and marine resources (E3-2)
Key current and planned actions (E3-2_17, MDR-A_68a, AR 22)

To advance Henkel's commitment to sustainable and circular water usage, three primary actions are being implemented in relation to freshwater use and marine ecosystems. These are:

- Actions to increase water efficiency
- Actions for circular water usage
- Consumer engagement

The actions for water efficiency and circular water usage aim to reduce the identified material impacts of our operations on water consumption and withdrawal. Both actions align with the goals of Henkel's Code of Sustainability, which include reducing water withdrawals and freshwater consumption in Henkel's operations. Henkel is committed to reducing water withdrawals (surface water, groundwater and third-party water) by 35 percent by 2025, using 2010 as the base year. Water efficiency actions help to prevent water loss and reduce the total amount of water used in operations. This can be achieved, for example, by optimizing the changeover sequence to minimize cleaning water, implementing efficient cleaning systems, and introducing closed-loop cooling systems to reduce the amount of water required for cooling. Circular water usage actions facilitate the treatment and reuse of water within the operational boundary. (Waste-)water is used more than once (treated or untreated) in the same or in another process in Henkel's own operations. Examples include reusing and recycling cleaning water in production processes or the recycling of water in sanitation processes. Actions for circular water usage also include collecting rainwater from the roofs of production facilities for use in operational processes to reduce water withdrawal.



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Consumer engagement actions align with the objectives of Henkel's Code of Sustainability by informing users of Henkel products about sustainable water use and resource conservation. One example is our "It Starts with Us" program, which provides consumers with practical tips for the sustainable and water-saving use of our products. Consumer engagement actions address the reduction of material impacts on water consumption and withdrawal in the downstream value chain.

Actions to address material impacts in the upstream value chain are being considered.

Scope (E3-2_17, MDR-A_68b)

The actions to increase water efficiency and promote circular water usage apply globally to all Henkel production sites and throughout our own operations. Stakeholders impacted by these actions include local communities in the vicinity of production facilities. Our consumer engagement initiatives related to water are carried out globally as part of the comprehensive "It Starts with Us" sustainability program. Stakeholders impacted by these initiatives include consumers and end-users.

Time horizons (E3-2_1, MDR-A_68c)

All actions were implemented during the reporting year and will continue in the short-term, medium-term and long-term future.

Taking remedial actions (E3-2_17, MDR-A_68d)

The impacts that Henkel recognizes as material come into being in a complex way. Since the extent of Henkel's contribution to such impacts cannot usually be determined with certainty, the actions taken should not be understood as remedial actions for those who have actually been harmed by material impacts. Rather, the actions taken by Henkel represent a contribution to mitigating or avoiding impacts. Such actions, including preventive measures, encompass, for example, technical and managerial instruments, including process instructions, implementation of codes, standards and guidelines, as well as accompanying training.



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Progress on actions or action plans (E3-2_17, MDR-A_68e)

This data point is obsolete because of the initial use of the European Sustainability Reporting Standards (ESRS).

Financial resources for action plans (E3-2_17, MDR-A_69a, AR 23, MDR-A_69b, 69c)

Henkel has not established an action plan in line with the ESRS related to water and marine resources and therefore is not reporting on allocated financial resources.

Actions related to areas at water risk and areas of high-water stress (E3-2_19)

There are several Henkel production locations in areas of high water risk and water stress. Actions to increase water efficiency and circular water use are being implemented at these locations as well. These actions are making a contribution to reducing water scarcity in these areas. Henkel's consumer engagement efforts also extend to areas with high water risk and stress, as these actions are implemented in affected regions.

Metrics and targets
Targets related to water and marine resources (E3-3)
Relation between targets and policy objectives (E3-3_22, MDR-T_80a, AR 24, AR 25, AR 26)

To align with our ambition for sustainable water usage, Henkel has set a target to reduce water withdrawal within its own operations. Henkel's specific target is as follows:

- E3-T1: By 2025, reduce water withdrawal by 35 percent in m³ per metric ton of product compared to 2010.

This target supports the objective outlined in Henkel's Code of Sustainability to promote sustainable water management by reducing water withdrawal in operational production processes.

Target level (E3-3_22, MDR-T_80b, AR 24, AR 25, AR 26)

The target is to be understood as a relative one, aiming for a 35-percent reduction in water withdrawal per metric ton of product. The target specifically refers to water withdrawal measured in cubic meters per metric ton of product produced in 2010.

Scope (E3-3_22, MDR-T_80c, AR 24, AR 25, AR 26)

The target applies to worldwide water withdrawal by Henkel's production. Water withdrawals covered by the target include water sourced from surface water, groundwater and third-party sources.



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Baseline value and base year (E3-3_22, MDR-T_80d, AR 24, AR 25, AR 26)

Progress toward the target is measured against a baseline value of 1.23 m³ of water withdrawal per metric ton of product (8,514,105 m³/6,894,844 tons of product). The base year is 2010.

Period (E3-3_22, MDR-T_80e, AR 24, AR 25, AR 26)

The period for achieving the target spans from the base year 2010 to the target year 2025. No milestones or interim targets have been defined.

Methodologies and significant assumptions (E3-3_22, MDR-T_80f, AR 24, AR 2, AR 26)

The target is based on scientific insights into planetary boundaries and on the United Nations Environment Program (UNEP) finding that water demand is projected to exceed supply by up to 40 percent by 2030. In addition, it refers to the social relevance of water and sanitation for the world's population in a broader context. No additional significant assumptions were made when defining the target.

Scientific evidence (E3-3_22, MDR-T_80g, AR 24, AR 25, AR 26)

The target is rooted in the policy of planetary boundaries, particularly those related to freshwater systems. This planetary boundary highlights the deviation of surface water conditions from their pre-industrial state. This planetary boundary was already exceeded in 2023, which leads to the conclusion that a target must be set for water withdrawal reduction.

Involvement of stakeholders (E3-3_22, MDR-T_80h, AR 24, AR 25, AR 26)

Internally, stakeholders involved in the target-setting process included employees from Henkel's operations, sustainability managers from the business units, site managers and the global Sustainability team. An internal steering committee is regularly informed about the process. Targets were developed in 2021 with consideration given to the perspectives of external stakeholders. Steps such as a stakeholder survey helped to ensure this.

Changes to targets and metrics (E3-3_22, MDR-T_80i, AR 24, AR 25, AR 26)

To ensure consistency and comparability, no methodological changes have been made to the calculations or data collection processes since this target was established.

Performance against targets (E3-3_22, MDR-T_80j, AR 24, AR 25, AR 26)

The annual water withdrawal (surface water, groundwater and third-party water) is divided by the total annual production volume to measure progress against the target. The water withdrawal metric applies to production sites owned, rented or managed by Henkel. Facilities operated by suppliers are not included. Each site reports the metric monthly through a centralized reporting tool.



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By 2024, water withdrawal per metric ton of product had decreased by 23 percent compared to the 2010 baseline. This makes it appear no longer possible to achieve the target in 2025 according to the plan.

Relation to management of material impacts, risks and opportunities (E3-3_23a, 23-b)

The target focuses on managing the material impacts identified in relation to water withdrawal within Henkel's own operations. Targets to address material impacts on the upstream and downstream value chain are being considered.

Relation to reduction of water consumption (E3-3_23c)

The described target for water withdrawal applies to all Henkel production sites worldwide, including those located in areas affected by water risks or high water stress.

Mandatory or voluntary target (E3-3_25)

The target is voluntary and is not required by legislation.

Water consumption (E3-4)
Metrics used (MDR-M_75)

Henkel aims to minimize water consumption within its own operations, particularly in areas at water risk or water stress. This aligns with the identified material negative impacts of water withdrawal and consumption within Henkel's operations. The associated metrics include:

- Total water withdrawal in m³
- Total water consumption in m³
- Total water consumption in m³ in areas affected by water risks, including areas of high water-stress
- Total water consumption intensity in Henkel's own operations in m³ per million euros of net revenue
- Water withdrawal intensity from surface water, groundwater and third-party sources in m³ per metric ton of product



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Henkel is also committed to promoting circular water use, especially at sites identified as critical for water-related aspects. The associated metrics include:

- Total water recycled and reused in m³
- Total water stored and changes in storage in m³

Methodologies and significant assumptions (MDR-M_77a)

The analysis of the metrics for total water withdrawal and total water consumption applies to Henkel-operated production sites, offices, research, training and logistics facilities that are owned, rented or managed by the Company. For the withdrawal intensity metric from surface water, groundwater and third-party sources in m³ per metric ton of product only Henkel-operated production sites are considered. Supplier facilities are excluded from all metrics.

Each site reports water withdrawal metrics monthly through a centralized reporting tool. For the total water withdrawal metric, the following sources are included: Surface water, groundwater, seawater, produced water, third-party water and rainwater. For the water intensity metric concerning total water withdrawal, only surface water, groundwater and third-party water are considered. Total water consumption is defined as the difference between total water withdrawal and total water discharge. This metric represents the total volume of water withdrawn by Henkel that is not returned to the environment or third parties. Water consumption also includes water contained in our product formulations. Total water discharge includes releases to surface water, groundwater, seawater and water to third parties.

Areas of water stress are regions where the proportion of total water withdrawn from surface water and groundwater is classified as high (40–80 percent) or extremely high (over 80 percent) in relation to the available renewable water.

The World Wildlife Fund (WWF) Water Risk Filter with the respective “Baseline Water Stress” indicator was used to identify locations in water-stressed areas. The underlying data on water stress is derived from the PCR-GLOBWB 2 data model. This model has been evaluated with geographic granularity according to Hydro-BASINS levels 6 and 7. The data that the data model is based on covers the period from 1960 to 2014, and has been extrapolated within the model to 2021.



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For areas at water risk, various physical aspects are considered, including water availability, quality, quantity, accessibility and regulatory or reputational risks. The indicators “basin physical risk,” “basin reputational risk” and “basin regulatory risk” were used to identify areas with high or very high water risks.

The total amount of recycled and reused water is defined as the combined volume of water and wastewater that has been reused multiple times within Henkel’s operational boundary before being discharged, lost, incorporated into a product formulation, transferred to third parties or otherwise permanently leaving the Company. This may be in the same process (recycled) or in a different process within the same facility or another of the undertaking’s facilities (reuse). Treatment of wastewater at internal or third-party treatment facilities before recycling and reuse at the undertaking’s facility is allowed, if it can be proven that the treated volumes originate from and are reused/recycled at an undertaking’s facility. The amount considers the number of recycles or reuses (volume of water recycled/reused multiplied by the number of cycles) and thus reflects the total amount of water from other sources that was saved by reuse and recycling, thereby reducing the Company’s water demand. Water used in closed-loop systems is excluded from this calculation, as such systems are considered single processes rather than multiple processes or process steps the used water undergoes before discharge. Each site reports these data annually using a centralized reporting tool.

Total water stored is defined as the water reserved for exceptional circumstances at Henkel sites, such as fire water or reserve tanks that are not used in regular production processes. To ensure only tanks of significant size and relevance to exceptional situations are captured, only tanks with a capacity greater than 100 m³ are included in this metric. Each site reports these data annually using a centralized reporting tool.

In connection with water consumption, water intensity is defined as the ratio of total water consumption within Henkel operations in m³ per million euros to net revenue. In connection with water withdrawal, water intensity per metric ton of product is defined as the ratio of total water withdrawal from surface water, groundwater and third-party sources for Henkel’s production in m³ to the annual total production volume (in metric tons).



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External validation (MDR-M_77b)

The disclosed metrics have been verified exclusively by our auditor as part of the audit of this Sustainability Report with limited assurance.

Total water consumption (E3-4_28a)

Henkel's total water consumption amounts to 3,858,063 m³ (see table "Metrics Water").

Total water consumption in areas of water risk and areas of high water stress (E3-4_28b, AR 28)

The table "Metrics Water" provides details on water consumption in areas affected by water risks or water stress.

Total of recycled and reused water (E3-4_28c)

In 2024, the volume of recycled and reused water amounted to 778,210 m³ (see table "Metrics Water").

Total of water stored and changes in storage (E3-4_28d)

In 2024, the total volume of water stored was 131,779 m³ (see table "Metrics Water"). Changes in water storage were not tracked, as this indicator was reported for the first time in 2024.

Contextual information on water consumption (E3-4_28e)

For detailed information on data compilation, methods, assumptions and standards used, please refer to the section "Methodologies and significant assumptions" (E3_4, MDR-M_77a) in this chapter.

The Company's operational sites are located in 111 different river basins, as identified through the WWF Water Risk Filter analysis. The distribution of water consumption across regions with high water risk, high water stress or both is shown in the table "Metrics Water." The physical water risk considers factors such as water scarcity, flood risk, water quality and ecosystem services. The total water consumption values in m³ and water consumption in m³ in areas with water risks, including high water stress, are calculated based on measured, estimated and calculated data for water withdrawal and discharge.



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The water consumption intensity is calculated using the total water consumption in Henkel's operations in m³ and net revenue. The total recycled and reused water in m³ and the total water stored in m³ are metrics reported for each Henkel-operated site.

Water intensity (E3-4_29, ESRS 1_11)

In 2024, Henkel's water consumption intensity was 179 m³ per million euros of net revenue (see table "Metrics Water"). The water withdrawal intensity (surface water, groundwater and third-party water) in Henkel's production was 0.96 m³ per metric ton of product (see table "Metrics Water").

Water withdrawals and discharges (E3-4_AR 32)

In 2024, Henkel's total water withdrawal from surface water, groundwater, seawater, produced water, third-party water and rainwater amounted to 6,727,625 m³ (see table "Metrics Water").

Metrics Water

Metric	Unit	2024
Total water consumption	m ³	3,858,063
Total water withdrawal	m ³	6,727,625
Total water withdrawal intensity ¹ per ton of product	m ³ /t	0.96
Total water consumption intensity per million EUR net revenue	m ³ /EURm	179
Total water recycled and reused	m ³	778,210
Total water stored	m ³	131,779
Water consumption in areas of water stress	m ³	1,762,678
Water consumption in areas at water risk, including areas of water stress	m ³	1,810,369
Water consumption in areas at water risk	m ³	856,073
Water consumption in areas at water risk, thereof in areas of water stress	m ³	808,381
Water consumption in areas of water stress, but no increased overall water risk	m ³	954,297

¹ Water withdrawal from surface water, groundwater and water from third parties for own production.



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Biodiversity and ecosystems (ESRS E4)

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

The preservation of biodiversity and the protection of intact ecosystems are the main basis for providing resources that are important for life and for the ability to adapt to environmental changes. As part of its materiality analysis, Henkel has identified material impacts on biodiversity and ecosystems. These are categorized into direct drivers of biodiversity loss (climate change, land use change, freshwater-use changes, direct exploitation of resources) and impacts on the scale and condition of ecosystems (land degradation). These material impacts are closely linked to Henkel's business model as a consumer goods company (laundry and home care, hair and body care), as well as to its adhesives, sealants and coatings segments. This includes activities across all phases of the value chain that contribute to greenhouse gas (GHG) emissions and water consumption. In the upstream value chain, activities may lead to land degradation and land use changes, particularly through the use of land-intensive (biological) raw materials that may contribute to deforestation when they are cultivated.

Henkel acknowledges these impacts and is committed to protecting and restoring biodiversity as part of its strategic orientation, with a particular focus on forests, land and water. In addition to applying these principles to the activities at our own sites, we also promote the responsible management of raw materials and the use of ingredients based on renewable raw materials. The focus is particularly on the responsible sourcing of palm (kernel) oil and timber products, which have been identified as critical raw materials in relation to deforestation.

Activities and locations in biodiversity-sensitive areas (SBM-3_16a, 16a i, 16a ii, 16a iii)

Henkel has identified sites within its own operations that may materially impact nearby areas with biodiversity-sensitive areas (sites with relevance to biodiversity). The identification of these sites with relevance to biodiversity is based on proximity to biodiversity-sensitive areas and the two direct drivers of biodiversity loss identified in Henkel's materiality analysis: Climate change and freshwater-use change. Direct exploitation of water is addressed through the assessment of freshwater-use change for identifying sites relevant to biodiversity. The direct exploitation of biological resources, pollution, seawater use change and the introduction of invasive species were not identified as material within Henkel's own operations and were therefore not considered in the identification of sites relevant to biodiversity.



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Building on this, the following criteria must be met for a site to be classified as a site relevant to biodiversity:

1. The site is located near (within a two-kilometer radius) an area with sensitive biodiversity. This radius corresponds to the dimensions of Henkel's largest production site in terms of area in Düsseldorf-Holthausen, and sites that overlap onto biodiversity-sensitive areas and sites directly bordering on biodiversity-sensitive areas are identified. Impacts on biodiversity-sensitive areas that are further away are limited because Henkel adheres to existing legal requirements on emissions limits.
2. The site is among the 10 percent of Henkel locations with the highest Scope 1 GHG emissions (impacts: climate change as a driver of biodiversity loss) or is classified as a priority water site. A priority water site is defined as a location where the physical risk of the surrounding watershed is rated as "high" or "very high" either currently, in 2030 (scenario based on current trend, described in the Water Risk Filter Methodology Documentation of the World Wildlife Fund [WWF]) or in 2050 (scenario based on current trend) and where annual water withdrawal exceeds the average annual withdrawal of Henkel production sites. The calculation of the average annual amount of water withdrawal is based on the total water withdrawal of Henkel production sites divided by the number of production sites (impacts: freshwater-use change as a direct cause of biodiversity loss).

Biodiversity-sensitive areas include Key Biodiversity Areas (KBAs) and protected areas listed in the World Database of Protected Areas (WDPA). The WDPA is the most comprehensive global database of marine and terrestrial protected areas. The criteria for identifying Key Biodiversity Areas (KBAs) are divided into five categories: threatened biodiversity, geographically restricted biodiversity, ecological integrity, biological processes and irreplaceability.

The impact on the environment of Henkel's sites relevant to biodiversity was defined according to the appropriate criteria met for identification and either applies to climate change, freshwater-use change or both. The relevant dependencies of sites relevant to biodiversity on ecosystem services were identified using the WWF Biodiversity Risk Filter, using the three summarizing categories contained in the filter: "Provisioning Services," "Regulating and Supporting Services – Enabling" and "Regulating Services – Mitigation." The fourth category of the ecosystem services "Cultural Services" was not taken into account because it does not directly relate to Henkel's business activities. Dependencies were identified if the risk score for the relevant category in the WWF Biodiversity Risk Filter was rated as "high" or "very high." The ecosystem status was assessed using the WWF Biodiversity Risk Filter, specifically the "6.4 Ecosystem Condition" indicator, which reflects the integrity and connectivity of the ecosystem. Sites relevant to biodiversity, along with their identified impacts on biodiversity, on-site activities, dependencies on ecosystem services, current ecosystem condition and nearby areas of vulnerable biodiversity, are detailed in the table "Sites relevant to biodiversity."



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Impacts related to land degradation, desertification or soil sealing in own operations

(ESRS 2, SBM-3_16b)

The materiality analysis that was performed did not identify any material impacts regarding land degradation, desertification or soil sealing in Henkel's own operations or in the downstream value chain. In the upstream value chain, material impacts regarding land degradation from the extraction of biological raw materials were identified. Cultivation of these raw materials can lead to clearcutting of forests and destruction of natural habitats, which is a form of land degradation.

Operations impacting threatened species *(ESRS 2, SBM-3_16c)*

Sites relevant to biodiversity identified by Henkel may also affect threatened species in their surrounding areas. Threatened species are defined according to the United Nations Red List as species categorized as "critically endangered," "endangered" and "regionally extinct" (see International Union for Conservation of Nature, IUCN Red List of Threatened Species). Threatened species impacted by sites relevant to biodiversity are identified using the Species Threat Abatement and Restoration Metric (STAR). Potentially affected threatened species are listed in the table "Impacts of sites relevant to biodiversity on threatened species."



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Site	Biodiversity impacts	On-site activity	Identified dependencies	Ecological status	Affected biodiversity-sensitive areas	Affected biodiversity-sensitive area location
Cannon Falls (MN), USA	Climate change	Production of the HAT business unit	No significant dependencies	Very poor	None	Sensitive Ground Water – Limit, Gemini State Aquatic Management Area (Goodhue)
Dammam, Saudi Arabia	Climate change	Production of the HAT business unit	No significant dependencies	Medium	Tarut Bay	Khalij Tarut
Drogenbos, Belgium	Freshwater-use change	Production of the HAT business unit	No significant dependencies	Poor	None	Vogelzangbeek, De Zennebeemden Beersel-Ruisbroek, uitgebreid bosbeheerplan Vlaams-Brabant
Düsseldorf-Holthausen, Germany	Climate change, freshwater-use change	Production of the HCB and HAT business units	No significant dependencies	Poor	None	Eller Palace Park Landscape Conservation Area, Rhine Meadows Landscape Conservation Area, Rhine Meadows Landscape Conservation Area with Oxbow Lakes and Floodplain, Rhine Fish Protection Zones between Emmerich and Bad Honnef, Urdenbach – Kirberger Hollow – Zonser Bend, Zonser Bend Nature Conservation Area
Elgin (IL), USA	Climate change	Production of the HAT business unit	No significant dependencies	Poor	Pratt’s Wayne/ Phillip State Park Grassland Complex	None
Enoree (SC), USA	Climate change	Production of the HAT business unit	No significant dependencies	Poor	None	Southern Appalachian Biosphere Reserve
Jundiaí, Brazil	Climate change, freshwater-use change	Production of the HAT business unit	No significant dependencies	Poor	None	Apa Jundiaí
Környe-Tatabánya, Hungary	Climate change	Production of the HAT business unit	No significant dependencies	Poor	Öreg Lake of Tata	None

Abbreviations used: HAT: Henkel Adhesive Technologies, HCB: Henkel Consumer Brands

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Maribor, Slovenia	Freshwater-use change	Production of the HCB business unit	No significant dependencies	Poor	River Drava	Krajinski park Drava, Meljski hrib, Drava – stara struga, hidrološki naravni spomenik, Stražun – gozd naravni spomenik, Maribor – nasad pri OŠ Maks Durjava, Maribor – Tabor – Ivasovičev nasad eksot, Magdalenski park, Maribor – Stadion Ljudski vrt, Maribor – nasad v Vinarski ulici, Park na Leninovem trgu, Park na Slomškovem trgu, Maribor – park na Kidričevem trgu, Maribor – Tomšičev drevored, Maribor – mestni park, Maribor – Ribniško selo – lipa – dendrološki naravni spomenik, Cestarski hrast – dendrološki naravni spomenik, Vodolska smreka – dendrološki naravni spomenik, Posamezna drevesa na parkovni površini okrog Kadetnice – dendrološki naravni spomenik, Maribor – Pavlovnija na vogalu ulice Pariške komune in Titove ceste – dendrološki naravni spomenik, Maribor – skale na Kalvariji – površinsko geomorfološki spomenik, Maribor-vinska trta, Maribor – hrast v Belokranjski ulici – dendrološki naravni spomenik, Drava
Montornès, Spain	Freshwater-use change	Production of the HCB business unit	No significant dependencies	Poor	None	Serres del Litoral Septentrional, Riu Congost
Pantelimon, Romania	Climate change	Production of the HAT business unit	No significant dependencies	Poor	None	Lacul și Pădurea Cernica, Lacul și Pădurea Cernica
Pärnu, Estonia	Climate change	Production of the HAT business unit	No significant dependencies	Medium	None	Kooli tänav 3 tamm, Pärnu jõe hoiuala (Pärnu), Kooli tänav 3c tamm, Kooli tänav 5 tamm, Pärnu jõe, Pärnu jõgi
Raciborz, Poland	Freshwater-use change	Production of the HCB business unit	No significant dependencies	Poor	Upper Odra River Valley	None
Réghaïa, Algeria	Freshwater-use change	Production of the HCB business unit	No significant dependencies	Poor	None	Réserve Naturelle du Lac de Réghaïa

Abbreviations used: HAT: Henkel Adhesive Technologies, HCB: Henkel Consumer Brands

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Sites relevant to biodiversity

Site	Biodiversity impacts	On-site activity	Identified dependencies	Ecological status	Affected biodiversity-sensitive areas	Affected biodiversity-sensitive area location
Rocky Hill (CT), USA	Climate change	Production of the HAT business unit	No significant dependencies	Poor	None	Dinosaur, CT Department of Environmental Protection 39, Town of Rocky Hill 2, Great Meadows Conservation Trust, Inc. 10, Meadows, Alexandre J. Brilliant, Elm Ridge, Hoyer Memorial Field (School Street), Shipyard, Sunny Crest
St. Louis (MO), USA	Climate change	Production of the HCB business unit	No significant dependencies	Very poor	None	Chouteau Island Fish and Wildlife Area
Toluca, Mexico	Climate change, freshwater-use change	Production of the HCB business unit	Dependency of ecosystem services to provide resources and mitigation or regulation of environmental influences	Poor	None	Sierra Morelos
Zapopan-Tesistán, Mexico	Freshwater-use change	Production of the HCB business unit	Dependency of ecosystem services to mitigate or regulate environmental influences	Poor	None	Bosque El Nixticuil – San Esteban

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Impacts of sites relevant to biodiversity on threatened species

Site	Threatened species	General threats to species in this region	Identified negative impacts from Henkel's activities
Cannon Falls (MN), USA	Myotis lucifugus, Grus americana	Renewable energy generation, timber industry, livestock farming, hunting, animal diseases, viral and prion diseases, deforestation, grain farming, transportation routes, economic development, storms and floods, habitat changes, leisure time activities, pollutants from agriculture and forestry, air pollution, other threats	Usage of transportation routes
Dammam, Saudi Arabia	Calidris tenuirostris, Aquila nipalensis, Falco cherrug	Hunting, livestock farming, animal diseases, habitat changes, pollutants from industry and the military, other threats	No negative impact identified
Düsseldorf-Holthausen, Germany	Cricetus cricetus	Pollutants from agriculture and forestry, deforestation, hunting, industry, leisure time activities, transportation routes, grain farming, animal diseases, livestock farming, other, economic development, other changes to the ecosystem, timber industry, extreme temperatures, other threats	Usage of transportation routes, contribution to extreme temperatures by emitting GHG
Elgin (IL), USA	Myotis lucifugus, Grus americana	Storms and flooding, supply routes, hunting, pollutants from industry and the military, timber industry, animal diseases, generation of renewable energies, grain farming, pollutants from agriculture and forestry, livestock farming, industry, other threats	Usage of supply routes
Enoree (SC), USA	Campephilus principalis, Myotis leibii, Myotis lucifugus	Economic development, grain farming, leisure time activities, generation of renewable energies, mining, timber industry, livestock farming, animal diseases, hunting, transportation routes, deforestation, viral and prion diseases, pollutants from agriculture and forestry, other threats	Usage of transportation routes
Jundiá, Brazil	Brachyteles arachnoides, Paraclaravis geoffroyi, Callithrix aurita, Wilfredomys oenax, Pipile jacutinga, Amazona vinacea, Buteogallus coronatus, Iodopleura pipra, Sporophila palustris, Hylodes nasus, Phantasmarana boticariana	Grain farming, deforestation, livestock farming, economic development, timber industry, invasive species, hunting, mining, transportation routes, fires, industrial areas, leisure time activities, other threats	Usage of transportation routes and of the infrastructure of industrial areas
Kornye-Tatabánya, Hungary	Cricetus cricetus, Spermophilus citellus, Otis tarda, Falco cherrug	Pollutants from agriculture and forestry, grain farming, economic development, livestock farming, pollutants from industry and the military, droughts, industrial areas, communal wastewater, mining, industry, other changes to the ecosystem, generation of renewable energies, deforestation, hunting, leisure time activities	Usage of the infrastructure of industrial areas
Maribor, Slovenia	Falco cherrug	Dams and water management, leisure time activities, animal diseases, pollutants from agriculture and forestry, habitat changes, tourism, deforestation, hunting, industry, grain farming, transportation routes, economic development, timber industry, other changes to the ecosystem, other threats	Usage of transportation routes, influencing water management by freshwater use

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Site	Threatened species	General threats to species in this region	Identified negative impacts from Henkel's activities
Montornès, Spain	Puffinus mauretanicus, Oryctolagus cuniculus, Neophron percnopterus, Falco cherrug	Pollutants from agriculture and forestry, grain farming, other changes to the ecosystem, invasive species, livestock farming, industry, tourism, generation of renewable energies, leisure time activities, hunting, other threats	No negative impact identified
Pantelimon, Romania	Cricetus cricetus, Spalax isticus, Spermophilus citellus, Falco cherrug	Pollutants from agriculture and forestry, grain farming, livestock farming, droughts, industrial areas, economic development, pollutants from industry and the military, communal wastewater, mining, industry, generation of renewable energies, other changes to the ecosystem, other threats	Usage of the infrastructure of industrial areas
Raciborz, Poland	Cricetus cricetus, Falco cherrug	Other threats	No negative impact identified
Réghaïa, Algeria	Puffinus mauretanicus, Numenius tenuirostris, Neophron percnopterus, Falco cherrug	Leisure time activities, transportation routes, industry, fires, hunting, pollutants from agriculture and forestry, dams and water management, economic development, pollutants from industry and the military, communal wastewater, livestock farming, other threats	Usage of transportation routes, influencing water management by freshwater use
Rocky Hill (CT), USA	Myotis leibii, Myotis lucifugus, Pterodroma cahow, Ammospiza caudacuta	Grain farming, economic development, leisure time activities, generation of renewable energies, mining, timber industry, livestock farming, storms and floods, deforestation, animal diseases, hunting, habitat changes, air pollution, pollutants from agriculture and forestry, dams and water management, other threats	No negative impact identified
St. Louis (MO), USA	Myotis leibii, Myotis lucifugus	Pollutants from agriculture and forestry, leisure time activities, transportation routes, dams and water management, hunting, mining, deforestation, pollutants from industry and the military, fishing, communal wastewater, tourism, economic development, other threats	Usage of transportation routes
Toluca, Mexico	Campephilus imperialis, Pseudoeurycea robertsi, Leptonycteris nivalis, Ambystoma lermaense, Nelsonia goldmani, Romerolagus diazi, Eleutherodactylus grandis, Ambystoma altamirani, Ambystoma granulolum, Pseudoeurycea altamontana, Pseudoeurycea tillicxiti, Xenospiza baileyi	Habitat changes, pollutants from agriculture and forestry, industry, livestock farming, grain farming, deforestation, other threats	No negative impact identified
Zapopan-Tesistán, Mexico	Campephilus imperialis, Leptonycteris nivalis, Ambystoma flavipiperatum, Rhyncopsitta pachyrhyncha	Grain farming, economic development, pollutants from agriculture and forestry, invasive species, transportation routes, other threats	Usage of transportation routes



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Transition plan and consideration of biodiversity and ecosystems in strategy and business model (E4-1)

Resilience of business model and risk mitigation strategy (E4-1_13a, AR 2, AR 3)

The materiality analysis performed by Henkel included a risk assessment regarding financial effects. No material transition, physical or systemic risks related to biodiversity and ecosystems were identified. It was concluded on this basis that Henkel's business model overall is resilient to risks related to biodiversity because no biodiversity-related risks are material for Henkel.

Potential risks assessed as part of the materiality analysis in the upstream value chain regarding biodiversity included rising costs and the unavailability of certain bio-based raw materials. These risks may result from new legal requirements (transition risks), such as anti-deforestation regulations leading to reduced arable land availability, decreased pollination due to insect species extinction or the impacts of droughts or floods (physical risks). These risks were not classified as material because Henkel's portfolio is not reliant on a single raw material, and the Company has a resilient business model through diversification.

For Henkel's own operations, potential risks such as fines or penalties for non-compliance with environmental contamination regulations were assessed as part of the materiality analysis and were classified as not material. Transition risks related to the need to modify packaging formats and physical risks associated with insufficient water supply for production sites in water-scarce regions were also considered and were classified as not material.

Resilience analysis (E4-1_13b, 13c, 13e, AR 2, AR 3)

As part of the materiality analysis, no material risks were identified in Henkel's own operations or its upstream and downstream value chain. As a result, no resilience analysis was conducted.

Time horizons (E4-1_13d, AR 2, AR 3)

The risk assessment was generally conducted for a short-term time horizon, because no significant differences regarding biodiversity are expected in the medium-term or long-term.



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Stakeholder involvement (E4-1_13f, AR 2, AR 3)

External stakeholders were not involved in the assessment. Internally, stakeholders from Henkel's business units and its Procurement team were consulted, and financial sustainability data was used.

Impact, risk and opportunity management
Policies related to biodiversity and ecosystems (E4-2)

Key content of the policy (E4-2_22, MDR-P_65a, E4-2_23a, 23b, AR 4, E4-2_23e, E4-2_24a, 24d)

Globally, human activities have changed nature and ecosystems, including land surfaces and ocean areas. This has led to a rapid decline of biodiversity on earth with more than 1 million species facing extinction. Henkel recognizes its responsibility toward the protection of biodiversity on earth and is committed to protecting and restoring biodiversity with a focus on forests, land and water. The policy sets the guiding principles for our biodiversity targets and ambitions, as well as general principles for the selection of actions and the transition strategy toward our targets and ambitions.

Henkel aims to support the efforts toward the global Nature Positive goal (defined by the Nature Positive Initiative and WWF and in line with the United Nations Kunming-Montreal Agreement) to strengthen resilience to climate change. This support for environmental protection and restoration can extend to activities along and beyond the value chain. Henkel strives to avoid negative impacts on threatened and protected species, especially on own operation sites located in or near sensitive ecosystems. In alignment, Henkel does not trade with species listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and respects legally designated protected areas.

Henkel is driving the transition to renewable raw materials, including recycled materials, bio-based materials and materials derived from carbon capture and utilization. To avoid, reduce and minimize potential negative impacts on the environment and people in the upstream value chain, Henkel is committed to responsible sourcing of raw materials. Henkel is also committed to zero net deforestation and has an ambition of deforestation- and conversion-free sourcing of high-volume commodities with a high risk for deforestation, conversion, or human rights violations. This applies in particular to timber, pulp and paper, palm oil, palm kernel oil and their derivatives, and other commodities falling under relevant national and international legislation.



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Henkel's deforestation and conversion-free ambition for relevant commodities includes transparency along the value chain, no conversion of natural ecosystems to agriculture or other land uses, no burning or use of fire for land clearing/replanting, and a zero net deforestation or DCF (deforestation- and conversion-free) or NDPE (No Deforestation, No Peat and No Exploitation) commitment of suppliers. This is in line with legal requirements, such as the European Deforestation Directive (EUDR), but goes beyond national and regional regulations due to the global scope of the concept. Henkel strives to minimize the direct drivers of biodiversity loss in our own operations, such as the reduction of production waste, waste to landfill, air, water and soil emissions, as well as reduction of freshwater consumption. In addition, we also aim for an increased nature-orientation at our sites and avoid additional soil sealing or land clearance. Our ambitions toward zero deforestation and conversion in our value chain hold true for our own operation sites as well.

The Sustainability Council regularly reviews the effectiveness of our policies and progress toward our objectives, as well as the material impacts, risks and opportunities and their changes.

Scope (E4-2_22, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. This includes sites managed in or near a biodiversity-sensitive area. No business units, regions, specific activities or stakeholders are excluded.

Accountability for the implementation (E4-2_22, MDR-P_65c)

The Henkel Management Board bears overall responsibility for our sustainability policies. The Sustainability Council aligns on common positions, prior to approval by the Management Board. These include new strategic priorities, targets as well as risks and opportunities with respect to biodiversity and ecosystems. The Sustainability Council approves biodiversity- and ecosystem-specific policies and sets up topic-specific project groups to steer the implementation of action plans, the compliance with common standards, the exchange of best practices, and the monitoring of the results. It also handles cross-departmental projects and continuously reviews the extent to which biodiversity- and ecosystems targets are met. The business units (Adhesive Technologies and Consumer Brands) and relevant corporate functions are responsible for the implementation of sustainability policies, the planning of relevant actions as well as for the provision of necessary resources. They are advised by their respective sustainability teams.



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Commitment to third-party standards or initiatives (E4-2_22, MDR-P_65d)

Henkel respects the planetary boundaries related to biosphere integrity, overloading with novel entities and land-system change.

Henkel supports the goals of the “Convention on Biological Diversity” together with its two supplementary agreements, the Cartagena Protocol and the Nagoya Protocol. Henkel supports the four global goals and 23 targets of the Kunming-Montreal Global Biodiversity Framework (GBF).

Henkel operates in alignment with the international conventions on the emission of potentially hazardous chemical substances, such as the Vienna Convention/Montreal Protocol on the avoidance of ozone-depleting substances, the Basel Convention on trade with hazardous wastes, the Stockholm Convention on persistent organic pollutants and the Minamata Convention on mercury emissions. Henkel recognizes the Sustainable Development Goals (SDGs) of the United Nations, in terms of the protection of ecosystems and biodiversity especially SDG 14 “Life below Water” and SDG 15 “Life on Land” as crucial goals toward the preservation of ecosystems and biodiversity.

Furthermore, Henkel acknowledges climate change, land use change, pollution, direct exploitation and invasive species as the main drivers for biodiversity loss in accordance with the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). Henkel supports the EU Biodiversity Strategy for 2030 together with its relevant objectives and targets as European frameworks for the protection, preservation and restoration of natural habitats and biodiversity.

Consideration of stakeholders (E4-2_22, MDR-P_65e)

We maintain dialog and consider the interests of all our stakeholders. Key internal and external stakeholders include retail and industrial customers, end consumers, employees, shareholders, suppliers and producer-responsibility organizations.

Accessibility and communication (E4-2_22, MDR-P_65f)

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) in the **Downloads & Publications** section. Henkel’s concepts on biodiversity are also further elaborated in our Nature Policy, which is available on our website and provides interested stakeholders with additional insights into this specific topic. To encourage its partners in the value chain to follow the same general objectives, Henkel has also included these expectations in its Responsible Sourcing Policy.



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Traceability of products, components and raw materials (E4-2_23d)

Henkel strives to trace supplies upstream to the point where compliance can be ascertained using several approaches varying according to commodities: tracing material to the production unit (agricultural or forestry land), or via a third-party certification scheme that is aligned with the company via supplier systems that provide control back to the production unit level; or sourcing from areas documented to be low risk.

Social consequences of biodiversity and ecosystems-related impacts (E4-2_23f, AR 14, AR 15)

Human beings are strongly dependent on nature and biodiversity, e.g. in terms of natural pollination, formation, protection and decontamination of soils and sediments and regulation of detrimental organisms. Moreover, the natural world is an invaluable source of medicinal, biochemical, and genetic resources. Henkel is committed to conducting its business in a manner that minimizes its environmental footprint and supports the preservation and enhancement of biodiversity to also support social sustainability and improve livelihood of communities. Henkel also aims to contribute to the societal net-zero goal by mitigating emissions beyond the own value chains (known as "beyond value chain mitigation").

Sustainable land/agriculture practices or policies (E4-2_24b)

Henkel expects its suppliers to undertake best efforts to aim for sustainable production or sourcing of agricultural or forestry feedstocks. This includes using agroforestry and other regenerative practices, wherever possible.

Actions and resources related to biodiversity and ecosystems (E4-3)

Key current and planned actions (E4-3_27, MDR-A_68a, AR 22)

Our primary action in the area of biodiversity and ecosystems is the procurement of sustainable, certified raw materials, particularly palm oil, palm kernel oil, and their derivatives, as well as paper, pulp and other wood-based packaging products. This action supports achieving the targets that we set ourselves of "100 percent paper and cardboard materials recycled or sourced from sustainable forestry" and "100 percent palm oil or palm kernel oil responsibly sourced, certified or externally verified." This measure addresses material impacts on land use changes and land degradation in the upstream value chain. Recognized certifications for palm oil, palm kernel oil and their derivatives are those provided by the Roundtable on Sustainable Palm Oil (RSPO), either mass balance (MB) or segregated (SG). For wood-based packaging materials: Certifications from the Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification Schemes (PEFC), Sustainable Forest Initiative (SFI), Canadian Standards Association (CSA), Australian Forestry Standard (AFS) or equivalent certifications.



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The aim of this action is to prevent land-use changes and land degradation caused by deforestation in the procurement of relevant raw materials, while also promoting social sustainability. Within the mitigation hierarchy, this relates to the aspect of avoidance. This action is also aimed at net-zero deforestation. For further information, please refer to the section “Key content of the policy” (E4-2, MDR-P_65a) in this chapter. For further information about the most important actions regarding the direct causes of biodiversity loss and about the change in freshwater usage, please refer to the chapters “Climate change” (ESRS E1) and “Water and marine resources” (ESRS E3). The existing actions will be continued in the future.

Scope (E4-3_27, MDR-A_68b)

The scope of the described action encompasses Henkel’s global upstream value chain. The stakeholders involved include suppliers, smallholder farmers, small-scale entrepreneurs along the value chain, affected communities and indigenous peoples in the relevant sourcing regions.

Time horizons (E4-3_27, MDR-A_68c)

The described action was implemented during the reporting year, and plans have been made to continue this in the short-term, medium-term and long-term.

Taking remedial actions (E4-3_27, MDR-A_68d)

The impacts that Henkel recognizes as material come into being in a complex way. Since the extent of Henkel’s contribution to such impacts cannot usually be determined with certainty, the actions taken should not be understood as remedial actions for those who have actually been harmed by material impacts. Rather, the actions taken by Henkel represent a contribution to mitigating or avoiding impacts. Such actions, including preventive measures, encompass, for example, technical and managerial instruments, including process instructions, implementation of codes, standards and guidelines, as well as accompanying training.



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Progress on actions or action plans (E4-3_27, MDR-A_68e)

The actions to support the targets stated below and to track the progress are performed by Henkel's Global Procurement Sustainability Team. In 2024, the amount of palm oil and palm kernel oil purchased and covered by RSPO-MB certificates was 75,958 metric tons, and the amount covered by RSPO-SG certificates was 17 metric tons. For wood-based packaging products, 206 metric kilotons of certified and/or recycled materials were purchased in 2023, while quantities for 2024 will be published later for the reporting year with the Sustainability Statement 2025. For a description of certifications accepted for this action analogous to the targets related to biodiversity and ecosystems, please refer to the section "Performance against targets" (E4-4_31, MDR-T_80j) in this chapter.

Financial resources for action plans (E4-3_27, MDR-A_69a, AR 23, MDR-A_69b, 69c)

Henkel has not established an action plan in line with the European Sustainability Reporting Standards (ESRS) relating to biodiversity and ecosystems and therefore is not reporting on allocated financial resources.

Usage of biodiversity offsets (E4-3_28b, 28b i, AR 18, E4-3_28b iii, E4-3_29b ii)

No biodiversity offsets or other compensation was undertaken for the described action.

Incorporation of local, indigenous knowledge and nature-based solutions (E4-3_28c)

No actions were implemented based on indigenous knowledge or nature-based solutions.

Metrics and targets
Targets related to biodiversity and ecosystems (E4-4)
Description of targets (E4-4_31)

Henkel has set targets for the responsible sourcing of palm (kernel) oil and wood-based packaging materials, as these are considered critical raw materials associated with a deforestation risk. Responsible sourcing includes the use of certification systems that document deforestation-free procurement or responsible forestry management. These targets address the identified material impacts of land-use change as a direct driver of biodiversity loss and land degradation as an impact on biodiversity and ecosystems in the upstream value chain.



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The three targets are:

- E4-T1: 100 percent palm and palm kernel oil responsibly sourced and certified or externally verified by 2025
- E4-T2: 100 percent transparency and traceability for palm and palm kernel oil by 2025
- E4-T3: 100 percent paper and cardboard materials recycled or sourced from sustainable origins by 2025

Relation between targets and policy objectives *(E4-4_3, MDR-T_80a, AR 24, AR 25, AR 26)*

These targets include the procurement of certified palm oil, palm kernel oil and their derivatives, as well as certified wood-based packaging materials. The certificates used confirm deforestation-free production or responsible forestry management. In Henkel's policies, sourcing raw materials aimed at achieving net-zero deforestation is a key element in protecting biodiversity and ecosystems. This aligns with our nature policy. Our goal is, in particular, to prevent the deforestation of primary and secondary forests with significant ecological value. These include peat lands and other high-carbon stock areas. Henkel is committed to achieving the target of "net-zero deforestation" and expects its suppliers to support this objective under Henkel's Responsible Sourcing Policy.

Target level *(E4-4_31, MDR-T_80b, AR 24, AR 25, AR 26)*

The set targets aim for full coverage, and therefore apply to 100 percent of raw materials within the scope. All targets are absolute targets and are measured in percent.

Scope *(E4-4_31, MDR-T_80c, AR 24, AR 25, AR 26)*

The targets apply to Henkel's global upstream value chain.

Baseline value and base year *(E4-4_31, MDR-T_80d, AR 24, AR 25, AR 26)*

The targets are not measured against a reference value. No base year is therefore defined.

Period *(E4-4_3, MDR-T_80e, AR 24, AR 25, AR 26)*

The period for achieving the targets extends until 2025. No milestones or interim targets have been established.

Methodologies and significant assumptions *(E4-4_31, MDR-T_80f, AR 24, AR 25, AR 26)*

The set targets are supported by scientific findings based on the concept of planetary boundaries. They also take into account current research on the ecological and social impacts of palm (kern) oil, the European Deforestation Regulation (EUDR), which includes timber products and palm (kern) oil products, and stakeholder requirements for sustainable palm (kern) oil products. No additional significant assumptions were made when setting the targets.



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Scientific evidence (E4-4_31, MDR-T_80g, AR 24, AR 25, AR 26)

The set targets address the environmental issue of land system change, as outlined in research on planetary boundaries. For further information, please refer to the section “Application of ecological thresholds” (E4-4_32a) in this chapter.

Involvement of stakeholders (E4-4_31, MDR-T_80h, AR 24, AR 25, AR 26)

Internal stakeholders, including procurement and sustainability managers from the business units and the global Sustainability team, were involved in the target-setting process. Targets were developed in 2021 with consideration given to the perspectives of external stakeholders. Steps were taken to ensure this, including a stakeholder survey.

Changes to targets and metrics (E4-4_31, MDR-T_80i, AR 24, AR 25, AR 26)

To date, Henkel has made no changes to the targets, corresponding metrics, underlying measurement methods, significant assumptions, limitations, sources or processes within the defined timeframe.

Performance against targets (E4-4_31, MDR-T_80j, AR 24, AR 25, AR 26)

E4-T1: The total amount of palm oil, palm kernel oil and their derivatives purchased in 2024 was 79,002 metric tons. Of this, 78,143 metric tons, or 99 percent, was used to determine target achievement. The proportion of certified materials amounted to 97 percent. Target achievement is thus at 97 percent. The recognized certifications are those provided by the Roundtable on Sustainable Palm Oil (RSPO), either mass balance (MB) or segregated (SG). These certification systems include deforestation-free production as a criterion and also address human rights and the inclusion of smallholder farmers. They therefore have significant social impacts as well. The RSPO engages with indigenous peoples and advocates for their rights to prevent land conflicts and associated human rights violations against them and other local communities. Progress toward target achievement is determined on the basis of supplier order volumes, focusing on suppliers who deliver more than 25 metric tons of palm oil, palm kernel oil and their derivatives to Henkel each year. A list of suppliers within the scope is compiled quarterly in a palm oil report. Procurement data and the palm oil and palm kernel oil content of purchased raw materials are used to calculate the absolute volume of palm oil and palm kernel oil. An internal team checks the suppliers annually. Moreover, Henkel is externally certified by SCS Global according to the RSPO Supply Chain Certification Standard. The RSPO status is published monthly on the RSPO website.



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E4-T2: In 2023, Henkel traced 95 percent of its purchased palm oil, palm kernel oil and derivatives back to the refinery, 94 percent to the oil mills and 65 percent to the plantation. The assessment is based on Henkel's agreed baseline volume of 97.5 percent of the total procurement volume, which is extrapolated to the full volume. Traceability to plantations, mills and refineries is evaluated to calculate the traceable share. The traceability assessment is conducted by ASD (Action for Sustainable Derivatives), a collaborative initiative that brings together companies from the cosmetics, home care, personal care and oleochemical sectors to jointly address environmental and social supply chain issues related to palm oil and palm kernel oil derivatives. ASD has developed a method to map the complex supply chains of palm oil, palm kern oil and their derivatives. The ASD process includes the steps "data collection from direct and indirect suppliers," "supply chain mapping," "mapping of sourcing areas" and "assessment of the level of transparency." Each year, data from the supply chain is examined and collected through consultations with direct and indirect suppliers, conducted by an independent third party, to identify sourcing areas and compile a list of refineries and mills within the supply chain. Through ASD, Henkel works closely with supply chain stakeholders to clarify and align transparency requirements via webinars and one-on-one discussions. The values for the full year 2024 will be published with the 2025 Sustainability Statement.

E4-T3: In 2023, the total amount of wood-based packaging materials purchased was 222.4 metric kilotons, with 64 percent comprising recycled materials and 34 percent certified non-recycled materials. Target achievement is at 98 percent. Progress toward achieving the target is determined in collaboration with suppliers and is based on their self-disclosures as part of the annual Pulp-Paper-Packaging (PPP) survey. The recognized certifications are FSC, PEFC, SFI, CSA, AFS and/or equivalent certifications. The values for the full year 2024 will be published in the Sustainability Statement 2025.

We are confident that we will achieve the targets according to the plan. Progress toward achieving the targets is monitored and reviewed by the Sustainability Council. No significant changes were identified.

Application of ecological thresholds (E4-4_32a)

The planetary boundaries regarding "land system change" form the ecological threshold for the targets, and the remaining forest area relative to the potential forest area during the Holocene is described for the three different forest types: "tropical," "temperate" and "boreal."



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Identified ecological thresholds and method (E4-4_32a i)

The target for palm oil and palm kernel oil pertains to tropical forests (ecological threshold: 85 percent of the tropical forest area compared to the potential tropical forest area during the Holocene). The target for certified paper and cardboard applies to all three forest types, with ecological thresholds of 50 percent for temperate and 85 percent for boreal and tropical forest area relative to the potential forest area during the Holocene. The methodology for these thresholds is described in the Stockholm Resilience Centre’s planetary boundaries concept.

Entity-specific thresholds (E4-4_32a ii)

The threshold used is a global value and not entity-specific.

Responsibility for respecting ecological thresholds (E4-4_32a iii)

Henkel is not responsible for adherence to the ecological threshold because land system change is outside of Henkel’s area of influence. However, we do view it as our responsibility to achieve net-zero deforestation in our upstream value chain.

Alignment of targets with international frameworks and strategies (E4-4_32b)

Overview of targets related to biodiversity and ecosystems and their alignment with international frameworks

Target	Alignment with the Kunming-Montreal Global Biodiversity Framework	Alignment with the EU Biodiversity Strategy for 2030	Alignment with other European legislation
E4-T1	Target 1 and 10	Target 1, 2, 8 and 15	EUDR
E4-T2	Target 1, 10 and 21	Target 1, 2, 8 and 15	EUDR
E4-T3	Target 1 and 10	Target 1, 2, 8 and 15	EUDR

Relationship with impacts, dependencies, risks and opportunities (E4-4_32c)

For a description of the targets addressing the direct drivers of biodiversity loss, such as “climate change,” “freshwater-use change” and “direct water use,” please refer to chapters “Climate change” (ESRS E1) and “Water and marine resources” (ESRS E3). The three targets in this section relate to the identified material impacts: “direct drivers of biodiversity loss – land-use changes,” “direct drivers of biodiversity loss – direct exploitation of biological resources” and “impacts on the extent and condition of ecosystems – land degradation” in the upstream value chain. No attribution of impacts was made during the target-setting process.



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Geographical scope (E4-4_32d)

The geographical scope of all targets is global.

Biodiversity offsets (E4-4_32e)

No biodiversity offsets or other compensation approaches regarding biodiversity were considered in setting the targets.

Layer of the mitigation hierarchy (E4-4_32f)

Within the mitigation hierarchy, all targets are assigned to the “avoidance” layer. This refers to the avoidance of deforestation.

Impact metrics related to biodiversity and ecosystems change (E4-5)

Metrics used (MDR-M_75)

For relevant metrics for the identified material impacts of climate change as a direct driver of biodiversity loss, please refer to the chapter “Climate change” (ESRS E1). Relevant metrics for the identified material impacts of freshwater-use change and direct exploitation of freshwater in Henkel’s operations as direct drivers of biodiversity loss are included in the chapter “Water and marine resources” (ESRS E3). For relevant metrics related to the direct exploitation of biological resources in the upstream value chain, please refer to the chapter “Resource use and circular economy” (ESRS E5).

Methodologies and significant assumptions (MDR-M_77a)

Additional metrics outlined in this section include the area and number of Henkel’s own operation sites located in or near areas with sensitive biodiversity. The methods and assumptions underlying these metrics are:

- The scope includes Henkel’s owned, leased and managed production sites, as well as selected owned, leased and managed office locations, research sites, training sites and logistics facilities. The locations and their areas are documented in Henkel’s site report, which is updated monthly.
- Sites relevant to biodiversity were identified as described in the section “Activities and locations in biodiversity-sensitive areas” (ESRS 2, SBM-3_16a) in this chapter.
- Areas with sensitive biodiversity include Key Biodiversity Areas (KBA) and the protected areas listed in the World Database of Protected Areas (WDPA). Proximity to these areas has been assessed using the Integrated Biodiversity Assessment Tool (IBAT).



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Three entity-specific metrics are also collected to measure progress toward the targets. These are:

- Percentage of recycled and certified wood-based packaging materials purchased
- Percentage of certified palm oil, palm kernel oil and their derivatives purchased
- Percentage of purchased palm oil, palm kernel oil and their derivatives traceable to the refinery, mill or plantation

The percentage of recycled and certified wood-based packaging materials purchased is determined in collaboration with suppliers and based on their self-disclosures as part of the annual Pulp-Paper-Packaging (PPP) survey. In this survey, suppliers report the total volumes of delivered material by certification system, divided by recycled and virgin materials. The consolidated results provide the overall percentage of recycled and certified materials through division by the total volume. The volumes covered by the survey amount to over 90 percent of the order volume of wood-based packaging materials; the values are linearly extrapolated to 100 percent. The recognized certifications are FSC, PEFC, SFI, CSA, AFS and/or equivalent certifications. This metric is reported with a one-year delay, meaning it is included in this report for the year 2023. This delay is due to the supplier survey and subsequent data processing and verification, which take place annually during the second and third quarters for the previous year.

The percentage of certified palm oil, palm kernel oil and their derivatives purchased is calculated by first determining the actual quantity of palm oil and palm kernel oil used. This is done by multiplying the total volume of purchased raw materials containing palm oil or palm kernel oil by their respective mass-based content of palm oil or palm kernel oil. The amount of certified palm oil and palm kernel oil purchased is then divided by this total quantity. The certified quantities are determined for all suppliers delivering more than 25 metric tons of material annually, which covers 99 percent of the palm oil and palm kernel oil-based raw material volumes. The calculated figure is extrapolated to 100 percent. The recognized certifications are those provided by the Roundtable on Sustainable Palm Oil (RSPO), either mass balance (MB) or segregated (SG).

The percentage of palm oil, palm kernel oil and their derivatives traceable to the refinery, mill or plantation is determined by ASD. The assessment is based on Henkel's agreed baseline volume of 97.5 percent of the total procurement volume and is extrapolated to the full volume. To calculate the traceable percentage, traceability to plantations, mills and refineries is assessed and then divided by the total volume of purchased palm oil, palm kernel oil and their derivatives. The ASD process includes the steps "data collection from direct and indirect suppliers," "supply chain mapping," "mapping of sourcing areas" and "assessment of the level of transparency." Each year, data from the supply chain is examined and collected through consultations with direct and indirect suppliers, conducted by an independent third party, to identify sourcing areas and compile a list of refineries and mills within the supply chain. This metric is reported with a one-year delay, meaning



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it is included in this report for the year 2023, as the analysis and verification of data are completed annually in the third quarter for the previous year.

External validation *(MDR-M_77b)*

Regarding the percentage of certified palm oil, palm kernel oil and their derivatives purchased, Henkel is certified by SCS Global Services. The certification confirms compliance with the "RSPO Supply Chain Certification Standard, version February 2020." This guarantees that the criteria for processing RSPO-certified palm products have been met through one or more supply chain models defined in the RSPO supply chain certification systems. The metrics that are normally disclosed have been verified exclusively by our auditor as part of the audit of this Sustainability Report with limited assurance.

Sites located in or near biodiversity-sensitive areas *(E4-5_35)*

18 sites relevant to biodiversity have been identified, meaning locations among Henkel's own operations that contribute to the identified material drivers of biodiversity loss within its own operations (climate change and/or freshwater-use change) and are located within a two-kilometer radius of a biodiversity-sensitive area. The identified sites relevant to biodiversity encompass an area of 15,857 hectares.



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Resource use and circular economy (ESRS E5)

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

Effective protection of natural resources requires decoupling economic growth from the consumption of finite, natural and fossil resources and development to a circular economy. As part of Henkel's materiality assessment, negative and positive impacts on people and the environment, as well as potential risks and opportunities, were identified for our business regarding resource use and circular economy. For instance, inadequate waste management can pose risks to people and the environment. The use of non-renewable resources, such as fossil-based raw materials or packaging, can contribute to resource scarcity and increased greenhouse gas (GHG) emissions. Neglecting circular economy principles in product design and production processes may have negative effects on people and the environment. Conversely, positive impacts can be expected when product formulations or packaging are based on secondary raw materials, are fully recyclable and biodegradable. The growing demand for innovative products aligned with circularity principles offers significant business opportunities for Henkel. However, potential financial risks arise for the Company if replacing fossil-based and non-circular ingredients with renewable materials is only feasible at higher costs. Another cost factor could arise from new regulations requiring the establishment of packaging collection and recycling systems.

We view sustainability in our strategy as a competitive advantage, with the circular economy playing a key role. This includes a commitment to promoting the circular economy through our products, packaging and technologies. Henkel aims to increase the share of ingredients based on renewable and secondary raw materials while reducing the use of fossil raw materials by reformulating products. For packaging, the proportion of secondary raw materials will be further increased, while simultaneously reducing the overall amount of packaging material used. All packaging should be designed for recycling or reusability. Henkel also aims to reduce waste from its own production sites, as well as from the upstream and downstream value chains.



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Impact, risk and opportunity management

Policies related to resource use and circular economy (E5-1)

Key content of the policy (E5-1_14, MDR-P_65a, AR 10, E5-1_15a)

Henkel is working on the transition to a circular economy, aiming to align resource inflows and outflows with circular principles.

Inflows

Our resource inflows are comprised of raw and packaging materials for our products. The Company's activities focus on the following areas:

- Increasing the proportion of raw materials based on renewable and recycled resources in product formulations.
- Reducing the amount of raw materials used by reformulation of products.
- Increasing the proportion of recycled materials in packaging.
- Reducing the amount of packaging materials to a minimum, without compromising the quality, performance or safety of products.

Henkel strives to reduce the use of fossil-based materials to mitigate the environmental footprint and avoid contributing to the depletion of natural resources. Recognizing the Company's reliance on material inflows, Henkel is dedicated to support extended producer responsibility systems for packaging. Henkel is supporting and financing waste collection and recycling through Extended Producer Responsibility (EPR) fees. This supports that packaging waste at the end of its life cycle will be recycled and will then become available as post-consumer recycled material to replace fossil-based virgin plastics.

Henkel expects all suppliers to minimize emissions by keeping materials within the economic cycle. Suppliers are also expected to drive progress toward a circular economy by applying the 5Rs of the circular economy: Reduce, Reuse, Repair, Recycle, Recover. Henkel strives to raise awareness about sustainable waste disposal in its own operations and among its suppliers.



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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), our suppliers must also engage with their supply chain partners (including smelters) on a conflict-free-verified basis. They are required to use sources that are validated by the Responsible Minerals Initiative (RMI) or any other business initiative recognized by the OECD.

Outflows

The Company is pursuing the goal of designing the packaging portfolio for recycling or reuse. Our business unit Consumer Brands is working on improving the biodegradability of the ingredients in our formulations. Solutions from the Adhesive Technologies business unit help to reduce resource consumption in the use phase. They increase the potential for reparability and can contribute to extending the service life of products and technologies. Henkel prioritizes the use of sustainable materials such as recycled resources for packaging and the use of renewable resources as the basis for our ingredients. The Company is actively pursuing a strategy to minimize waste and support the transition to a circular economy.

Henkel promotes the integration of circular economy principles within operational practices for packaging, raw materials and products. This includes maximizing resource efficiency and minimizing resource consumption, while also enhancing stakeholder engagement by fostering collaboration with our suppliers and customers.

Waste

Henkel embraces circular design principles, with a strong emphasis on enhancing design-for-recycling and uptake of recycled materials in packaging. Henkel strives to reduce waste from its own production facilities as well as upstream and downstream value chain facilities. Our goal is to reduce waste at the source by making production processes more efficient. This requires refining manufacturing techniques, minimizing the use of raw materials, reducing by-product formation and implementing lean manufacturing practices to generate less waste overall.

Henkel's objectives include compliance with environmental regulations and international conventions specifically related to the management of mercury, persistent organic pollutants (POPs) and hazardous waste, as well as compliance with the prohibitions and requirements of the Minamata Convention, the Stockholm Convention and the Basel Convention.



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With this, we address the material impacts, risks and opportunities related to “Resource inflows, including resource use,” “Resource outflows related to products and services” and “waste” in our upstream and downstream value chain, as well as in our own operations.

Process for monitoring related to resource inflows, resource outflows and waste

Supported by a Packaging & Circularity Steering Committee, the Sustainability Council regularly reviews the effectiveness of our policies and progress toward our objectives, as well as the material impacts, risks and opportunities and their changes. The Company also regularly evaluates adherence to its waste policy objectives by assessing regulatory changes, correcting non-compliances and communicating updates to staff. Topics such as waste management, waste water and compliance with environmental regulations are also examined in the upstream value chain as part of regular supplier assessments.

Key Performance Indicators (KPIs) for packaging and raw material sustainability are monitored to ensure progress toward targets. The respective sustainability teams of our two business units monitor and report progress on recycled plastics for consumer goods and “Design for Recycling” for all packaging to the respective Executive Committee and the Global Sustainability team. Additionally, within Henkel Consumer Brands (HCB), the progress on renewable raw materials and biodegradable ingredients is monitored and reported to the HCB Executive Committee.

Existing concepts are discussed and analyzed in collaboration with external experts. This ensures that Henkel meets the relevant standards and orients on best practices. From our perspective, objectivity is instrumental in validating the policy’s effectiveness and compliance with industry regulations.

Scope *(E5-1_14, MDR-P_65b)*

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded. Therefore, this policy includes Henkel’s entire product portfolio.



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Accountability for the implementation (E5-1_14, MDR-P_65c)

The Henkel Management Board bears overall responsibility for the Company's sustainability concepts and policies. The Sustainability Council aligns on common positions, prior to approval by the Management Board. These include new strategic priorities, targets as well as risks and opportunities with respect to resource use and circular economy. The Sustainability Council approves resource use and circular-economy-specific policies. It also handles cross-departmental projects and continuously reviews the extent to which resource use and circular economy targets are met. Our business units Adhesive Technologies and Consumer Brands and relevant corporate functions are responsible for the implementation of sustainability concepts and policies, the planning of relevant actions as well as for the provision of necessary resources. They are advised by their respective sustainability teams.

Commitment to third-party standards or initiatives (E5-1_14, MDR-P_65d)

We comply with the legal requirements of national packaging regulations and evaluate our packaging components according to its recyclability. In addition, Henkel follows and supports external initiatives that go beyond the legal requirements to make our packaging footprint more sustainable. These include:

- Renewable Carbon Initiative
- Design-for-recycling standards and methods
 - Consumer Goods Forum (Golden Design Rules)
 - Ellen MacArthur Foundation (EMF) – Global Plastic Commitment
 - APR Design® Guide for Plastics Recyclability
- US Plastics Pact
- Together for Sustainability (TfS)
- RMI: Responsible Minerals Initiative



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Consideration of stakeholders (E5-1_14, MDR-P_65e)

The key internal and external stakeholders are retail and industrial customers, end-users, employees, shareholders, suppliers and Extended Producer Responsibility organizations. Henkel prioritizes consumers and customer expectations for sustainable products and packaging. The Company engages with consumers and customers to understand their expectations about recyclable, reusable, bio-based and environmentally compatible products. Their feedback shapes the design and development of products and packaging that align with circular economy principles. This ensures that customer satisfaction and brand loyalty are maintained.

Accessibility and communication (E5-1_14, MDR-P_65f)

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) within the **Downloads & Publications** section. Our circular economy concepts are also further elaborated in our "Circularity Policy," which is available on our website and provides stakeholders with additional insights into this specific topic. This policy describes how Henkel addresses the circular economy along the entire value chain, from supplier engagement, own operations, product design and packaging to partnerships, stakeholder engagement, monitoring and reporting.

The involvement of our employees is crucial in executing the policies. Henkel offers its employees various training programs and courses on the importance of sustainability and circular economy. By fostering a culture of innovation, the employees are encouraged to contribute ideas and solutions to support the Company's circular economy goals. Henkel works closely with its suppliers to raise awareness of the principles of the circular economy. This includes setting clear expectations for the use of sustainable materials. Suppliers are encouraged to maximize the recyclability of products and packaging, and to reduce waste.



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Sustainable sourcing and use of renewable resources (E5-1_15b)

Through its supplier management approach, Henkel supports the sustainable procurement of renewable resources, thereby enabling and promoting their use. As part of Henkel's supplier management activities, Henkel collaborates intensively with its strategic suppliers to ensure the procurement of sustainable raw materials. Henkel uses the Sustainable Palm Index (SPI) to assess the progress of its own suppliers with respect to their level of supply chain knowledge, sustainable sourcing practices and compliance with the NDPE (No Deforestation, No Peat, No Exploitation) principles. Henkel supports the physical transformation toward the use of certified products in the industry and the shift in the market toward certified sustainable palm (kernel) oil products. A multi-stakeholder approach is at the center of Henkel's work on a sustainable palm and palm kernel oil economy, which also includes their derivatives. When procuring paper, we look for independent certificates such as PEFC, SFI, FSC or similar, where possible. As part of Henkel's supplier survey, the quantities of certified paper and cardboard packaging are recorded annually through self-declaration.

Use of ingredients made from renewable raw materials

Henkel strives for a responsible management of raw materials, and especially the conservation of natural resources and biodiversity. The Company uses ingredients based on renewable raw materials to optimize the overall characteristics of its own products, wherever this is compatible with environmental, economic and social considerations. Due to the complexity and scalability of chemical production processes, we see the mass balance approach as an opportunity to promote this transformation.

Responsible use of palm oil and palm kernel oil

Palm oil, palm kernel oil and their derivatives are among the most important renewable raw materials for the production of the ingredients the Company uses to manufacture its own laundry detergents, household cleaners and cosmetic products.

Actions and resources related to resource use and circular economy (E5-2)
Key current and planned actions (E4-2_27, MDR-A_68a, AR 22)

Henkel is implementing the following two action plans, which are applied regionally and brand-specifically:



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- Increase the share of recycled content:

As part of achieving our targets, the share of recycled content in plastic packaging was increased in various product categories. The focus was on liquid detergent bottles in Europe and Mexico that were changed over to 50 percent recycled content, as well as for hand soap bottles in the USA where the amount of recycled plastic material was increased from 25 percent to 100 percent.

- “Design for Recycling”

As part of achieving our targets, the design for recycling of plastic packaging was increased and improved in various product categories. The focus was on important enablers to improve recyclability such as the color, the composition of the material, the attributes of labels and sleeves, as well as avoiding substances that affect the recycling processes.

Scope (E5-2_19, MDR-A_68b)

Both action plans are applied globally to all Henkel production sites (own operations) and both business units. They have an impact on the upstream and downstream value chain. The actions of these plans are based on initiatives in collaboration with suppliers to accelerate progress toward a circular economy and partnerships with key stakeholders through the Consumer Goods Forum and other organizations.

Time horizons (E5-2_19, MDR-A_68c)

The actions are defined in the action plans until 2025.

Progress on actions or action plans (E5-2_19, MDR-A_68e)

The progress of our action plans is reported in the table “Quantitative information on the progress of the Henkel action plans.”

Financial resources for action plans (E5-2_19, MDR-A_69a, AR 23, 69b, 69c)

Capital expenditures (CapEx) and operational expenditures (OpEx) are necessary to achieve our targets of increasing the share of recycled plastics in all packaging of our consumer goods and for packaging of our products that is to be designed for recycling and reusability. These expenditures are regarded as insignificant from a financial perspective. Since these expenditures also support achieving Henkel’s GHG emissions reduction targets, we have assigned these expenditures to Henkel’s Climate Transition Plan. For further information, please refer to the chapter “Climate change” (ESRS E1).



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Quantitative information on the progress of the Henkel action plans

		Result 2024
Action plan for "Design for Recycling"	100% of packaging designed for recyclability or reusability (2025) ¹	89%
Action plan for increasing the share of plastic recycled content	>30% share of recycled plastic for all packaging of our consumer products (2025)	25%

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

Metrics and targets

Targets related to resource use and circular economy (E5-3)

Description of the targets (E5-3_23, MDR-T_80a, AR 24, AR 25, AR 26)

Henkel has set the following three circular economy targets:

- E5-T1: 100 percent of packaging designed for recycling or reusability
- E5-T2: >30 percent share of recycled plastic for all packaging of our consumer products
- E5-T3: -50 percent production waste per metric ton of product (2025 vs. 2010)

Target level (E5-3_23, MDR-T_80b, AR 24, AR 25, AR 26)

E5-T1: The target level is 100 percent. The target is absolute and measured as a percentage.

E5-T2: The target level is over 30 percent. The target is absolute and measured as a percentage.

E5-T3: The target level is -50 percent vs. 2010. The target is relative and measured as a percentage.

Scope (E5-3_23, MDR-T_80c, AR 24, AR 25, AR 26)

The target E5-T1 includes all packaging materials placed on the market by Henkel to bring products to market (metal, paper, fiber-based packaging, glass, plastic). The target excludes products where ingredients or residue may affect recyclability or contaminate recycling streams. The target applies to our own activities. This is a global target without geographical boundaries.

The target E5-T2 includes packaging made from recycled plastics for consumer goods. Packaging materials made from plastics not intended for consumer goods are excluded from this target. The target applies to our own activities. This is a global target without geographical boundaries.

The target E5-T3 includes all waste that is incurred at production sites (production waste and non-production waste). Construction waste and high-quality outbound recycling (HQOR) are excluded from the target. The target applies to our own activities. This is a global target without geographical boundaries.



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Baseline value and base year (E5-3_23, MDR-T_80d, AR 24, AR 25, AR 26)

The measurement of E5-T1 and E5-T2 is not based on a reference value or reference year.

However, the reference value from 2010 applies to the target E5-T3, which is 20.3 kg of waste per metric ton of product.

Period (E5-3_23, MDR-T_80e, AR 24, AR 25, AR 26)

All three targets in the area of the circular economy apply until 2025. No milestones or intermediate targets were set for any of these targets.

Methodologies and significant assumptions (E5-2_23, MDR-T_80f, AR 24, AR 25, AR 26)

For the methods and significant assumptions used, please refer to the tables "Entity-specific metrics" in this chapter.

Scientific evidence (E5-3_23, MDR-T_80g, AR 24, AR 25, AR 26)

More-detailed scientific knowledge does not yet play a role in the targets set in the area of the circular economy, which is a developing scientific area. Certain studies are available, but there are not yet any uniform measuring indicators that could be used as a basis.

Involvement of stakeholders (E5-3_23, MDR-T_80h, AR 24, AR 25, AR 26)

Internal stakeholders, including procurement and sustainability managers from the business units and the Global Sustainability team, were involved in the target-setting process. Targets were developed in 2021 with consideration given to the perspectives of external stakeholders. Steps including a stakeholder survey were taken to ensure this.

Changes to targets and metrics (E5-3_23, MDR-T_80i, AR 24, AR 25, AR 26)

To date, Henkel has made no changes to the targets, corresponding metrics, underlying measurement methods, significant assumptions, limitations, sources or processes.



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Performance against targets (E5-3_23, MDR-T_80j, AR 24, AR 25, AR 26)

E5-T1: The progress toward the disclosed target in 2024 is 89 percent.

E5-T2: The progress toward the disclosed target in 2024 is 25 percent.

E5-T3: The progress toward the disclosed target in 2024 is 39 percent.

Progress toward our two E5-T2 and E5-T3 targets is measured and monitored monthly and regularly reported to Henkel's Sustainability Council and Management Board. Progress toward our E5-T1 target is measured and monitored annually and reported to Henkel's Sustainability Council and Management Board. We are confident that we will achieve the three targets in line with the plan.

Relation of targets to resource inflows and outflows, including waste

(E5-3_24, AR 16, E5-3_24a, 24b, 24c, AR 17, E5-3_24d, 24e, 24f, AR 18)

The definition of the "Design for Recycling" targets relates to a) the expansion of circular product design and b) the increase of the circular material utilization rate. Henkel's target regarding the share of recycled plastic for all consumer goods packaging indirectly addresses c) the minimization of primary raw materials through the increasing share of recycled plastic in packaging. Henkel's targets related to resource use and circular economy are associated with e) waste management and f) other aspects of resource use or the circular economy by effectively reducing production waste per metric ton of product.

Layer of waste hierarchy (E5-3_25)

All three circular economy targets referred to the "Recycling" layer in the waste hierarchy.

Mandatory or voluntary target (E5-3_27, AR 20)

These are voluntary targets and are not legally mandated.

Metrics relating to material sustainability matters (MDR-M)
Metrics used (MDR-M_75)

Further details on the metrics used to evaluate performance and effectiveness concerning the material impacts, risks and opportunities can be found in the following tables:

- Table "Metrics for resource inflows (E5-4_31a)"
- Table "Metrics for resource inflows (E5-4_31b)"
- Table "Metrics for resource inflows (E5-4_31c)"
- Table "Entity-specific metrics"
- Table "Metrics for resource outflows (E5-5_36c)"



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Methodologies and significant assumptions (MDR-M_77a)

Further details on the methods and descriptions of the resulting approximations (assumptions) are provided in the following tables:

- Table “Metrics for resource inflows (E5-4_31a)”
- Table “Metrics for resource inflows (E5-4_31b)”
- Table “Metrics for resource inflows (E5-4_31c)”
- Table “Entity-specific metrics”
- Table “Metrics for resource outflows (E5-5_36c)”

If the metrics presented in this section on ESRS E5 include estimated data on the upstream and/or downstream value chain, they are presented in the appropriate table in the section “General basis for preparation” (BP-1) in the chapter “General disclosures” (ESRS 2). Likewise, the sources for estimates and outcome uncertainty for the quantitative metrics disclosed here are presented in the appropriate table in the section “General basis for preparation” (BP-1) in the chapter “General disclosures” (ESRS 2).

External validation (MDR-M_77b)

The disclosed metrics have been verified exclusively by our auditor as part of the audit of this Sustainability Report with limited assurance.

Labeling and definition of metrics (MDR-M_77c)

Further details on the metrics and their definition can be found in the following tables:

- Table “Metrics for resource inflows (E5-4_31a)”
- Table “Metrics for resource inflows (E5-4_31b)”
- Table “Metrics for resource inflows (E5-4_31c)”
- Table “Entity-specific metrics”
- Table “Metrics for resource outflows (E5-5_36c)”



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Resource inflows (E5-4)

Material resource inflows (E5-4_30, AR 21)

The resource inflows that are material for resource use and circular economy include raw materials, packaging materials, goods obtained from contract manufacturers, traded goods, goods for logistics (pallets), energy and water for operational processes.

Total weight of products and materials (E5-4_31a, AR 22)

The overall weight of products and materials is presented in the table “Metrics for resource inflows (E5-4_31a)” and in the table “Entity-specific metrics.”

Percentage of biological materials (E5-4_31b, AR 22, AR 23)

The percentage of biological materials is presented in the tables “Metrics for resource inflows (E5-4_31b)” and “Entity-specific metrics.”

Weight of reused or recycled secondary components, products and material (E5-4_31c, AR 23)

The weight of reused or recycled secondary components in products and materials is presented in the tables “Metrics for resource inflows (E5-4_31c)” and “Entity-specific metrics.”

Methods for data calculation and underlying assumptions (E5-4_32, AR 24)

The methods and underlying assumptions are described in the tables “Metrics for resource inflows (E5-4_31a),” “Metrics for resource inflows (E5-4_31b),” “Metrics for resource inflows (E5-4_31c)” and “Entity-specific metrics.”

No double-counting was identified, as the recycling share refers only to packaging from mechanical recycling facilities, including plastics, metals, glass and paper.

Metrics for resource inflows (E5-4_31a)

Total weight of products and technical and biological materials used during the reporting period

Calculation method	Description of approximations	Result 2024
Materials purchased during the reporting period are recorded in an internal database. For materials purchased in units other than weight (e.g. pieces), additional master data or standard conversion factors are used to calculate weight.	For purchased materials not included in the database, approximations for weight are determined using mathematical models that include secondary conversion data.	12,700,562 t



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Metrics for resource inflows (E5-4_31b)

Percentage of biological materials and biofuels used for non-energy purposes

Calculation method	Description of approximations	Result 2024
The sustainable origin of packaging is checked and certified. ^{1,2} Packaging from goods obtained from contract manufacturers, traded goods and indirect materials are excluded from the assessment since no sufficient documentation and information can be provided. Bio-based raw materials are determined by the mass-balance method.	No approximations were calculated for these metrics.	3%

¹ Metric based on suppliers' self-disclosure. The certificates are not verified.

² Based on the information for the year 2023.

Metrics for resource inflows (E5-4_31c)

Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used in the production of the Company's products and services (including packaging)

Calculation method	Description of approximations	Result 2024
Recycled materials are evaluated in the packaging category. Reported weight is calculated based on purchased quantities recorded in internal datasets. Packaging materials from the areas of contract manufacturing, traded goods and indirect materials are excluded from the assessment since no sufficient documentation and information can be provided.	Approximation using a mathematical model based on average values from existing packaging data, used to close data gaps.	226,179 t

Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used in the production of the Company's products and services (including packaging)

Calculation method	Description of approximations	Result 2024
Recycled materials are evaluated in the packaging category. The percentage of the reused or recycled secondary amount of packaging is calculated as the total share of recycled packaging divided by the total amount of packaging in kg.	Approximation using a mathematical model based on average values from existing packaging data, used to close data gaps.	2%



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Entity-specific metrics

Categories	Calculation method	Description of approximations	Result 2024
Target: 100% of packaging designed for recycling or reusability (2025) ¹	Each component of plastic packaging is tested against ten different defined criteria. If any of the criteria are not met, the plastic packaging is labeled as “Not designed for Recycling.” We have applied this criterion to the purchased packaging components. Henkel has developed an internal solution to identify and assess the quantity of non-recyclable components in packaging. The test criteria include the color, the label and sleeve properties, the material composition, the plastic composition and avoiding substances that disrupt recycling such as PETG.	Estimates are required for data of poor quality and for countries not integrated into Henkel’s IT system. These approximations only affect the general baseline for packaging and do not impact the “Design for Recycling” data for components of plastic packaging.	89%
Target: >30% share of recycled plastic for all packaging of our consumer products (2025)	Henkel has developed an internal solution that combines sales data with packaging specifications to calculate the weight of plastic packaging and the amount of recycled plastic in absolute figures and percentages.	Estimates are required for data of poor quality and for countries not integrated into Henkel’s IT system. In approximating packaging material, no recycling share is considered.	25%
Target: - 50% production waste per metric ton of product (2025; vs. 2010)	The waste intensity is calculated by subtracting construction waste and “high-quality outbound recycling” from the total waste amount, then dividing the remaining waste by the production volume. This approach normalizes waste generation relative to production output, providing a consistent metric for year-on-year comparison.	Construction waste is excluded as it is not representative of operational waste. “High-quality outbound recycling” is excluded because this waste is used as raw material by other organizations.	-39%

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

Resource outflows (E5-5)

Key products and materials from production processes and design based on circular economy principles (E5-5_35)

Henkel is striving for a packaging portfolio designed for recycling or reuse. Currently, 89 percent of the Company’s product packaging is designed for recycling or reuse. In the area of formulation ingredients, the Consumer Brands business unit is working on improving biodegradability, which facilitates reintegration into the biological cycle, and minimizes environmental impacts. Solutions from Adhesive Technologies reduce resource consumption during the usage phase, enable reparability and support an extended lifespan of products and technologies.



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Durability, repairability and recyclable share (E5-5_36a-c, AR 27, AR 32)

The products that Henkel sells are intended to be used by consumers and end-users. Hence, the aspect of product durability plays a minor role. Repairability is not relevant for products placed on the market by Henkel. Henkel's products that are put on the market normally consist of products and packaging. The content has no recyclable share. Information about the recyclable share of product packaging is provided in the table "Metrics for resource outflows" (E5-5_36c).

Waste generated (E5-5_37a, 37b, 37c, 37d)

Information on the total amount of waste generated is presented in the tables "Metrics for resource outflows (E5-5_37, E5-5_39)." Among other things, these tables include metrics on the total amount of waste generated and on the total amount by weight, including a breakdown by hazardous and non-hazardous waste and by recovery method. Metrics on waste handling such as incineration, landfill disposal and other kinds of disposal can also be found in the table. The total amount and the percentage of non-recycled waste are also listed in the tables referred to above.

Waste composition (E5-5_38)

Waste data is collected and reported at the site level for all production facilities, as well as for all important office, research and development and logistics locations and is reported by an IT system. Waste data is estimated for smaller office sites or for sites that were added to Henkel's footprint during the current fiscal year as part of acquisitions. Requirements for waste data are detailed in the system reporting procedure. The waste data recorded monthly in Henkel's IT system includes the following:

Waste classification:

- Hazardous
- Non-hazardous

Waste categories:

- Production waste
- Obsolete product waste
- Municipal/household waste
- Waste from wastewater systems
- Construction waste
- High Quality Outbound Recycling (HQOR)



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Disposal methods:

- Landfill
- Incineration with energy recovery
- Incineration without energy recovery
- Recycling
- Other disposal methods
- Other recovery methods

Waste streams (E5-5_38a)

Waste is defined as any material, substance or object that leaves a Henkel site for disposal or treatment.

We currently divide our waste into six main categories:

1. Production waste – Waste from production itself, including obtaining and handling raw materials and packaged materials used in production, staging areas, shipping preparation, outbound goods and Henkel warehouses for raw materials and packaged materials.
2. Obsolete product waste – Waste that consists of delisted and expired materials, expired labels, fragrances, promotional materials and products.
3. Waste from wastewater systems – By-products from wastewater treatment.
4. Municipal waste – General waste from office areas, general facilities and other non-production-related areas within a production site.
5. Construction waste – Waste from limited-duration projects related to renovations, expansions or demolitions.
6. High Quality Outbound Recycling (HQOR) – Waste where the quality of the material is maintained or completely restored. The material replaces raw materials or demonstrably fully reintroduces them into the raw material market.

Total amount of hazardous and radioactive waste (E5-5_39)

Henkel does not produce radioactive waste. More information on hazardous waste can be found in the table “Metrics for resource outflows (E5-5_37, E5-5_39).”



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Methods for data calculation and assumptions (E5-5_40, AR 33)

The total amount of products that Henkel produces is calculated on the basis of the net amount of finished products that leave a Henkel production site and is sold to customers or that is delivered to a co-packer for packing/blister packaging. The total amount also includes semi-finished goods or mass-produced products that leave our site for further production at a different Henkel site or a contract manufacturer. The total amount of traded goods or finished products produced by a third party is not taken into account.

Waste data is collected and reported monthly. Total waste is calculated as the sum of production waste, obsolete product waste, waste from wastewater systems, municipal waste, construction waste and pure and material-specific recyclable material waste.

More information on the methods, criteria and assumptions can be found in the table “Metrics for resource outflows (E5-5_37, E5-5_39).”

Metrics for resource outflows (E5-5_36c)

Rates of recyclable content in product packaging

Categories	Calculation method	Description of approximations	Result 2024
Target: 100% of packaging designed for recycling or reusability (2025) ¹	Each component of plastic packaging is tested against ten defined criteria. If any of the criteria are not met, the plastic packaging is labeled as “Not Designed for Recycling.” The result of this process is combined with the weight of the components to determine the total weight (kg) of plastic components designed for recycling. The test criteria include the color, the label and sleeve properties, the material composition, the plastic composition and avoiding substances that disrupt recycling such as PETG. For glass, metal and paper, no component-level analysis is performed; instead, expert assessments are obtained to evaluate “Design for Recycling.” The “Design for Recycling” quantity is aggregated and divided by the total packaging weight to calculate the percentage.	Estimates are required for data of poor quality and for countries not integrated into Henkel’s IT system. These approximations only affect the general baseline for packaging and do not impact the “Design for Recycling” data for components of plastic packaging.	89%

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



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Metrics for resource outflows (E5-5_37, E5-5_39)

ID	Indicator	Calculation method	Description of approximations	Result 2024
E5-5_37a	Total amount of waste generated	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Data for all reporting sites are either measured or calculated. Only a small fraction of waste from non-production sites that do not report waste is estimated.	131,708 t
Waste diverted from disposal, with a breakdown between hazardous waste and non-hazardous waste and a breakdown by recovery operation types				
ID	Indicator	Calculation method	Description of approximations	Result 2024
E5-5_37b	Non-hazardous waste diverted from disposal	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant entries from all facilities within the scope of Henkel's operations.	Data for all reporting sites are either measured or calculated. Only a small fraction of waste from non-production sites that do not report it is estimated.	50,406 t
E5-5_37b i	Non-hazardous waste diverted from disposal due to preparation for reuse	Data related to preparation for reuse are not recorded.	n.a.	n.a.
E5-5_37b ii	Non-hazardous waste diverted from disposal due to recycling	Refer to the calculation method under E5-5_37b.	Refer to the description of approximations under E5-5_37b.	43,942 t
E5-5_37b iii	Non-hazardous waste diverted from disposal due to other recovery operations	Refer to the calculation method under E5-5_37b.	Refer to the description of approximations under E5-5_37b.	6,464 t
E5-5_37b	Hazardous waste diverted from disposal	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Data for all reporting sites are either measured or calculated. Only a small fraction of waste from non-production sites that do not report it is estimated.	7,987 t
E5-5_37b i	Hazardous waste diverted from disposal due to preparation for reuse	Data related to preparation for reuse are not recorded.	n.a.	n.a.
E5-5_37b ii	Hazardous waste diverted from disposal due to recycling	Refer to the calculation method under E5-5_37b.	Refer to the description of approximations under E5-5_37b.	2,588 t
E5-5_37b iii	Hazardous waste diverted from disposal due to other recovery operations	Refer to the calculation method under E5-5_37b.	Refer to the description of approximations under E5-5_37b.	5,398 t

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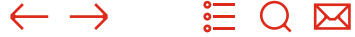
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Metrics for resource outflows (E5-5_37, E5-5_39)

Waste directed to disposal by waste treatment type and the total amount summing all three types, with a breakdown between hazardous waste and non-hazardous waste				
ID	Indicator	Calculation method	Description of approximations	Result 2024
E5-5_37c	Non-hazardous waste directed for disposal	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Data for all reporting sites are either measured or calculated. Only a small fraction of waste from non-production sites that do not report it is estimated.	50,526 t
E5-5_37c i	Non-hazardous waste directed for disposal through incineration	Refer to the calculation method under E5-5_37c.	Refer to the description of approximations under E5-5_37c.	30,970 t
E5-5_37c ii	Non-hazardous waste directed for disposal through landfill	Refer to the calculation method under E5-5_37c.	Refer to the description of approximations under E5-5_37c.	15,571 t
E5-5_37c iii	Non-hazardous waste directed for disposal through other types of disposal	Refer to the calculation method under E5-5_37c.	Refer to the description of approximations under E5-5_37c.	3,984 t
E5-5_37c	Hazardous waste directed for disposal	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Data for all reporting sites are either measured or calculated. Only a small fraction of waste from non-production sites that do not report it is estimated.	22,789 t
E5-5_37c i	Hazardous waste directed for disposal through incineration	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Refer to the description of approximations under E5-5_37c.	19,864 t
E5-5_37c ii	Hazardous waste directed for disposal through landfill	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Refer to the description of approximations under E5-5_37c.	1,128 t
E5-5_37c iii	Hazardous waste directed for disposal through other types of disposal	The total waste volume is automatically calculated in Henkel's IT system. It represents the sum of all relevant data entries from all facilities within the scope of Henkel's operations.	Refer to the description of approximations under E5-5_37c.	1,797 t

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Non-recycled waste				
ID	Indicator	Calculation method	Description of approximations	Result 2024
E5-5_37d	Non-recycled waste	Non-recycled waste is calculated by aggregating all hazardous and non-hazardous waste reported in Henkel's internal system and then subtracting the total amount of recycled waste.	Data for all reporting sites are either measured or calculated. Only a small fraction of non-recycled waste from non-production sites that do not report it is estimated.	85,177 t
E5-5_37d	Percentage of non-recycled waste	The percentage of non-recycled waste is calculated by dividing the total amount of non-recycled waste by the total amount of waste and multiplying the result by 100.	Data for all reporting sites are either measured or calculated. Only a small fraction of non-recycled waste from non-production sites that do not report it is estimated.	65%
Hazardous waste				
ID	Indicator	Calculation method	Description of approximations	Result 2024
E5-5_39	Total amount of hazardous waste	The total amount of hazardous waste is calculated by aggregating all waste entries classified as hazardous in Henkel's internal system.	Data for all reporting sites are either measured or calculated. Only a small fraction of non-recycled waste from non-production sites that do not report it is estimated.	30,776 t
E5-5_39	Total amount of radioactive waste	n.a.	n.a.	n.a.



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Own workforce (ESRS S1)

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

Henkel is a production company with a large number of employees (around 47,150) at different sites worldwide. It has a wide range of levers for improving the social conditions of the Company's employees. However, it also has to deal with the challenges posed by the different labor and social legislation in the various countries.

During the materiality assessment, we identified potential positive and negative impacts with regard to the Company's workforce. The positive impacts include the creation of good working conditions and the promotion of equal treatment and equal opportunities, improving the well-being of employees, increasing productivity and job satisfaction, and promoting health by reducing stress.

By contrast, difficult working conditions can have a negative impact on the health and well-being of employees. These factors include the risk of accidents and illness, unregulated working hours combined with fatigue and stress, inadequate financial remuneration or a lack of job security due to the absence of collective bargaining power. An underrepresentation of women in the workforce, potential pay gaps and the neglect of diversity, equity and inclusion (DEI) can lead to systemic discrimination and limit equal opportunities.

Henkel's corporate strategy, the Purposeful Growth Agenda, specifically emphasizes the importance of the continuous development and sense of belonging of our employees worldwide. We are committed to promoting equal opportunities, strengthening diversity and respecting human rights in all our activities.



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Henkel's policies and actions are designed to amplify positive impacts on the Company's workforce while minimizing potential negative ones. The focus lies on fair working conditions, respecting employee rights and claims in line with international frameworks and conventions, introducing flexible working models for improved work-life balance and implementing health promotion and accident prevention actions. Henkel's holistic approach to diversity, equity and inclusion (DEI) supports equal treatment and equal opportunities. This includes gender pay equity and various initiatives addressing core dimensions of diversity: gender, internationality and ethnicity, LGBTQ+, people with disabilities, and generations.

Relationship between the actual and potential impacts and the strategy or business model

(ESRS 2, SBM-3_13a)

Some of the impacts mentioned in the above section "Material impacts, risks, and opportunities and their interaction with strategy and business model" (ESRS 2, SBM-3_48b) are linked to our business model. Henkel's global presence, with sites worldwide, necessitates navigating diverse political and cultural contexts. The Company respects these differences while promoting its corporate values across locations. As a company active in consumer goods (laundry and home care, hair and body care) and adhesives, sealants and coatings, Henkel is committed to the safe and responsible handling of chemicals to ensure the safety of our employees and non-employees operating at our sites. Henkel's workforce comprises a wide range of functions and skill levels. Across this diversity, the Company strives to provide fair wages and growth opportunities universally.

Scope in relation to employees *(ESRS 2, SBM-3_14 AR 6, AR 7)*

Our policies and actions to ensure fair and safe working conditions, as well as equal treatment and opportunities, primarily apply to all our employees. In principle, we also aim to extend them to our non-employees who are not directly employed by the Company. However, this is not always possible for all policies. The specific scope of application is outlined within the individual policies.

Description of the types of employees and non-employees *(ESRS 2, SBM-3_14a)*

Henkel distinguishes two groups within its workforce:

- Employees: Employees are individuals who have an employment relationship with Henkel



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- Non-employees: Temporary personnel who are usually provided by agencies to support business operations for defined periods. These workers perform tasks comparable to those of Henkel employees and are supervised by Henkel employees.

Disclosures in the case of material negative impacts (ESRS 2, SBM-3_14b)

Many of the material potential negative impacts identified should be assessed within the cultural contexts of the countries where Henkel operates. The Company's global presence necessitates navigating diverse legal and cultural landscapes. For instance, the absence of local minimum wage laws may influence market standards for remuneration in a given country. Similarly, legal restrictions on collective bargaining and union participation may prevent the negotiation of collective bargaining agreements. We currently assume that none of the identified negative impacts are generally associated with Henkel but may occur as individual cases. We have implemented appropriate policies and actions to mitigate potential negative impacts on our employees.

Disclosures in the case of material positive impacts (ESRS 2, SBM-3_14c)

Henkel believes that targeted global initiatives can foster positive impacts on its workforce:

Working conditions

- Working time:
The implementation of clear working time guidelines can improve predictability and work-life balance for our global workforce. This applies to our employees and all non-employees involved in our business operations.
- Adequate wages:
By ensuring that our employees receive adequate wages, we can contribute to an adequate standard of living. We can particularly promote this positive impact for employees whose remuneration falls within the lower segment and is not covered by collective bargaining agreements.



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- **Collective bargaining:**
Supporting collective bargaining fosters a positive working environment with fair wages, benefits and reduced conflict. This process supports our employees who are covered by collective bargaining agreements and promotes stability.
- **Work-life balance:**
Flexible working and holiday arrangements for our employees can enhance well-being. Flexible working hours are particularly important for employees in office roles as an essential means to promote work-life balance. A comparable level of flexibility for employees in production is only partially feasible due to shift systems.
- **Health and safety:**
Our global safety, health and environmental standards aim to create safer workplaces and reduce accidents for our employees and non-employees. Our management systems ensure that these and other standards are consistently implemented across our global production network and at all sites. This is based on the continuous training of our employees. Through our annual global health campaigns, we reach a large proportion of our employees worldwide and can contribute to maintaining and enhancing their health and well-being.

Equal treatment and opportunities for all

- **Gender equality and equal pay:**
Promoting gender equality among our employees and ensuring comparable pay can improve job satisfaction and contribute to broader socioeconomic equality. By continuously increasing the proportion of women at all levels of our Company, we actively promote gender equality.
- **Diversity:**
At Henkel, we aim to foster a culture of belonging across all business areas and employee groups, striving for equal opportunities to unlock the full potential of our diversity. Through our efforts in diversity, equity and inclusion (DEI), we are increasingly focusing on the recruitment, promotion and retention of underrepresented groups. This approach can have a positive impact on societal and economic conditions, as well as on individual well-being.



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Material impacts arising from transition plans (ESRS 2, SBM-3_14e)

Henkel has been able to implement actions to reduce environmental impacts and create environmentally conscious, climate-neutral processes without significant changes to the workforce. Currently, we do not anticipate that our transition plans will result in material impacts on our workforce in the future.

Operations at significant risk of forced labor (ESRS 2, SBM-3_14f)

As part of our materiality assessment, we assessed all possible impacts and risks related to forced and child labor. We found no significant risk of such incidents occurring within our own operations.

Disclosures on developing an understanding of potentially vulnerable people (ESRS 2, SBM-3_15, AR 8)

As part of the materiality assessment, we conducted an in-depth examination of potential impacts on our workforce. As a globally operating company, the diversity of characteristics within our workforce is extensive. Some of these characteristics may increase vulnerability to potential negative impacts, exposing certain employees to a higher risk of harm. Based on our findings, the following groups are particularly at risk:

- Individuals with specific characteristics:
 According to publicly available research (such as the Global Gender Gap Report by the World Economic Forum), employees from underrepresented groups in our sector are at greater risk of experiencing unfair treatment or unequal pay. The diverse characteristics of Henkel employees, such as age, gender, ethnicity or socioeconomic status, can influence their exposure to these potential material impacts.

- Employees working in specific environments:
 While Henkel employees in most countries have the right to organize and form employee representative bodies, this is not the case in all regions and countries where Henkel operates. These circumstances can affect the ability to negotiate collective bargaining agreements. Employees in countries without statutory minimum wage regulations are at greater risk of low wages that fail to meet basic needs.



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- Performing specific tasks:
As a global company operating in consumer goods (laundry and home care, hair and body care) and adhesives, sealants and coatings, Henkel emphasizes the importance of providing personal protective equipment and upholding high safety standards for production employees. Exposure to hazardous substances can increase health and safety risks. Additionally, certain tasks may be more physically or mentally demanding, putting affected employees at higher health risks. Shift work is common in our production operations. If mandatory rest periods in shift work are not kept, potential negative impacts could arise concerning working hours and the balance between work and private life.

Impact, risk and opportunity management
Policies related to own workforce (S1-1)
Key content of the policy (S1-1_19; S1-1_20a; S1-1_24a, 24c, 24d; MDR-P_65a)

We are committed to respecting the rights and entitlements of employees and to providing fair working conditions. In addition to the corresponding national laws, this also includes the policies set out below.

Working conditions

- Working time:
The maximum work time of a normal work week must usually not exceed 48 hours, unless otherwise permissible by law. Exceptions to this rule apply only where both of the following conditions exist: National law allows work time exceeding this limit and a freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods. All overtime work undertaken must not exceed 12 hours per week. At least one day off must be granted per seven-day working period.
- Adequate wages:
Henkel is committed to creating fair working conditions, including remuneration in line with the market that secures livelihoods. Compensation shall be reviewed on a regular basis and considering job performance in a non-discriminatory manner. Furthermore, remuneration must be paid as agreed and without undue delay. Deductions from remuneration must be clearly stated.



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- **Collective bargaining:**
Henkel engages in open and constructive dialog with its employees and their representatives. The right to collective bargaining must be respected, and exercise of that right must not result in any sanctioning of employees.
- **Work-life balance:**
Henkel supports work-life balance through flexible working arrangements, adherence to working time regulations and provisions for appropriate leave and parental leave. We believe that parental leave should apply based on the caregiver role and not based on gender or biological parent status. As such all genders as well as adoptive-, foster-, surrogacy-, and LGBTQ+-parents should be able to take parental leave. Any local Henkel policies on parental leave comply with and are adopted in accordance with local rules and regulations.
- **Health and safety:**
Henkel puts strong emphasis on ensuring the health and safety of employees and external workers. Preventing health risks in the workplace is an integral part of every Henkel manager's duties. Every employee is responsible and accountable for health and safety within the scope of their authority. To ensure that these principles are kept, workplace risk assessments must be performed and documented for all workplaces at appropriate intervals. As part of this assessment, hazards must be identified, risks must be assessed and preventive and/or corrective measures must be implemented, followed up and checked for their effectiveness. Necessary training must be conducted.

Equal treatment and opportunities for all

- **Gender equality and equal pay for work of equal value:**
We are committed to fair working conditions, which includes the concept of "equal pay for work of equal value." Salary bands and grading systems contribute to fair pay practices by providing a structured framework for compensation. This should ensure that employees with similar roles and responsibilities receive comparable pay. These practices support the reduction of discrepancies in salary decisions across the organization.



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- **Diversity:**

The diversity of talents, mindsets, perspectives, qualities and attributes of our employees and business partners characterizes our Company. At Henkel, we pursue a holistic approach to DEI. Our strategic initiatives focus on several core dimensions: Gender, internationality and ethnicity, LGBTQ+, people with disabilities, and generations.

When it comes to DEI, we ensure transparency and accountability. We strive to create a work environment that is free from bias toward certain groups of employees. We work to remove potential barriers to equal opportunities.

Leaders at Henkel can foster responsibility in the area of diversity, equity and inclusion (DEI) by:

- Supporting the hiring of candidates from underrepresented groups. This includes the consideration of inclusive recruitment recommendations and working against potential biases in hiring decisions.
- Placing additional focus on working against potential biases in promotion or talent management decisions and sponsoring underrepresented talent groups.
- Contributing to Henkel's aims to retain employees at all stages of their lives by offering a high degree of flexibility as an employer. The most important offerings here include enabling management positions to be designed as part-time jobs or as a job-sharing model, as well as flexible working arrangements and options for remote working in order to meet individual needs with regard to the integration of work and private life in different phases of life. All formats are offered in accordance with the job requirements.

These objectives have to be supplemented by local legal requirements in order to legally safeguard their applicability.

With this, we address the material impacts related to "Working conditions" (sub-sub-topics: "working time," "adequate wages," "collective bargaining," "work-life balance," "health and safety") and "Equal treatment and opportunities for all" (sub-sub-topic: "gender equality and equal pay for work of equal value") in our own operations.



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Scope *(S1-1_19, MDR-P_65b)*

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded. Therefore, these provisions apply to all our employees. We respect the applicable law in the countries in which Henkel operates. 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.

Accountability for the implementation *(S1-1_19, MDR-P_65c)*

The Henkel Management Board bears overall responsibility for our sustainability concepts and policies. Relevant experts, under the leadership of the Human Resources Executive Committee, are responsible for the development of policies addressing key sustainability topics related to “own workforce” and are responsible for their governance.

The business units (Adhesive Technologies and Consumer Brands) and relevant corporate functions are responsible for the implementation of sustainability policies as well as providing the necessary resources in the countries. The Human Resources Executive Committee continuously oversees workforce-related matters and the Executive Vice President for Human Resources, Infrastructure and Sustainability regularly informs the Management Board, Shareholder Committee and Supervisory Board. Relevant workforce-related and compliance-related matters are reviewed in the Compliance & Risk Committee.

Commitment to third-party standards or initiatives *(S1-1_19; S1-1_20; S1-1_21; MDR-P_65d, AR 12)*

Henkel supports the United Nations Universal Declaration of Human Rights and several globally recognized declarations for multinational companies. We have integrated key requirements based on various public standards, such as the United Nations Global Compact, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the expectations set out in the United Nations Guiding Principles on Business and Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the International Labor Organization (ILO) Conventions. In addition, we are actively involved in multi-stakeholder associations and forums such as the Business Coalition for Tackling Inequality (BCTI) of the World Business Council for Sustainable Development (WBCSD) and AIM-PROGRESS to support the practical implementation of these commitments and the exchange of best practices.



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Consideration of stakeholders (S1-1_19; S1-1_20b; MDR-P_65e)

We maintain dialog with all our stakeholders, including our employees, shareholders, customers, suppliers, government authorities, associations, non-governmental organizations, scientists and the general public. We put particular emphasis on considering the voices of our employees. Henkel is committed to open and constructive dialog with its employees and their representatives.

Accessibility and communication (S1-1_19, MDR-P_65f)

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) in the **Downloads & Publications** section. Our concepts are also further elaborated in the Henkel Social Standards and SHE Standards, which are available on our corporate website and provide stakeholders with additional insights into this specific topic.

Measures to provide remedy for human rights impacts (S1-1_20c)

Henkel's commitment to conducting all business in an ethical and legal manner is inextricably linked to our obligation to respect internationally recognized human rights. Henkel is therefore also responsible for identifying, analyzing and assessing the impacts of its business decisions. This also includes potential deleterious effects on human rights and basic employee rights, as well as cases of corruption – and ensuring that, where necessary, appropriate measures for remediation are duly initiated. This is to ensure that all human rights, including those of local communities, are respected by all of Henkel's business operations worldwide.

Activities, products and processes that have or can have significant adverse social impacts, including potential human rights risks, are identified and assessed by Henkel. In the event of changes in material circumstances, such assessments must be appropriately reviewed. Henkel conducts risk analyses once a year and on an ad hoc basis to identify potential human rights and environmental risks in its own business operations and in the supply chain. When appraising new operations or new projects, potential human rights risks must be included within the associated risk assessments and in the corresponding decision-making procedures.

Indications of impact must be documented and made available to the relevant decision-makers to avoid or minimize impairment.



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In addition, external hotlines have been set up, through which possible misconduct can be reported, even anonymously. Employees and stakeholders, as well as all people affected by Henkel's economic activities (for example customers, suppliers, partners or other affected parties), can make use of this. This applies in particular, but not exclusively, to major violations of our Codes and Standards. The channels should also be used if incidents cannot be resolved directly with affected employees or supervisors. The hotlines are run by independent companies. In addition, the managers and specialists in the Human Resources department or the Corporate Compliance department may provide advice.

Prevention of workplace accidents *(S1-1_23)*

Preventing health risks in the workplace is an integral part of every Henkel manager's duties. The Henkel SHE Standards address safety, health and environmental protection. To complement the standards, binding procedures describe relevant requirements in more detail. Guidance documents including best practice examples support implementation. The SHE Standards are applicable worldwide for the Henkel Group, and each of Henkel's affiliated companies must implement them with an appropriate management system. The implementation is defined regionally and locally.

Processes for engaging with own workers and workers' representatives *(S1-2)*
Influence of employee perspectives *(S1-2_27, AR 21, AR 22, AR 23, AR 24)*

Trusted cooperation with employee representative bodies is a key element of our corporate culture. An in-depth exchange of views and consultations with our management takes place at the operational level, for example with the General Works Councils, as well as across companies with the trade union. Members of the German Works Council and representatives of IG BCE (Industrial Union for Mining, Chemicals and Energy in Germany) are part of Henkel's Supervisory Board.

Form of employee engagement *(S1-2_27a)*

We provide our workers' representatives with information regularly and on a timely basis, and we give them as much detail as possible about topics such as the corporate strategy. Alternative mechanisms are in place to facilitate dialog and exchange about working conditions in countries where employee representation is not established or where employees are not covered by a collective bargaining agreement. Examples include employee assemblies or employee committees. These serve as voluntary, informal tools that enable close dialog with management. In this way, we can communicate with our employees, incorporate their perspectives at an early stage and shape future topics together. It also helps Henkel to avoid conflicts of interest and strengthens employee identification with the Company.



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Stages, types and frequency of engagement (S1-2_27b, AR 19)

To promote collaboration between management and workers' representatives at a European level, Henkel has voluntarily established a European Works Council (EWC). The EWC meets approximately five times a year. There, Henkel informs the workers' representatives of its European companies about matters such as the economic situation, transnational initiatives of the Company such as restructuring or reorganization programs, safety, health and the environment, and training and development programs.

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

Operational responsibility (S1-2_27c, AR 18; AR 19)

Many topics discussed with workers' representatives are influenced by local factors. In all countries, Henkel's local human resources leaders hold the highest-ranking positions responsible for collaboration with unions and workers' representatives. At our largest locations, we have also designated responsible teams or individuals who can be contacted regarding all co-determination-related topics.

Outcomes of collaboration (S1-2_27e)

In 2022, Henkel announced its intention to merge the two existing business units Beauty Care and Laundry & Home Care into the integrated Consumer Brands business unit. This restructuring process spans several years and continued to result in personnel changes in 2024. During the reporting period, we focused on restructuring production, procurement, logistics and warehouses. In the course of the organizational realignment, we worked closely with the employee representative organizations in each country to identify socially acceptable solutions. At all times during the entire change process, our support is based on open exchange with the affected employees.



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Insight into the perspectives of vulnerable or marginalized groups (S1-2_28)

At Henkel, we pursue a holistic diversity, equity and inclusion (DEI) approach. We recognize that many different characteristics contribute to our diversity. However, our strategic initiatives and actions focus on selected core dimensions of diversity, including gender, international and ethnic origin, LGBTQ+, people with disabilities and generational diversity. Henkel has nine global employee resource groups (ERGs), each focused on a specific diversity dimension. To gain insights into the perspectives of our workforce, there is close collaboration between these ERGs and the DEI and HR teams. We also regularly analyze the extent to which these groups are represented at Henkel, wherever data is available. Additionally, a monthly pulse-check survey is sent to at least 3,000 randomly selected Henkel employees, which includes questions on aspects of diversity, equity and inclusion.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

Approach and processes for providing remedy (S1-3_32a, AR 27)

Henkel employees and stakeholders (for example customers, suppliers and service providers), as well as anyone else affected by Henkel's business activities, can report potential misconduct via the whistleblowing system. We have clear processes in place for due diligence and compliance to identify and assess potential negative impacts of our business activities. Where necessary, we also ensure access to remedial actions. A case-by-case assessment is conducted. This includes investigations, reviews of remedial actions and documentation of cases. Possible remedies are classified based on the severity of the violation and the outcomes of any prior corrective actions.



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Specific channels (S1-3_32b; AR 28)

In addition to employees, third parties can also use the **compliance hotline or alternative reporting channels**.

Trusted cooperation with employee representative bodies is a key element of our corporate culture. An in-depth exchange of views and consultations with our management takes place at the operational level, for example with the local Works Councils, as well as across organizations with the trade union. We keep our employees informed through various formats of social dialog, including information about the corporate strategy. For further information, please refer to the section "Procedures for engaging employees and workers' representatives" (S1-2) in this chapter.

Grievance mechanism (S1-3_32c)

Any actual or suspected policy violations or human rights infringements must be reported to Henkel's Compliance department immediately. Whistleblowers have access to several channels to report misconduct and all submitted reports are treated confidentially. Additionally, in cases of uncertainty, managers, HR employees or the Corporate Compliance department can provide advisory support.

Availability of channels (S1-3_32d)

Potential compliance violations or human rights abuses related to actual or suspected breaches must be reported to Henkel's Compliance department immediately. Whistleblowers have access to various channels to report potential breaches. All submitted reports are treated confidentially.



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Effectiveness of the channels (S1-3_32e, AR 32)

Henkel treats all reports with the utmost care, speed and confidentiality, and in full compliance with applicable privacy laws. Among other things, the confidentiality principle is strictly adhered to. This means that only Henkel's Compliance organization (local and global) and, if necessary, other departments required for the investigation or external professional investigators or auditors have access to the report, the investigation and the follow-up.

The process is properly registered and documented. The investigations follow the principles of procedural fairness and objectivity. They lead to an impartial decision, with all parties involved being presumed innocent until a violation has been proven.

The effectiveness of the grievance mechanism is reviewed annually and on an ad hoc basis, and is adjusted as needed. On our website, in the section **Whistleblower Process and Compliance Hotline**, we provide procedural guidelines for the grievance mechanism. This document is available in more than 40 languages.

Knowledge of structures or procedures and policies for protection against retaliation (S1-3_33, AR 31)

Henkel's Code of Conduct, our values, our Leadership Commitments and other internal standards outline the high expectations for our behavior, business practices and that of our stakeholders. Possible violations of these regulations, including breaches of applicable laws, can be reported. In particular, violations of human rights and environmental regulations, as well as human-rights-related or environmental obligations arising from Henkel's own business activities or those of a Henkel supplier, can also be reported. The prevention of retaliation is fully ensured in Henkel's Code of Conduct and Social Standards.

Actions and resources related to own workforce (S1-4)
Summary description of action plans and resources (S1-4_37)

Managing significant potential impacts on the Company's workforce does not require specifically targeted action plans. However, we take the handling of material impacts on our workforce very seriously and have developed actions to help us achieve positive impacts and mitigate negative impacts in each area.



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Key current and planned actions (S1-4_37; S1-4_38a; MDR-A_68a; AR 22; AR 42)

Working conditions

- Working time:
 We are standardizing time and attendance tracking at Henkel through the introduction of a new global payroll and timekeeping system. This system provides better oversight of compliance with our external and internal regulations on working hours. In addition, as part of our human rights due diligence approach, our country organizations are required to regularly conduct risk assessments regarding working hours to protect the rights and entitlements of employees.

- Adequate wages:
 Henkel is committed to creating fair working conditions, including market-appropriate and adequate remuneration, performance-based bonuses, social security and other benefits. For employees in the lowest pay categories, Henkel ensures that the legally applicable minimum wage is observed when setting their salaries. We have also introduced annual reviews based on external benchmarks to assess an adequate living wage. These analyses are carried out across all regions and business areas at Henkel. They apply to all employees.

- Collective bargaining:
 Henkel is a member of employer associations in various countries. In Germany, for example, Henkel is a member of the German Chemical Industry Employers' Association (BAVC) and adheres to industry-specific collective bargaining agreements in Germany, which apply to all our collective bargaining employees at our German sites.

- Work-life balance:
 Wherever possible, Henkel offers flexible working hours, part-time work and sabbaticals to support employees in achieving a balanced work-life relationship. In addition to the flexible option allowing employees to spend up to 40 percent of their working hours outside the office, we introduced a new global parental leave directive in 2024. Regardless of role and in all countries where Henkel operates, we offer employees who become parents a minimum of eight weeks of paid leave. This applies to adoptive-, foster-, surrogacy- and LGBTQ+-parents of all genders.



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- Health and safety:

In the interest of employee health and safety, we regularly conduct risk assessments, implement preventative actions and promptly investigate incidents. These actions support our goal of achieving a +60-percentage improvement in safety per one million working hours (2025 vs. 2010). Our health initiatives for employees include digital platforms, peer coaching and training programs. For a more detailed description of the targets, see the section “Targets related to the company’s workforce” (S1-5) in this chapter.

Equal treatment and opportunities for all

- Gender equality and equal pay for work of equal value:

To evaluate gender equality, we conducted a global analysis in 2024 of the implementation of the principle of “equal pay for equal work” at Henkel. Based on this analysis, we are continuously developing solutions in collaboration with our Human Resources team to address identified gaps. To ensure fair and competitive pay for our employees across all Henkel countries and departments, our salary bands are regularly benchmarked against market standards.

- Diversity:

Henkel supports initiatives for employees from various DEI (diversity, equity and inclusion) dimensions. The key dimensions of diversity defined by Henkel are gender, internationality and ethnicity, LGBTQ+, people with disabilities and generations. As an example, here are some of our initiatives in three of these dimensions:

- *Gender:* As part of our sustainability ambitions, we aim to achieve gender parity across all leadership levels by 2025. To achieve this ambition, we also have a number of support programs for women in our business units and functions around the world. For example, our employee-led network RISE offers a special mentoring program for women. Our Adhesive Technologies business unit supports the “Women into Science and Engineering” (WISE) program, which aims to promote and connect women worldwide.
- *Internationality and ethnicity:* An international workforce composed of people with different cultural backgrounds is important in a global company like Henkel, as it enables us to develop an understanding of our markets. To address the potential challenges of intercultural teams, we offer intercultural training and workshops to raise awareness of different value systems and their influence on daily actions.



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- **LGBTQ+:** Henkel strives to structure a working environment that is open to all people regardless of their sexual orientation or gender identity. We have LGBTQ+ networks in several countries and raise awareness of this topic through a range of events and activities, such as participating in PRIDE parades.

Scope (S1-4_19, MDR-A_68b)

The actions described above apply globally to all our employees. Regarding health and safety, all non-employees operating at our sites also benefit from a safe working environment.

Time horizons (S1-4_37, MDR-A_68c)

Since these actions involve ongoing improvements, there is no fixed timeline for their implementation. The actions mentioned were developed before or during the reporting year, and have been either partially or fully implemented.

Taking remedial actions (S1-4_38b)

Employees can raise concerns about material impacts through their supervisors, the HR department or anonymously via external hotlines. In addition, our internal Corporate Audit team regularly reviews our practices and compliance with our policies across the organization. Where necessary, we take immediate corrective actions to mitigate negative impacts and provide a fair and equitable working environment for all employees.

Additional actions (S1-4_38c, AR 42)

Beyond the actions mentioned above, Henkel pursues an approach of continuous learning and improvement. As part of this approach, Henkel emphasizes a corporate culture of open communication and trust-based collaboration. The Company has launched the global initiative "Accelerate Cultural Transformation" (ACT) with the aim of fostering dialog within teams and defining concrete actions in this regard. The 2024 theme, "We focus on feedback," brought teams together to achieve positive impacts collaboratively. We believe that a culture of feedback can improve working conditions by encouraging employees and managers to foster an environment of trust where issues and concerns can be shared openly.



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Assessment of the effectiveness of actions (S1-4_38d, AR 38, AR 39)

We track and assess the effectiveness of our actions and initiatives using a variety of measures.

Many of our material impacts relate to Henkel's working conditions. We measure the quality of our working conditions by analyzing factors such as application rates, employee turnover and retention. Our Workforce Analytics team uses this data to draw conclusions about the efficiency and effectiveness of our initiatives. With regard to health and safety, we have a centralized system. This tool enables us to monitor progress toward our safety goals and ambitions, and to assess the effectiveness of our actions.

To ensure transparency and accountability for diversity within the organization, we have implemented a DEI dashboard that tracks developments across various dimensions of diversity. This dashboard provides monthly updates on key metrics, broken down at different organizational levels. By regularly reviewing this data, we can identify areas for improvement and make data-driven decisions to create a more inclusive and equitable workplace.

Determination of the necessity and appropriateness of the actions (S1-4_39, AR 34)

While Henkel's Management Board holds overall responsibility for our sustainability policies, internal experts from the relevant departments assess which actions are necessary and appropriate in response to specific actual or potential negative impacts. If the impacts have a specific regional focus, actions are defined and implemented in close collaboration between central teams at the corporate level and the local teams.



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Avoiding material negative impacts (S1-4_41, AR 37)

Henkel's processes are designed to avoid material negative impacts on the Company's workforce. To this end, Henkel has established strict guidelines for ethical standards and labor practices. Regular internal and external audits and evaluations are conducted to minimize the risk of negative impacts.

Internal audits and assessments are conducted by the Corporate Audit team. This team's primary task is to provide independent and objective audit and advisory services with the aim of evaluating the effectiveness of the Company's risk management system, control mechanisms and governance and monitoring processes. Regular audits are carried out globally at our production and administrative sites, as well as at our contract manufacturing operations and logistics centers, with the results reported to the Management Board and the Audit Committee of the Supervisory Board.

Management of material impacts (S1-4_43)

Designated global process managers oversee the processes associated with defined material impacts and ensure that their recommendations and actions address these impacts effectively.

Metrics and targets
Targets related to own workforce (S1-5)
Description of the targets (S1-5_46, MDR-T_80a, AR 24, AR 25, AR 26)

Henkel prioritizes the health and safety of employees, non-employees and value chain workers. Preventing workplace health risks is a key responsibility of all Henkel managers.

Target level (S1-5_46, MDR-T_80b, AR 24, AR 25, AR 26)

We have set the following target:

- S1-T1: +60 percent safer per million hours worked (2025 vs. 2010)

The target level to be achieved is over 60 percent compared to the base year 2010. The target is relative and measured as a percentage.



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Scope (S1-5_46, MDR-T_80c, AR 24, AR 25, AR 26)

The scope of the target refers to work-related accidents involving Henkel employees that result in lost-time cases (LTC).

Baseline value and base year (S1-5_46, MDR-T_80d, AR 24, AR 25, AR 26)

The baseline value is the lost-time incident rate (LTIR) of 1.2. The base year is 2010.

The LTIR is calculated as follows:

$$\text{Number of lost-time cases (LTC) * } \frac{1 \text{ million}}{\text{working hours of Henkel employees.}}$$

Period (MDR-T_80e, AR 24, AR 25, AR 26)

The period for achieving the target extends until 2025. No milestones or interim targets have been established.

Methodologies and significant assumptions (MDR-T_80f, AR 24, AR 25, AR 26)

No significant assumptions were made when setting the target.

Involvement of stakeholders (S1-5_46, MDR-T_80h, AR 24, AR 25, AR 26)

Internal stakeholders involved in target-setting included sustainability managers from the business units, the global Sustainability team and the Corporate Safety, Health, Environment and Quality (SHEQ) department.

Targets were developed in 2021 with consideration given to the perspectives of external stakeholders.

Among other methods, we used a stakeholder survey to verify this.

Changes to targets and metrics (S1-5_46, MDR-T_80i, AR 24, AR 25, AR 26)

To date, Henkel has made no changes to the target, the corresponding metric or the underlying measurement methods, assumptions, limitations, sources or processes for data collection within the defined time frame.



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Performance against targets (S1-5_46, MDR-T_80j, AR 24, AR 25, AR 26)

The achievement of this goal in 2024 stands at 47.2 percent. This makes the target for 2025 appear ambitious. The performance achieved in relation to our goals is tracked monthly through our global reporting system and reported to Henkel's Sustainability Council and Executive Board.

Reporting in the absence of targets (S1-5_46, MDR-T_81a)

Henkel currently has not set a target for the sub-topic "Equal treatment and equal opportunities for all," nor for the aspects of "Working hours," "Adequate wage," "Collective bargaining," and "Work-life balance" within the sub-topic "Working conditions."

For diversity, we aim to achieve gender parity across all leadership levels by 2025.

Monitoring effectiveness (S1-5_46, MDR-T_81b, 81b i, 81b ii)

For information on the effectiveness of our policies and the progress of actions related to the material sustainability impacts, please refer to the monitoring processes described in the sections "Key contents of the policy" (S1-1_19, MDR_65a) and "Key current and planned actions" (S1-4_37, MDR_68) in this chapter.

Collaboration with employees or workers' representatives in setting objectives (S1-5_47a, 47b, 47c)

The target of "+60 percent safer per one million working hours (2025 vs. 2010)" was developed in 2021 and builds on our existing strategic direction. Relevant internal stakeholders, such as the corporate SHEQ department, were involved during the process. However, employees or workers' representatives were not directly involved in the target-setting process, performance monitoring or identifying insights and areas for improvement.



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Metrics related to material sustainability matters (MDR-M)

Overview of all key figures (MDR-M_75, MDR-M_77)

Indicator	Methodologies	Assumptions
S1-6_50a Total number of employees by headcount, with breakdowns by gender and country	The total number of permanent employees by gender and region, captured globally through our HCM Core System.	In accordance with ESRS, we report only for countries where the proportion of employees accounts for at least 10% of Henkel's total workforce. In some countries, we interpret the mandatory field for "title" in SAP as an indication of gender. Employees identifying as non-binary are reported under "Other." Currently, no cases have been reported.
S1-6_50b i Total headcount of permanent employees, including a breakdown by gender	The total number of permanent employees by type of contract can be recorded globally using our HCM Core System.	In some countries, we interpret the mandatory field for "title" in SAP as an indication of gender. Gender data for non-binary employees would be reported under "Other." Currently, no cases have been reported.
S1-6_50b ii Total headcount of temporary employees, including a breakdown by gender	The total number of permanent employees by type of contract can be recorded globally using our HCM Core System.	In some countries, we interpret the mandatory field for "title" in SAP as an indication of gender. Gender data for non-binary employees would be reported under "Other." Currently, no cases have been reported.
S1-6_50b iii Total headcount of non-guaranteed hours employees, including a breakdown by gender	The total number of permanent employees by type of contract can be recorded globally using our HCM Core System.	In some countries, we interpret the mandatory field for "title" in SAP as an indication of gender. Gender data for non-binary employees would be reported under "Other." Currently, no cases have been reported.
S1-6_50c Total number of employees who left the Company during the reporting period and the employee turnover rate in the reporting period	The total number of permanent employees who left the Company during the reporting period can be captured globally through our HCM Core System. We calculate the employee turnover rate as follows: Sum of leavers during the reporting period/total number of employees during the reporting period × 12.	
S1-8_60a Percentage of employees covered by collective bargaining agreements	This number is collected at the country level by HR teams in the respective regions.	
S1-8_60b Within the EEA: Percentage of employees covered by collective bargaining agreements, broken down by country	This number is collected at the country level by HR teams in the respective regions.	In accordance with ESRS, we report only for countries where the proportion of employees accounts for at least 10% of Henkel's total workforce.

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Overview of all key figures (MDR-M_75, MDR-M_77)

Indicator	Methodologies	Assumptions
S1-9_66a Gender distribution by number and percentage at the top management level	Total number of permanent employees by gender and management level, captured globally through our HCM Core System.	In some countries, we interpret the mandatory field for "title" in SAP as an indication of gender. Gender data for non-binary employees would be reported under "Other." Currently, no cases have been reported.
Entity-specific metric Gender distribution ratio across all management levels	Total number of permanent employees by gender at all management levels, captured globally through our HCM Core System.	In some countries, we interpret the mandatory field for "title" in SAP as an indication of gender. Gender data for non-binary employees would be reported under "Other." Currently, no cases have been reported.
S1-9_66b Distribution of employees by age group	Total number of permanent employees by age groups, captured globally through our HCM Core System.	
S1-10_69 Adequate wage for all employees	We use the reference values provided by the "Fair Wage Network" (as of October 2023) to assess the appropriateness of our employees' salaries.	
S1-14_88a Percentage of workers covered by the company's health and safety management system		The coverage of all employees by a health and safety management system is mandatory at all our sites and part of our policies.
S1-14_88b Number of fatalities as a result of work-related injuries	The number of fatalities as a result of work-related injuries is recorded in our global site reporting system, Sphera.	Henkel follows the ESRS guideline on work-related accidents and the corresponding definition of "work-related." Non-occupational commuting accidents as defined by the ESRS are therefore not included in the reported figures.
S1-14_88c Number and rate of recordable work-related accidents	The number of recordable work-related accidents is recorded in our global site reporting system, Sphera. The rate is automatically calculated in Sphera.	Henkel follows the ESRS guideline on work-related accidents and the corresponding definition of "work-related." Non-occupational commuting accidents as defined by the ESRS are therefore not included in the reported figures.

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Indicator	Methodologies	Assumptions
S1-16_97a Unadjusted gender pay gap	The Management Board is excluded from this calculation as it does not constitute employees and including Management Board remuneration would distort the depiction of company remuneration policy.	
S1-16_97b Ratio of the annual total remuneration of the highest paid individual to the median annual total remuneration for all employees	We use the following formula to calculate the ratio: Annual total remuneration for the undertaking's highest paid individual/ median employee annual total remuneration (excluding the highest-paid individual).	
S1-17_103a Total number of cases of discrimination, including harassment, reported during the reporting period	We report any cases of discrimination, including harassment, that were reported and addressed.	
S1-17_103b Number of complaints submitted through the whistleblower system	The number of complaints submitted through whistleblower hotlines is reported by the respective hotline operators.	
S1-17_103c Significant fines, sanctions, and compensation payments related to incidents and complaints concerning human rights	Fines, sanctions and compensation payments related to human rights incidents and complaints are reported to our central Compliance Department.	

External validation (MDR-M_77b)

The disclosed metrics were audited exclusively by our auditor during the audit of this Sustainability Report with limited assurance.



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Characteristics of company employees (S1-6)

Total number of employees, with breakdowns by gender and country (S1-6_50a, AR 57)

Total number of employees by gender

Gender	Number of employees ¹ (headcount)
Male	28,850
Female	18,300
Other	–
Not reported	–
Total employees	47,150

¹ Permanent employees excluding apprentices as of December 31, values are rounded.

Although we have established the technical capability in most of our countries to record master data for employees who identify as non-binary, this option was not utilized during the reporting period. We plan to take actions in 2025 to make this existing option more visible to our employees.

Total number of employees by country

Country ¹	Number of employees ² (headcount)
Germany	8,050
USA	7,200

¹ Applicable to countries where Henkel has at least 50 employees, accounting for at least ten percent of Henkel's total workforce.

² Permanent employees excluding apprentices as of December 31, values are rounded.



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Total number of permanent employees, temporary employees and non-guaranteed hours employees, and breakdown by gender (S1-6_50b; S1-6_51)

		2024			
Female	Male	Other ¹	Not disclosed	Total	
Number of employees² (headcount)					
18,300	28,850	0	0	47,150	
Number of permanent employees² (headcount)					
16,300	26,000	0	0	42,300	
Number of temporary employees² (headcount)					
2,000	2,850	0	0	4,850	
Number of non-guaranteed hours employees² (headcount)					
0	0	0	0	0	

¹ Gender as specified by the employees themselves.

² Permanent employees excluding apprentices as of December 31, values are rounded.

Total number of employees who have left the Company and turnover rate (S1-6_50c, AR 59)

In 2024, 6,250 employees left the Company. This resulted in a total turnover rate of 13.1 percent.

Methods and assumptions (S1-6_50d, 50d i, 50d ii, AR 60)

In line with previous sustainability reports, the figures are presented as employee headcounts.

All figures apply to the end of the reporting period. This does not include the details regarding turnover, which refer to the entire year 2024.

Cross-reference (S1-6_50f)

The total number of employees is reported in the consolidated financial statement under "35 Payroll cost and employee structure" by function.



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Collective bargaining coverage (S1-8)

Percentage of employees covered by collective bargaining agreements (S1-8_60a)

48.1 percent of Henkel’s total employees are covered by collective bargaining agreements.

Collective bargaining agreements in the European Economic Area (S1-8_60b)

Multiple collective bargaining agreements apply within the EEA. The coverage is as follows:

Collective bargaining coverage	
	Employees ¹ – EEA (for countries with >50 employees, representing >10% total employees)
Germany	83.3%

¹ Permanent employees excluding apprentices as of December 31.

Coverage (S1-8_AR 70)

Collective bargaining coverage	
Coverage rate	Employees ¹ – EEA (for countries with >50 employees, representing >10% total employees)
0–19%	
20–39%	
40–59%	
60–79%	
80–100%	Germany

¹ Permanent employees excluding apprentices as of December 31.



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Diversity metrics (S1-9)
Definition of top management (S1-9_AR 71)

Our top management is defined as Corporate Senior Vice Presidents and Management Circles I, Ia and IIa. This is consistent with Henkel's previous sustainability reports.

Gender distribution by number and percentage at top management level (S1-9_66a)

Gender	Number of employees ¹	in percent
Male	450	65.5
Female	250	34.5
Other	0	0.0
Not disclosed	0	0.0
Total	700	100.0

¹ Permanent employees excluding apprentices as of December 31, values are rounded.

As of December 31, 2024, the proportion of women across all management levels was 41.9 percent.

Distribution of employees by age group (S1-9_66b)

Age group	Number of employees ¹	in percent
Under 30 years	6,600	14.0
30–50 years	29,400	62.4
Over 50 years	11,150	23.6
Total	47,150	100.0

¹ Permanent employees excluding apprentices as of December 31, values are rounded.



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Adequate wages (S1-10)

Disclosure on adequate wages (S1-10_69, AR 72, AR 73, AR 74)

All our employees receive an adequate wage in accordance with applicable standards at the end of the reporting period.

Health and safety metrics (S1-14)

Percentage of employees covered by the health and safety management system (S1-14_88a, AR 80)

100 percent of the Company’s workforce is covered by our health and safety management system, which is based on legal requirements and recognized standards. We achieve this coverage by establishing it as a minimum requirement for all our locations through globally applicable SHE standards.

Information about safety (S1-14_88, S1-14_88b, S1-14_88c, S1-14_88e, AR 89, AR 90, AR 91, AR 95)

As of December 31	Number of fatalities as a result of work-related injuries	Number of recordable work-related accidents	Rate of recordable work-related accidents
Employees	0	215	2.3
Non-employees	1	14	
Value chain workers	1	n.a.	n.a.

Remuneration metrics (S1-16)

Gender pay gap (S1-16_97a, 97c, AR 98, AR 99, AR 100, AR 102)

The global unadjusted gender pay gap at Henkel is 1.8 percent.

Remuneration ratio of the highest paid individual to the median for all employees

(S1-16_97b, 97c, AR 101, AR 102)

The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees is 137. Interns, apprentices and student assistants are not included in the analysis.



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Contextual information

The analysis considered all relevant compensation elements for the year 2024. Insignificant compensation elements in terms of their amount, which have no material impact on the overall analysis, were excluded.

Incidents, complaints and severe human rights impacts (S1-17)
Total number of reported incidents of discrimination, including harassment

(S1-17_103a, AR 103, AR 104, AR 105, AR 106)

We react forcefully to violations of laws, codes and standards. Where necessary, we initiate appropriate disciplinary actions. In 2024, there were 12 reported and addressed incidents of discrimination, including harassment. Overall, in 2024, there were 18 warnings and 23 terminations related to compliance violations across all areas of compliance, including the aforementioned cases of discrimination and harassment.

Number of complaints filed through channels for employees to raise concerns

(S1-17_103b, AR 103, AR 104, AR 105, AR 106)

In 2024, 208 complaints were reported through our whistleblowing system.

Total amount of significant fines, sanctions and compensation payments

(S1-17_103c, AR 103, AR 104, AR 105, AR 106)

In 2024, Henkel did not receive any significant fines or non-monetary sanctions for non-compliance with laws and regulations related to human rights or harassment.

Contextual information (S1-17_103d, AR 103, AR 104, AR 105, AR 106)

Whistleblowers, including our employees, have access to various channels to report potential misconduct anonymously. The preceding information on complaints via our whistleblower system includes all reports, as the possibility of anonymization means that no distinction can be made between employees and other stakeholders.



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Workers in the value chain (ESRS S2)

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

As a global company with a complex value chain, we bear a special responsibility to uphold labor and social standards, as well as the human rights of value chain workers. Henkel has identified potential impacts in the value chain that may negatively affect this group. Physical risks, the handling of machinery and the use of hazardous materials and substances may result in work-related injuries, illnesses and accidents among value chain workers. Child labor disrupts education and can harm children's health under dangerous conditions. Value chain workers may also face coercion and forced labor under abusive and exploitative working conditions. The supply chains for palm and palm kernel oil and conflict minerals, including gold, tantalum, tungsten, tin and mica minerals, are under particular scrutiny due to potential negative impacts.

We expect our suppliers to comply with the requirements of our Responsible Sourcing Policy. When selecting and collaborating with business partners, we consider their performance regarding safety, health, environment, social standards and fair business practices. A human rights due diligence process is an integral part of this approach. Through our involvement in the initiative "Together for Sustainability – Chemical Supply Chains for a Better World" (TfS), we focus on identifying synergies in the processes required to manage complex supply chains, while promoting sustainability and optimizing dialog with our global business partners. Our collaboration with the civil society organization Solidaridad is a key component in shaping a sustainable palm and palm kernel oil industry that simultaneously improves the livelihoods of smallholder farmers and promotes sustainable agricultural practices.



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Relationship between the actual and potential impacts and the strategy or business model
(ESRS 2, SBM-3_10a)

The cross-industry Code of Conduct of the German Association for Supply Chain Management, Procurement, and Logistics (BME), based on the principles of the United Nations Global Compact, is applicable for Henkel's suppliers worldwide. This code outlines our expectations regarding labor practices, human rights and environmental responsibility. Management systems must be built on robust policies and effective due diligence mechanisms for the risk assessment to identify, prevent, mitigate and potentially remedy violations. The impacts and capabilities of individual suppliers must be taken into account. The Code of Conduct is therefore applicable internationally and is linked to our contractual relationships with strategic suppliers alongside the Responsible Sourcing Policy. Our Responsible Sourcing Policy is based on our global Corporate Standard Purchasing, our Safety, Health, and Environmental Protection (SHE) standards and our Social Standards, which ensure that the interests of supplier companies are safeguarded and their rights and expectations are considered.

Henkel's Responsible Sourcing Policy is a key element of our commitment to sustainability leadership. This commitment drives our daily actions, guiding our corporate strategy, the Purposeful Growth Agenda and our Responsible Sourcing Agenda.

Scope in relation to workers in the value chain *(ESRS 2, SBM-3_11, 11a, 11a i-a v)*

The principles set out by the Responsible Sourcing Policy are applicable throughout the value chain connected to the key sub-topics of health and safety, child labor and forced labor.

Value chain workers are defined as individuals not employed by Henkel and not directly under the supervision of Henkel (for example, workers in raw material production, packaging or contract manufacturing). Value chain workers produce defined work products as employees of a third party (and therefore under the supervision of that third party). We continuously work to enhance transparency and understanding of our complex value chain.



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We are aware of the heightened likelihood of potential negative impacts in specific value chains for certain groups of workers. Value chain workers who may be significantly affected include those employed by companies in the upstream value chain whose activities are associated with specific raw materials, such as palm and palm kernel oil, the “3TG” metals tin, tantalum and tungsten, as well as mica minerals. These materials are associated with elevated risks. The primary source of these risks lies in the cultivation or extraction of these raw materials, typically on plantations (in the case of palm and palm kernel oil) or through mining activities. Beyond these upstream risks contact with hazardous chemicals, dangerous processes and working conditions of workers in the downstream value chain can lead to work-related injuries, illnesses and accidents. Workers in the downstream value chain are employees of organizations involved in the processes and activities necessary to ensure that products reach consumers and end-users, such as logistics providers, retailers and distributors.

Geographical areas with significant risks of child or forced labor (ESRS 2, SBM-3_11b)

Potential impacts related to forced labor and child labor in our value chain concerning the “3TG” metals tin, tantalum and tungsten, as well as mica minerals, palm and palm kernel oil have been identified in the following countries: Bolivia, Brazil, China, India, Indonesia, Malaysia and Peru.

Disclosures in case of material negative impacts (ESRS 2, SBM-3_11c)

Potential impacts were identified based on information from public sources and do not stem directly from Henkel’s own findings. Sources include publications by the Responsible Mineral Initiative, the Responsible MICA Initiative and the Roundtable on Sustainable Palm Oil (RSPO). These impacts occur very early in the upstream value chain and pertain to individual incidents. Due to the complex nature of the chemical value chain, there may be minimal direct interaction with our Company. For further information, please refer to the section above, “Geographical areas with significant risk of child or forced labor” (SBM-3_11b).



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Development of understanding for potentially vulnerable individuals (ESRS 2, SBM-3_12)

A systematic risk analysis as part of our due diligence approach has given us an understanding of vulnerable value chain workers who may be at greater risk of harm.

As part of our regular risk analysis, which we conduct for our own business activities, our supply chain and our services and products, we identify issues and risks that we consider to be a priority based on their potential severity and our ability to influence them. This includes defining the risk potential in our procurement markets and evaluating value chains on a cross-industry basis. In doing so, we focus on countries that international institutions have classified as risk countries. Based on this, we define the riskiest markets by combining this analysis of risk countries with issues of particular relevance to our supply chains at that time and take appropriate actions. In addition to self-assessment tools, we use externally audited instruments to validate and supplement the information provided by suppliers, enhancing the reliability and depth of our evaluations. This approach allows us to identify areas for improvement and potential risks more effectively. We actively participate in industry initiatives and the development of standards to assess supplier performance and align our evaluation criteria with best practices. By leveraging established frameworks and joining joint industry initiatives, we promote transparency, accountability and continuous improvement among our supplier companies, fostering a culture of responsible and sustainable business practices. For further information on the key types of value chain workers who may be negatively impacted, please refer to the section “Scope in relation to workers in the value chain” (SBM-3_11) in this chapter.



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Policies related to workers in the value chain (S2-1)

Key content of the policy (S2-1_16, MDR-P_65a, AR 10)

Henkel is committed to respecting internationally acknowledged human rights for the workers in its value chain and therefore requires suppliers to ensure fair working conditions and respect for human rights. In this context, policies emphasizing health and safety provisions as well as the prevention of child and forced labor are of particular importance.

Our product safety or product stewardship concepts cover the safe transport, handling and disposal – in addition to their end-use – ensuring the safety of value chain workers when handling Henkel products as intended. We are committed to providing safe products of the highest quality, for the benefit of all our stakeholders.

In this context, our most important expectations toward our suppliers are as follows:

- Suppliers must have management systems in place to identify, assess and mitigate risks to ensure health and safety of people affected by their operations.
- Suppliers do not tolerate child labor (according to the International Labour Organization [ILO]).
- All work is voluntary and suppliers do not permit or cause forced, bonded or indentured labor, slavery or human trafficking.

With this, we address the material impacts related to “working conditions” (specifically “health and safety”) in our upstream and downstream value chain and “other work-related rights” (specifically “child labor” and “forced labor”) in our upstream value chain.



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Henkel monitors its suppliers and conducts regular assessments as part of the responsible sourcing process. Henkel requests suppliers to complete assessments and/or disclose relevant policies and procedures, data and/or other information. In selected cases, Henkel also conducts on-site audits of suppliers' business operations to check the conformity of business activities with the specified requirements. Whenever Henkel requests a supplier to undertake reasonable specific measures to prevent or end any breach, the supplier must document the measures taken to ensure compliance and, upon request, provide Henkel with adequate information about these measures.

The effectiveness of preventive measures and remedial actions and the complaints procedure as well as the material impacts, risks and opportunities and their changes are regularly reviewed by the Procurement Committee, the Sustainability Council – and Compliance and Risk Committee, if appropriate.

Scope (S2-1_16, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded.

We expect our suppliers and other business partners to comply with the principles set out here and to implement appropriate processes to respect human rights. Henkel's Responsible Sourcing approach is global in scope and applies to suppliers worldwide, operating in the areas of raw material, packaging, contract manufacturers and traded goods, as well as indirect materials, and services and logistics.

Accountability for the implementation (S2-1_16, MDR-P_65c)

The Henkel Management Board bears overall responsibility for our sustainability concepts and policies. The Sustainability Council aligns on common positions, prior to approval by the Management Board. These include new strategic priorities, targets as well as risks and opportunities with respect to value chain workers. The Sustainability Council approves specific policies addressing value chain workers and sets up topic-specific project groups to steer the implementation of action plans, the compliance with common standards, the exchange of best practices, and the monitoring of the results. It also handles cross-departmental projects and continuously reviews their progress. The Chief Procurement Officer (CPO) and the Procurement Committee are responsible for all procurement activities and for ensuring responsible supply chain management.



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Commitment to third-party standards or initiatives (S2-1_16, MDR-P_65d)

Our codes and standards also reflect our commitment to the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Conventions of the International Labour Organization, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the United Nations Global Compact, as well as the expectations set out in the United Nations Guiding Principles on Business and Human Rights. The United Nations Guiding Principles include key elements such as frameworks and policies, risk analysis, effective measures, and reporting and complaints mechanisms, which we have incorporated into our approach to respecting human rights. In addition, the OECD Due Diligence Guidance for Responsible Business Conduct acts as a benchmark for our approach, which we continuously review and develop as necessary.

Our expectation toward our suppliers includes the ethical principles of the cross-industry Code of Conduct of the German Association of Materials Management, Purchasing, and Logistics (BME) as well as our concept for responsible procurement, which is based on our globally applicable Corporate Purchasing Standard, our SHE standards and our Social Standards. Sustainable and ethical practice is an essential element of Henkel's commitment to the United Nations Global Compact, which comprises ten principles in the areas of human rights, labor rights, the environment and anti-corruption.

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

Consideration of stakeholders (S2-1_16, MDR-P_65e)

Our suppliers and supply chain partners play an essential role in our sustainability transformation. Intensive dialog and close cooperation are the basis to develop and maintain ethical and sustainable relationships with them. In this spirit, we carefully consider our suppliers' performance, commitment and continuous improvement when selecting and collaborating with them.



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

Henkel is working with various cross-industry organizations, certification bodies and NGOs to ensure responsible sourcing. In the case of the palm oil industry, for example, this includes Action for Sustainable Derivatives (ASD), Roundtable on Sustainable Palm Oil (RSPO) and the civil services organization Solidaridad. As part of our partnerships with civil society organizations, such as Solidaridad, Henkel employees participate in field visits to broaden their perspectives beyond the immediate business context and gain insights into the working environment and interests of value chain workers. The knowledge gained through these partnerships is also incorporated into the design of existing concepts.

Accessibility and communication *(S2-1_16, MDR-P_65f)*

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) in the **Downloads & Publications** section.

Further details and descriptions related to value chain workers are contained in our Responsible Sourcing Policy, which is based on our corporate SHE Standards and our Social Standards as well as the German Act on Corporate Due Diligence in Supply Chains Policy Statement. Requirements toward suppliers are made available on our Supplier Portal, are also part of the supplier onboarding process and are part of contracts, wherever applicable

For internal stakeholders, Henkel communicates the policies and concepts in corporate standards through internal databases and through our learning platform. Henkel experts regularly train purchasing experts and suppliers in commodity focus areas. They also receive training about sustainability assessment processes as part of the joint upskilling within the Together for Sustainability (TfS) community.



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Commitment relating to human rights (S2-1_17)

Our supplier base constitutes of companies with workers around the world and is of high relevance since the intensive dialog and close cooperation with our suppliers are essential for achieving sustainable business, process and production practices. Our responsible sourcing approach focuses on these sustainability aspects along our supply chains: environment, labor and human rights, ethics and sustainable procurement. These main focal areas encompass the different topics we engage on with our suppliers and also serve as the core of our assessments and audit approach.

Henkel has a clear process for taking remedial action: If Henkel discovers that a violation of a human-rights-related or environmental obligation has occurred or is imminent 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.

Henkel has a clearly regulated 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. In addition to employees, third parties can also use our **compliance hotline or alternative reporting channels**.

Consideration of trafficking in human beings, forced labor and child labor (S2-1_18)

Our Responsible Sourcing Policy and the cross-sector Code of Conduct of the German Association of Materials Management, Purchasing, and Logistics (BME) which is implemented for suppliers explicitly address forced labor, trafficking in human beings and child labor. Compliance with the cross-sector BME code of conduct is mandatory for Henkel's suppliers worldwide.

Reporting non-respect with guiding principles (S2-1_19)

Any compliance issues and potential violations are reported to the Management Board, the Audit Committee of the Supervisory Board, the Shareholders' Committee and other local committees. This information is usually provided based on the audit results of the Human Rights Officer, the Corporate Audit department, the Compliance department and the relevant business unit/function representatives working in the human rights office, as well as external investigators where applicable. In each individual case, a case-specific protocol is created to define the relevant measures and monitor the implementation of these measures in accordance with the aforementioned guiding principles (prevention, detection, response).



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Processes for engaging with value chain workers about impacts (S2-2)

Consideration of the perspectives of value chain workers

(S2-2_22, 22a, 22b, 22d, 22e; S2-2_23; S2-2_24, AR 18, AR 19, AR 20)

We currently have the following processes in place to incorporate the perspectives of value chain workers:

The Responsible Sourcing process is an integral part of our procurement activities. This process is initiated before any new collaboration begins. It involves a recurring cycle of review, analysis and continuous improvement with existing suppliers. We have further developed and expanded this as part of our cross-functional and cross-business unit task force on human rights due diligence.

A central element is an assessment or audit at the start of a new business relationship. Authorized supplier representatives are asked to either disclose existing sustainability performance results or complete a questionnaire that provides transparency regarding their sustainability performance, including labor and human rights issues. We do this for the significant portion of our external purchasing volume using an assessment methodology developed by EcoVadis.

The questionnaires cover expectations in the areas of safety, health, environment, quality, human rights (including child and forced labor), employee standards and anti-corruption. The EcoVadis methodology is based on international sustainability standards (UNGC, GRI and ISO norms) and is continuously updated. This methodology builds on 21 indicators across four main categories: Environment, Labor and human rights, Ethics and Sustainable procurement.

In 2021, we also implemented IntegrityNext (INX), a solution for suppliers with lower purchasing volumes. This software-as-a-service solution is based on a compact self-assessment questionnaire on sustainability performance and risks. The INX questionnaire on human rights and labor asks authorized representatives of suppliers in the value chain to answer questions regarding their commitment to combating forced and child labor, eliminating discrimination and ensuring good working conditions.



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Our requirements regarding quality, environmental, safety and social standards are an integral part of all contractual relationships and order placements, and are reviewed as necessary. In this process, Henkel works with specialized independent auditors to monitor supplier compliance with the defined standards. Our audits consist of on-site inspections (for example at production sites) and include factory inspections and discussions with employees at all levels of the hierarchy. At a successful audit that meets Henkel's requirements, the audit validity is set for three years. In cases of unsatisfactory results, a re-audit is initiated after implementing a corrective action plan.

Going beyond direct supplier relationships, we collaborate with the civil society organization Solidaridad to support smallholder farmers in the palm and palm kernel oil sector with projects that promote sustainable agricultural practices and benefit local communities.

Operational responsibility *(S2-2_22c; AR17, AR18)*

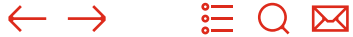
The Chief Procurement Officer (CPO) and the Procurement Executive Committee are responsible for all procurement activities and for ensuring responsible supply chain management.

Processes to remediate negative impacts and channels for value chain workers to raise concerns *(S2-3)*
Approach to implementing or participating in remedial actions *(S2-3_27a; S2-43_33c, AR 21)*

We have established clear due diligence and compliance processes to identify and assess the potential adverse impacts of our business activities (based on the risk analysis). We also ensure that access to remedy is established and accessible, where necessary. Workers and stakeholders of Henkel, as well as all other people affected by Henkel's business activities (for example value chain workers), can report potential misconduct through the whistleblower system.

Specific channels for concerns or needs *(S2-3_27b, AR 22)*

Our compliance hotline and alternative reporting channels are available to employees and third parties. Henkel's central compliance organization can be reached through the following channels: via email (compliance.office@henkel.com), using the **web form** or either by name or anonymously via **Henkel's compliance hotline**.



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Availability of channels (S2-3_27c)

Any actual or suspected compliance violations or human rights abuses must be reported to Henkel's Compliance department immediately. Whistleblowers have access to various channels to report potential breaches. All submitted reports are treated confidentially.

Suppliers, their employees, their contractors and all people affected by Henkel's business activities are obligated to report actual or suspected violations of this responsible sourcing policy to Henkel's Compliance Department. Whistleblowers have access to various channels for reporting misconduct. All submitted reports are treated confidentially. Suppliers are also required to have comparable whistleblower systems in place.

Effectiveness of the channels (S2-3_27d, AR 27)

Henkel treats every whistleblower report with the utmost care, speed and confidentiality, adhering fully to applicable data protection laws. This includes strict adherence to the confidentiality principle, meaning only Henkel's Compliance organization (locally and globally) and other departments or external professional investigators involved in the investigation have access to reports, investigations and follow-up actions.

The process is properly registered and documented. The investigations follow the principles of procedural fairness and objectivity. They result in an impartial decision, with all parties presumed innocent until a violation is proven.

The effectiveness of the grievance mechanism is reviewed annually and on an ad hoc basis, and adjusted as needed. On our website, in the section **Whistleblower Process and Compliance Hotline**, we provide procedural guidelines for the grievance mechanism. This document is available in more than 40 languages.



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Knowledge of structures or procedures and policies for protection against retaliation (S2-3_28, AR 26)

Henkel's Code of Conduct, our values, our Leadership Commitments and other internal standards outline the high expectations for our behavior and business practices, as well as that of our stakeholders. Possible violations of these standards, including breaches of applicable laws, can be reported. Specifically, risks to human rights and the environment, as well as violations of human rights or environmental obligations caused by Henkel's business activities or suppliers, can be reported. For further information, please refer to the section "Policies related to workers in the value chain" (S2-1) in this chapter.

Suppliers, their employees, their contractors and all people affected by Henkel's business activities are obligated to report actual or suspected violations of this responsible sourcing policy to Henkel's Compliance department. Whistleblowers have access to various channels for reporting misconduct. All submitted reports are treated confidentially. Suppliers are also required to have comparable whistleblower systems in place. This is also addressed in Henkel's Responsible Sourcing Policy.

Henkel also has policies in place to protect individuals who report concerns or needs through the available channels against retaliation.

Actions and resources related to workers in the value chain (S2-4)
Summary description of action plans and resources (S2-4_31)

Henkel takes its responsibility for the material impacts on workers in its value chain seriously and has developed the following actions to address potential material impacts identified in the areas of health and safety, child labor and forced labor in the value chain.

Key current and planned actions (S2-4_31, MDR-A_68a, 68b, 68c, 68d, 68e, AR 22)

Responsible procurement

Our six-step process for responsible sourcing is a central element of our risk management and compliance strategy, designed to identify risks and establish appropriate mitigation actions.



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This process has a global scope. It applies to all suppliers and therefore all value chain workers. The process is ongoing and intended to continue in the medium- to long-term. It particularly ensures due diligence in areas such as safety, health, environment, quality, human rights, labor standards and anti-corruption.

We assess the sustainability performance of our suppliers. Our purchasers conduct regular reviews as part of supplier lifecycle management to continuously improve supplier sustainability.

- **Step 1: Pre-check and risk assessment**
We assess risk potential at the regional and country level, as well as at the level of the value chain.
- **Step 2: Onboarding**
The results of the risk assessment are then incorporated into our onboarding process for suppliers. Suppliers are expected to agree to our Supplier Code of Conduct and Responsible Sourcing Policy.
- **Step 3: Initial assessment or audit**
At the start of new business relationships, suppliers must disclose their sustainability performance or complete an EcoVadis questionnaire addressing safety, health, environment, quality, human rights, labor standards and anti-corruption. Since 2021, we have also used IntegrityNext (INX) as a tool for suppliers with smaller contract volumes. Selected suppliers, particularly in contract manufacturing, undergo audits. Our quality, environmental, safety and social standards are embedded in contracts and are regularly audited. We work with independent auditors to monitor compliance, including on-site inspections and employee interviews.
- **Step 4: Analysis of performance assessments**
External experts and our Procurement team analyze audit results and EcoVadis ratings to identify sustainability deficiencies. Suppliers are categorized based on risk. A standardized process ensures corrective actions are implemented. Serious non-compliance trigger an escalation process, which may result in contract termination.



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- **Step 5: Corrective action and continuous improvement process**
Independently of the results of an audit or assessment, we ask our assessed suppliers to draw up a corrective action plan and to work on the defined areas of potential improvement. We monitor the progress made in the implementation together with our suppliers in the course of the period until the re-assessment or re-audit takes place.
- **Step 6: Re-assessment/Re-audit**
We use recurring re-assessments or re-audits to monitor the performance progress of our suppliers and ensure a continuous improvement cycle consisting of evaluation, analysis and corrective actions.

Palm oil, paper and minerals supply chain

To mitigate risks in the palm (kernel) oil industry related to child labor, forced labor and health and safety, we are committed to sourcing our palm-(kernel)-oil-based ingredients in line with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO). This includes continuous monitoring and improvement aimed at maximizing certified volumes. We also work closely with stakeholders along the value chain to promote sustainable practices and respect for human rights. This collaboration spans from our suppliers to the RSPO, non-governmental organizations (NGOs) and smallholder farmers.

All suppliers of paper-based packaging materials must confirm compliance with our procurement policy during the onboarding process, including expectations regarding child labor, forced labor and health and safety. We expect them to support our goal of zero net deforestation. Increasing transparency in the supply chain is the focus of our cooperation with our suppliers of paper-based packaging. This involves the traceability of the materials we buy, especially in the case of suppliers that source virgin fibers from high-risk countries. In these circumstances, we work together on actions to minimize risk. Most suppliers use at least one or more of the following certification systems: FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification Schemes) and SFI (Sustainable Forestry Initiative).



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Conflict-free supply chains are an essential part of our responsible sourcing policy. In line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, we conduct appropriate due diligence on our supply chain. We require our supplier companies to comply with the requirements of the applicable legal frameworks for conflict minerals. This includes the OECD Due Diligence Guidelines, the EU Regulation and the Dodd-Frank Act, but is not limited to these. Suppliers must provide documentation proving that all materials they supply (including but not limited to tin, tungsten, gold and mica) are conflict-free and that human rights are respected. Where necessary, corrective actions are requested.

Compliance violations or human rights violations, whether actual or suspected, are reported to Henkel's Compliance department.

The processes apply globally. They are carried out on an ongoing basis and are intended to continue in the medium- to long-term.

Engagement in initiatives

Multi-stakeholder and industry initiatives play a crucial role in protecting the rights of value chain workers. This includes combating health and safety risks, child labor and forced labor through close collaboration, but is not limited to these areas.

The Together for Sustainability (TfS) initiative plays a central role here. As a large number of TfS members are also direct suppliers of Henkel and these suppliers also assess and audit their suppliers, we achieve a more in-depth approach (tier n) to sustainability practices along the value chain. Henkel is actively involved in several workstreams of TfS. We are also a founding member of the Action for Sustainable Derivatives (ASD) initiative. The initiative brings together organizations from across the palm (kernel) oil derivative supply chain to support efforts for greater transparency, adherence to the NDPE principles (No Deforestation, No Peat, No Exploitation) and to drive positive change in the palm (kernel) oil industry.

Henkel is also a member of AIM-PROGRESS, a forum of consumer goods companies. The forum aims to exchange experiences in sustainable procurement and leverage synergies among participating companies. The forum also focuses on holding regional supplier events to improve sustainability performance within the value chain.



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The collaboration takes place on a global level. It is ongoing and intended to continue in the medium- to long-term.

Competence building and knowledge transfer

A core element of the TfS initiative is the TfS Academy, a tailored learning and skill development platform that provides member companies and their suppliers with training for value chain workers on key sustainability topics related to this area. The TfS Academy offers over 390 courses in eleven languages. These courses cover topics such as health and safety, environmental protection, sustainable procurement, labor and human rights management and corporate governance, as well as information about TfS itself. The learning content is all linked to corrective actions resulting from TfS audits and assessments. This provides suppliers who have been evaluated with a range of concrete learning opportunities that are directly related to the results of the audit and which support them in their continuous improvement efforts.

In 2024, Henkel focused on building sustainable procurement competencies and enhancing the sustainability knowledge of procurement professionals and suppliers. Henkel's responsible sourcing experts trained procurement professionals and suppliers on key topics, including minerals sourcing, palm (kernel) oil and greenhouse gas emissions.

Experts from TfS, along with representatives from the strategic supplier assessment partner EcoVadis, provided further training on implementing the assessment process.

As in previous years, internal Henkel stakeholders and new employees in the Procurement department were also trained on the contents of our Responsible Sourcing Policy, with a special focus on the requirements of the Supply Chain Due Diligence Act.

Henkel's competency programs are implemented globally and on an ongoing basis. They are intended to continue in the medium- to long-term.



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Partnership with the civil society organization Solidaridad

Since 2013, Henkel has partnered with Solidaridad on initiatives in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria. The focus is on training in best practices, including climate-friendly agriculture, influencing policy issues and engaging stakeholders. Together with farmers, we work to increase the production volumes of sustainable, deforestation-free palm (kernel) oil and support their transition to agro-forestry. This project includes collaboration with local government authorities, forest management and communities that play a key role in forestry in the project region.

Our long-standing partnership with Solidaridad supports our practical engagement in the palm (kernel) oil supply chain. Through this partnership, we aim to play an active role in driving sustainable development. Together with our partner, we strive to enable progress in building a sustainable palm (kernel) oil economy, improve the livelihoods of smallholder farmers and promote sustainable agricultural practices.

The process is ongoing and intended to continue in the medium- to long-term.

Additional actions (S2-4_32c, AR 39)

For an overview of all key actions aimed at achieving positive impacts for value chain workers, please refer to the section “Key current and planned actions” (S2-4_31, MDR-A_68a) in this chapter.

Effectiveness of actions (S2-4_32d, AR 33, AR 34, AR 35)

To assess the effectiveness of actions and drive continuous improvement, Henkel conducts annual ad hoc reviews and adjusts processes accordingly.

Metrics developed by TfS for evaluations and audits create transparency and foster positive impacts. The sharing of evaluation and audit results facilitates a dialog on improvements among member companies, customers and suppliers. Many suppliers have demonstrated sustainability improvements, reflected in better evaluation or audit results, after implementing corrective actions identified during the TfS program evaluations.



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The learning content of the TfS Learning Academy is linked to corrective actions resulting from TfS audits and assessments. This provides suppliers who have been evaluated with a range of concrete learning opportunities of the active TfS assessments and audits that are directly related to the results of the audit and which support them in their continuous improvement efforts.

As part of our collaboration with the industry, we participate in regular meetings, such as TfS workstreams and annual workshops, as well as discussions with other industry partners, including ASD and AIM-PROGRESS.

Process to identify the appropriateness of the actions (S2-4_33a, AR 29)

Our six-step process for responsible sourcing is a central element of our risk management and compliance strategy, designed to identify risks and establish appropriate mitigation actions. For further information, please refer to the section “Key current and planned actions” (S2-4_31, MDR-A_68a) in this chapter.

Actions related to material negative impacts (S2-4_33b)

Based on the assessment of our suppliers’ sustainability performance, we use the resulting transparency to support our buyers in working with suppliers to make lasting improvements in the value chain. These continuous improvement processes are based primarily on knowledge transfer and competence building with respect to process optimization, resource efficiency and environmental and social standards. Aspects of continuous improvement include tracking previous corrective actions, enhancing overall evaluation and audit results, maintaining or achieving certifications and participating in other relevant external quality assurance processes.

Avoiding material negative impacts (S2-4_35, AR 32)

At Henkel, we prioritize ensuring that we do not cause or contribute to significant negative impacts on value chain workers. Henkel has established stringent policies to ensure that suppliers adhere to ethical standards and labor practices while safeguarding the rights of value chain workers.



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Severe human rights issues and incidents (S2-4_36)

During the reporting period, no confirmed severe human rights issues or incidents related to the upstream or downstream value chain were reported.

Management of material impacts (S2-4_38)

The management of material impacts is overseen through a cross-functional approach (Corporate Sustainability, Procurement, business units). These resources ensure that actions to address material impacts are appropriately managed.

Metrics and targets

Targets related to workers in the value chain (S2-5)

Description of the targets (S2-5_41, MDR-T_81a)

The sub-topics "Working conditions" and "Other labor rights" of ESRS 2 are managed through our policies and actions rather than an aggregated target. Through our ongoing efforts to enhance transparency, we aim to gain deeper insights into our suppliers to potentially establish more specific targets.

For reporting on the effectiveness of our policies and the progress of actions regarding material sustainability-related impacts, please refer to the presentation of our monitoring processes in the sections "Key contents of the policy" (S2-1_16, MDR-P_65a) and "Key current and planned actions" (S2-4_31, MDR-A_68) in this chapter.



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(ESRS 2, SBM-3_48b)

Henkel's products require a wide range of raw materials whose extracting involves land use and ecosystem utilization. This may potentially adversely impact people living and working in areas where raw material extraction takes place. These potential negative impacts were confirmed through the materiality assessment based on various impact dimensions. For instance, the extraction of raw materials such as palm (kernel) oil can affect the economic, cultural and social rights of indigenous peoples, potentially undermining the principle of Free, Prior and Informed Consent (FPIC). Expansion of activities in the downstream value chain could also infringe upon these rights in various ways.

We are committed to respecting human rights enshrined in international frameworks and conventions. Derived from this commitment, we also respect local, national and international land, water and resource rights, including the rights of indigenous communities and FPIC-related rights. A key element of implementing this commitment is our six-step responsible sourcing process, which integrates our suppliers worldwide into our risk management and compliance strategy in relation to fulfilling human rights due diligence obligations. A significant component of our actions is our engagement in multi-stakeholder and industry initiatives to better understand and mitigate potential impacts on affected communities. The key activities include the partnership with the civil society organization Solidaridad to promote sustainability in the palm (kernel) oil supply chain and strengthen the livelihoods of smallholder farmers.



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Relationship between the actual and potential impacts and the strategy or business model

(ESRS 2, SBM-3_8a)

We have identified potential material impacts under the sub-topic “rights of indigenous peoples,” particularly in relation to cultural rights and the FPIC principle in upstream and downstream value chains. No actual material impacts have been identified.

In the upstream value chain, raw material production can infringe on indigenous land, endanger ecosystems relied upon by indigenous communities and violate the FPIC principle. Land use for production processes with acquired raw materials and goods can lead to the loss of ancestral territories, weakening indigenous identities, traditions and languages.

In the downstream value chain, expansion of activities into indigenous territories could infringe upon their rights and undermine the FPIC principle. Actors in the downstream value chain could impact the cultural rights of indigenous communities, particularly their heritage sites, artifacts and traditional customs.

The link between potential negative impacts on indigenous peoples and Henkel’s business model is indirect, as potential impacts primarily occur in the upstream value chain, such as the palm (kernel) oil supply chain for our consumer goods business. Palm oil, palm (kernel) oil and their derivatives are among the most important renewable raw materials for the production of our detergents, household cleaners, hair and body care products.

Our responsible sourcing program outlines key expectations for our suppliers regarding labor practices, human rights and environmental responsibility. In addition, their management systems must contain robust policies and effective due diligence mechanisms to ensure compliance. Respect for the FPIC-related rights of indigenous peoples and their traditional and cultural rights is one of the key expectations embedded in our responsible sourcing policy.

Description of types of affected communities *(ESRS 2, SBM-3_9a, AR 7)*

For the purposes of this Sustainability Report, we define affected communities as individuals or groups living or working in the same area where our own activities or those of companies within our value chain are conducted. Affected communities also include indigenous peoples. Henkel plans to further refine the typology of affected communities in the future.



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Disclosures in the event of material negative impacts (ESRS 2, SBM-3_9b)

We are aware of an increased likelihood of negative impacts on potentially affected communities within certain value chains. Potential upstream impacts mainly concern specific raw materials such as palm (kernel) oil, the 3TG metals tin, tantalum, tungsten (commonly known as conflict minerals) and mica. These materials are inherently associated with elevated risks. The primary source of these risks lies in the cultivation or extraction of these raw materials, typically on plantations (in the case of palm oil and palm kernel oil) or through mining activities.

Potential impacts were identified based on information from public sources and do not stem directly from Henkel's own findings. These impacts are far upstream in the value chain, so the connection to our Company is indirect due to the complexity of the value chain, for example, in the case of palm oil, palm kernel oil, and their derivatives.

Due to the complexity of our value chain, including the indirect nature of potential impacts on affected communities, we have not yet determined whether violations of FPIC-related and cultural rights indigenous peoples are widespread or systemic within our upstream and downstream value chains.

We are considering further investigations to better understand and explain the relationships between Henkel as a Company and affected communities within our value chain, as well as potential impacts, particularly on indigenous peoples.

Understanding of potentially affected communities (ESRS 2, SBM-3_10)

Our knowledge regarding the characteristics of potentially affected communities or their context mainly stems from our engagement in industry initiatives (for example, Action for Sustainable Derivatives, ASD) and collaborations with partners working with affected communities, such as Solidaridad. At present, our ability to formally describe the characteristics or contexts related to potentially affected communities (for example, indigenous peoples) who may be at higher risk is limited.



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Policies related to affected communities (S3-1)

Key contents of the policy (S3-1_14, MDR-P_65a)

Henkel is committed to doing business in an ethical and legal manner. This is inseparably linked with our commitment to respecting internationally acknowledged human rights. Henkel respects local, national and international land, water and resource rights, including those of indigenous communities. Suppliers must respect land rights including collective and traditional rights of women, indigenous peoples and local communities and other vulnerable groups that may be affected by their operations and sourcing practices. Suppliers must not engage in any form of land-grabbing. If legally permitted land use changes are made, suppliers are required to obtain the free, prior and informed consent (FPIC) of affected indigenous communities, as well as any other forms of participation that are required by local law. This applies in particular if a local community's access to water or other resources is affected. Unlawful forced evictions are not permitted.

With this, we address the material impacts related to the rights of indigenous peoples specifically, FPIC and cultural rights in our upstream and downstream value chain.

The Sustainability Council regularly reviews the effectiveness of our policies and progress toward our objectives, as well as the material impacts, risks and opportunities and their changes. Where relevant, the Compliance and Risk Committee may also review these elements of our approach based on the initiative of the Chief Sustainability Officer.

Scope (S3-1_14, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream value chain. No business units, regions or specific activities are excluded.

Accountability for the implementation (S3-1_14, MDR-P_65c)

The Sustainability Council aligns on common positions, prior to approval by the Management Board. These include new strategic priorities, targets as well as risks and opportunities with respect to affected communities. The Sustainability Council approves specific policies addressing affected communities and sets up topic-specific project groups to steer the implementation of action plans, the compliance with common standards, the exchange of best practices, and the monitoring of the results. It also handles cross-departmental projects and continuously reviews their progress.



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Our business units (Adhesive Technologies and Consumer Brands) and relevant corporate functions are responsible for the implementation of sustainability concepts and policies, the planning of relevant actions as well as for the provision of necessary resources. They are advised by their respective sustainability teams.

Commitment to third-party standards or initiatives *(S3-1_14, MDR-P_65d)*

Henkel supports the United Nations' Universal Declaration of Human Rights and a number of globally recognized declarations for multinational enterprises. We have integrated central requirements derived from different public standards, e.g. the United Nations Global Compact, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises as well as the expectations set out in the United Nations Guiding Principles on Business and Human Rights, International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the International Labour Organization (ILO) Conventions.

Consideration of stakeholders *(S3-1_14, MDR-P_65e)*

Indigenous peoples are considered stakeholders in our policy. To take their interests into account and address potential indirect negative impacts on them in the upstream value chain, we collaborate with legitimate representatives such as non-governmental organizations (NGOs) and regional and local experts.

Accessibility and communication *(S3-1_14, MDR-P_65f)*

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) in the **Downloads & Publications** section.

Human rights policy commitments *(S3-1_16, 16a, 16b, 16c; S3-1_33a)*

The OECD Guidelines for Responsible Business Conduct serve as a benchmark for our due diligence efforts, which we continuously review and develop as needed.

We also publish a policy statement on the German Supply Chain Due Diligence Act, which outlines our approach to due diligence.



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Our due diligence obligations also include respecting the human rights of communities and indigenous peoples. For example, our policy statement prohibits the illegal acquisition of land, forests and waters.

We collaborate with legitimate representatives such as NGOs and regional and local experts to address the indirect impacts of our upstream value chain on affected communities, particularly indigenous peoples.

Additionally, our grievance mechanism allows all individuals affected by our business activities, including affected communities, to report potential misconduct via our whistleblower system.

We have established clear due diligence and compliance processes to identify and assess potential negative impacts of our business activities. We also ensure access to remedy is established and accessible when necessary.

Reference to internationally recognized standards (S3-1_17, AR 10)

As previously mentioned, Henkel supports the United Nations' Universal Declaration of Human Rights and a number of globally recognized declarations for multinational enterprises. However, so far, we are referring in particular to the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organization's Convention concerning Indigenous and Tribal Peoples (ILO No. 169).

Processes for engaging with affected communities about impacts (S3-2)

Consideration of the perspectives of affected communities (S3-2_21, AR 15; S3-2_21a, 21b, 21c, AR 14)

Given the indirect nature of our relationship with affected communities and the identified potential negative impacts, we currently do not have formalized and specific processes for direct engagement with affected communities, particularly indigenous peoples.

However, we actively strive to better understand the concerns of affected communities in relevant value chains, such as palm (kernel) oil, by participating in multiple initiatives and collaborating closely with stakeholders along the value chain. These include our suppliers, the Roundtable on Sustainable Palm Oil (RSPO) and NGOs.

For example, together with the civil society organization Solidaridad, we support smallholder farmers in the palm and palm kernel oil sector through projects that promote sustainable agricultural practices and support local communities. We are also a founding member of the Action for Sustainable Derivatives (ASD) initiative, which brings together organizations from all parts of the palm (kernel) oil derivative supply chain, with the primary goal of increasing transparency in this complex value chain. Henkel is also a member of AIM-PROGRESS, a forum of consumer goods companies. The forum aims to exchange experiences in sustainable procurement and leverage synergies among participating companies. Through these initiatives, we



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improve our understanding of material impacts on these communities and engage in concrete projects to jointly address such impacts.

These partnerships and engagements are conducted on a continuous and regular basis. Depending on the topic, participation in these strategic partnerships involves cross-functional and cross-business collaboration. From the procurement department to the business units and the sustainability team, we ensure that appropriate subject matter experts are involved in the projects. We regularly evaluate the effectiveness of partnerships in achieving their objectives in collaboration with our partners.

We will consider further developing our engagement with affected communities and/or their representatives regarding potential impacts. This is intended as a complement to efforts aimed at gaining a deeper understanding of our relationships with the affected communities, including indigenous peoples.

Information in the absence of direct engagement processes with affected communities (S3-2_24)

Given our business model, where potential negative impacts on indigenous peoples may occur far upstream in our value chain, we currently have no specific processes for direct engagement with affected communities. For further information about our current commitments, please refer to the section "Consideration of the perspectives of affected communities" (S3-2_21) in this chapter.

Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)

Approach to and processes for providing or contributing to remedy (S3-3_27, 27a, AR 17, AR 22)

We have established clear due diligence and compliance processes to identify and assess potential negative impacts of our business activities. We also ensure access to remedy is established when necessary. Henkel employees, stakeholders and all other individuals affected by our business activities (for example, affected communities) can report potential misconduct through our whistleblower system.



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Any compliance issues and potential violations are regularly reported to the Management Board, the Audit Committee of the Supervisory Board, the Shareholders' Committee and other local committees. In individual cases, actions are determined and their implementation is monitored according to the principle of "prevention, detection, response," based on a case-specific protocol.

This includes investigations, reviews of remediation actions and documentation of cases. Possible remedies are classified based on the severity of the violation and the outcomes of any prior corrective actions.

Specific channels for concerns or needs *(S3-3_27b, AR 18, S3-3_27c)*

The hotline and alternative reporting channels are available to employees and third parties. Henkel's central Compliance organization can be reached through several channels: via email (compliance.office@henkel.com), using the **web form** or either by name or anonymously via **Henkel's compliance hotline** or alternative reporting channels.

Effectiveness of the channels *(S3-3_27d, AR 24)*

Henkel treats every whistleblower report with the utmost care, speed and confidentiality, adhering fully to applicable privacy laws. This includes strict adherence to a need-to-know principle, meaning only Henkel's compliance organization (local and global) and other departments or external professional investigators involved in the investigation have access to reports, investigations and follow-up actions.

The process is properly registered and documented. The investigations follow the principles of procedural fairness and objectivity. They result in an impartial decision, with all parties presumed innocent until a violation is proven. The effectiveness of the grievance mechanism is reviewed annually and on an ad hoc basis and adjusted as needed. On our website within the section **Whistleblower Process and Compliance Hotline**, we provide procedural guidelines for the grievance mechanism. This document is available in more than 40 languages.

Awareness of structures or procedures and policies for protection against retaliation *(S3-3_28, AR 23)*

Our Code of Conduct, our values, our Leadership Commitments and other internal standards outline the high expectations for our behavior, business practices and that of our stakeholders. Possible violations of these standards, including breaches of applicable laws, can be reported. Specifically, risks to human rights and the environment, as well as violations of human rights or environmental obligations that arise from Henkel's business activities or suppliers, can be reported.



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In our Code of Conduct, we encourage all employees to speak up. Our organization has zero tolerance for any form of retaliation. We will protect anyone who raises concerns in good faith, even if their concern ultimately proves unfounded. For further information on whistleblower protection, please refer to the chapter “Business conduct” (ESRS G1).

Given the indirect nature of our relationship with indigenous peoples, we have not directly assessed whether potentially affected communities are aware of and trust the process. However, we are in dialog with the civil society organization Solidaridad to consider the perspective of indigenous peoples.

Actions and resources related to affected communities (S3-4)
Summary description of action plans and resources (S3-4_31)

We are implementing the following actions to address material impacts on affected communities, particularly potential material impacts on indigenous peoples, FPIC-related rights and cultural rights in the value chain.

Key current and planned actions (S3-4_31, MDR-A_68a, 68b, 68c, S3-4_35)

We are aware that there may be indirect impacts on affected communities, mainly in our upstream value chain.

Responsible sourcing process

Our six-step process for responsible sourcing is a central element of our risk management and compliance strategy, designed to identify risks and establish appropriate mitigation actions in relation to potential negative impacts. This process has a global scope and applies to all suppliers worldwide.

This action is ongoing and is also intended to continue in the medium- to long-term. It particularly addresses due diligence in areas such as safety, health, environment, quality, human rights, labor standards and anti-corruption. For further details on our responsible sourcing process, please refer to the chapter “Workers in the value chain” (ESRS S2).



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With regard to affected communities, particularly indigenous peoples and potential impacts related to violations of their FPIC-related and cultural rights, these aspects are assessed within our human rights due diligence processes. For example, the risk of upstream actors engaging in unlawful land appropriation is part of our risk assessment process. The actions aim to identify, evaluate and mitigate potential adverse impacts through human rights due diligence processes.

Collaboration with initiatives and NGOs

Engagement in multi-stakeholder and industry initiatives is crucial to gaining a comprehensive understanding of potential impacts on affected communities and mitigating negative effects. We are also a founding member of the Action for Sustainable Derivatives (ASD) initiative, which brings together organizations from across the palm (kernel) oil derivatives supply chain. The primary goal of this initiative is to create more transparency in the complex value chain of palm (kernel) oil derivatives. Henkel is also a member of AIM-PROGRESS, a forum of consumer goods companies. The objective here is to encourage member companies to share experiences in the area of sustainable sourcing and utilize synergies. The collaboration takes place on a global level. This action is ongoing and is also intended to continue in the medium- to long-term.

Partnership with the civil society organization Solidaridad

Since 2013, Henkel has partnered with Solidaridad on initiatives in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria. This action is ongoing and is also intended to continue in the medium- to long-term.

The focus is on training in best practice approaches, including climate-friendly agriculture, along with exerting an influence on policy and involving stakeholders.

We work with smallholders to increase their production of sustainable, deforestation-free palm (kernel) oil and support them with the transition to agroforestry models. This project involves working, for example, with the local government, the forestry authorities and the communities that play a key role in forest management in the project region.



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Our long-standing partnership with Solidaridad supports our practical engagement in the palm (kernel) oil supply chain. Through this partnership, we aim to play an active role in driving sustainable development. Together with our partner, we strive to enable progress in building a sustainable palm (kernel) oil economy, improve the livelihoods of smallholder farmers and promote sustainable agricultural practices. Building on our current understanding of the types of affected communities, we will continue working to better understand Henkel's relationships with these communities and their potential impacts.

Effectiveness of actions *(S3-4_32d, AR 31, AR 32, AR 33)*

To assess the effectiveness of its actions, Henkel conducts regular reviews. Processes are continuously adjusted to achieve improvements. Regarding our human rights due diligence processes, the members of the Human Rights Office and the Human Rights Coordination Panel continuously review and evaluate whether the implemented risk management system needs to be adapted to enhance its effectiveness. Additionally, we participate in regular meetings as part of our industry collaborations and with other industry partners – for example, within the frameworks of ASD and AIM-PROGRESS.

Serious human rights issues and incidents *(S3-4_36)*

During the reporting period, no serious human rights issues or incidents connected to affected communities were reported.

Metrics and targets
Targets related to affected communities (S3-5)
Description of the targets *(S3-5_41, MDR-T_81a)*

The sub-topic "Rights of indigenous peoples" under ESRS S3 is managed through our policies and actions rather than an aggregated target.



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Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

Millions of consumers trust Henkel's products. This trust forms the foundation of our Company's reputation and business success. Material impacts, risks and opportunities related to consumers and end-users are therefore of critical importance to Henkel. The materiality assessment identified potentially positive and negative impacts within the downstream value chain. A positive impact relates to providing consumers and end-users with better decision-making capabilities in product selection through transparent product information. On the negative side, improper product use and lack of safety information in very rare cases can lead to health risks for consumers and end-users.

We are committed to providing consumers and end-users with accurate and high-quality product information. Our actions are guided by compliance with local and global labeling regulations, as well as by a commitment to transparency regarding product ingredients and sustainability profiles. To achieve this, we continuously improve data quality through digital enhancements and invest in structured processes for sustainability assessment across our entire portfolio. In this way, we aim to strategically position ourselves as a reliable partner in sustainability for our industrial and retail customers, supporting them in achieving their sustainability goals. To ensure the highest level of product safety during use, we implement rigorous quality control procedures, conduct thorough safety assessments and continuously monitor products throughout their lifecycle. We ensure that consumers and end-users receive accurate and comprehensive product information that enables safe and appropriate use.



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Relationship between the actual and potential impacts and the strategy or business model

(ESRS 2, SBM-3_9a)

Henkel has identified and assessed the potential impacts, risks and opportunities related to consumers and/or end-users as part of its comprehensive materiality assessment. When conducting the materiality assessment, it was taken into account that Henkel sells directly and indirectly to consumers through our trade partners, while also engaging in B2B transactions with end-users. For further information on aspects related to workers in the value chain, please refer to the chapter “Workers in the value chain” (ESRS S2).

The identified impacts on consumers and end-users play a significant role in shaping and adjusting Henkel’s strategy. By considering information-related impacts, Henkel provides transparent product details, enabling consumers and end-users to make informed choices that best suit their needs, thereby enhancing consumer trust. To mitigate potential health risks, we implement actions to ensure safety and compliance at every stage, implement strict quality control procedures and conduct thorough safety evaluations. Prioritizing these aspects contributes to the overall trust and satisfaction of our consumers and end-users.

Scope in relation to consumers and end-users *(SBM-3_10, 10a, 10b, 10c)*

At Henkel, the terms “consumers” and “end-users” are used as follows:

- Consumers: Individuals who purchase our products either for their personal use or on behalf of a third party who uses the product privately. The products are not intended for resale or professional purposes, such as trade fairs or B2B transactions.
- End-users: Individuals who ultimately use our products, such as industrial customers, craftspeople, hair-dressers and children.

All consumers and end-users could potentially be affected by material impacts. However, we have identified the following key groups:

- Consumers and/or end-users of products that may have serious, undesirable effects if the products are not used as intended: We ensure these risks are effectively managed and communicated. The negative impacts on the “personal safety of consumers and/or end-users” relate to individual incidents (for example a defect associated with a specific product or a person failing to follow instructions properly).



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- Consumers and/or end-users who are dependent on accurate and accessible product-related information, such as manuals and product labels, to avoid potentially damaging use of a product or service: We provide transparent product details to help consumers and end-users better meet their specific needs by making informed decisions about the selection and use of our products and services. This includes clear communication of safety information to avoid risks associated with product use. We are committed to ensuring that our safety information is clear and accessible. In this way, we reduce the likelihood of our products being misused and ensure the well-being of all our consumers and end-users.
- Consumers and/or end-users who are particularly vulnerable to health impacts: Henkel places special emphasis on protecting consumers who are more vulnerable to health risks or who depend on transparent product information. Individuals with limited ability to fully understand product information (for example children, the elderly, people with disabilities) face increased risks if product details are not clear or transparent. We take additional actions to protect these at-risk groups by enhancing packaging safety, conveying clear and accessible information and implementing tailored marketing strategies. For instance, considering the vulnerability of children to hazardous products, the industry has introduced specific safety actions such as child-resistant packaging closures and clear labeling to enhance protection.

Developing an understanding of consumers and/or end-users with specific characteristics or those at higher risk of harm *(SBM-3_11, AR 7)*

To ensure the protection of vulnerable groups of consumers and end-users, we comply with legal requirements and focus on evaluating product safety, chemical composition, packaging design and accessibility. In addition, poison control centers for companies and our customer service teams track and document incidents involving children to identify potential trends and implement appropriate counteractions. We also engage in direct dialog with consumers and end-users, for example, through websites, marketing campaigns, and social media initiatives.



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Impact, risk and opportunity management

Policies related to consumers and end-users (S4-1)

Key content of the policy (S4-1_15, MDR-P_65a)

Health and Safety

We are committed to providing safe products of the highest quality, for the benefit of all our stakeholders. Our products touch millions of people every day. We therefore ensure that products are safe for their intended use in terms of human health and the environment. We comply with requirements regarding health, and safety and as well as labeling that are applicable to us in the regions we operate in. We constantly review and assess our products to ensure that they remain compliant. Our product safety or product stewardship concepts cover the safe transport, handling and disposal of products in addition to their end-use and ensuring the safety of workers in the value chain when handling Henkel products as intended. This policy is monitored through the specific portfolio-steering initiatives in each business unit.

Access to quality information

The general objectives are to provide our consumers and end-users with accurate and high-quality information about our products, in compliance with local and global regulations, as well as labeling requirements that are applicable in the countries of operation. One example are the standardized safe use icons developed with the A.I.S.E. (European Association of Detergent and Cleaning Product Manufacturers), which provide clear instructions on our packaging for the correct and safe use of our products. We strive to enable our consumers and end-users to learn about the ingredients contained in our products. In line with this, we are enhancing global transparency about the substances used and their respective safety. We also want to help consumers use our products correctly and dispose of empty packaging, for example by placing special recycling symbols or collection notices on packaging. We want to clearly communicate our sustainability efforts, with an established and clear process to avoid greenwashing.

The effectiveness of our policies and progress toward our objectives is ensured by extensive monitoring and tracking. Monitoring related to product safety and hazard communication is the responsibility of the Product Safety and Regulatory Affairs Head in each business unit and reviewed in the respective leadership meetings. Product-related sustainability claims and information are reviewed through the Brands Sustainability and Product Stewardship Steering Committee in the Consumer Brands business unit and by the Sustainability (AQR) Team in the Adhesive Technologies business unit. For any other product information, controls are clearly defined. Regulatory changes are immediately reflected and monitored in the processes and shared by the local country teams with the global team.



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With this, we address the material impacts, risks and opportunities related to the sub-topics “Information-related impacts for consumers and/or end-users” (sub-topic: “Access to (quality) information”) and “Personal safety of consumers and/or end-users” (sub-topic: “Health and safety”) in our downstream value chain.

Scope (S4-1_15, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded. Therefore, this policy includes Henkel’s entire product portfolio. These provisions are supplemented by local legal requirements to legally safeguard their applicability.

Accountability for the implementation (S4-1_15, MDR-P_65c)

The Henkel Management Board bears overall responsibility for our sustainability concepts and policies. In Adhesive Technologies the leaders of the strategic business units have the responsibility for implementing Henkel’s objectives with respect to access to information. In Consumer Brands, the members of the executive committee take this responsibility.

Consideration of stakeholders (S4-1_15, MDR-P_65e)

We maintain a dialog with all our stakeholders, including our employees, shareholders, customers, suppliers, government authorities, associations, non-governmental organizations, scientists, and the general public. For the proactive transformation of products and the provision of quality information, we particularly focus on the intensive dialog with customers and consumers and to learn about their needs.

Accessibility and communication (S4-1_15, MDR-P_65f)

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) within the **Downloads & Publications** section. The same applies to our SHE Standards with further details on product safety.



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Human rights policy commitments *(S4-1_16, AR 11)*

For information on respecting the human rights of consumers and end-users, please refer to the explanation of the key impacts on the personal safety of consumers and/or end-users in the sections “Explanation of key impacts, risks, and opportunities” (SBM-3_48a) and “Key positive and negative impacts” (SBM-3_48c) in the chapter “General Disclosures” (ESRS 2).

Respect for the human rights of consumers and/or end-users *(S4-1_16a)*

We are committed to providing safe products of the highest quality, for the benefit of all our stakeholders. To do so, we have extensive precautions in place to assess, mitigate and manage such potential adverse human rights impacts concerning the health and safety of our consumers and end-users, and where necessary provide and/or enable remedy. We also implement stringent quality control processes, conduct thorough safety assessments, and continually monitor products throughout their lifecycle to safeguard consumers and the environment.

Engagement with consumers and/or end-users *(S4-1_16b)*

We engage directly with consumers and end-users and interact with retailers and distributors to ensure our actions align with their increasing demand for sustainable products and transparent information. As part of our complaints mechanism, anyone affected by Henkel’s business activities (including consumers) can use the whistleblower system. Consumers and end-users can rely on our Customer and Consumer Service channels, that can be accessed through a dedicated hotline and/or email address to discuss any concerns. The respective contacts are displayed on the labels of our products and can be found on the websites.

Remedy for human rights impacts *(S4-1_16c)*

We ensure that access to remedy is established and accessible, where necessary. For further details, please refer to the section “Implementation of or involvement in remedial actions” (S4-3_25a) in this chapter.



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Processes for engaging with consumers and end-users about impacts (S4-2)

Consideration of perspectives of consumers and/or end-users (S4-2_20, 20a, AR 14, 20b, AR 16)

Our goal is to transform our product portfolio while prioritizing the health and safety of consumers and end-users and providing them with transparent, reliable product information. We collaborate with consumers and end-users through open communication channels to align our actions with their needs and the increasing demand for sustainable products and accurate, transparent information.

We maintain direct dialog with consumers and end-users (for example, through our customer and consumer advisory teams, websites, marketing and social media campaigns, social media interactions and product labels). The insights gathered from these interactions help improve our products and enhance the transparency of our information. We also involve retailers and distributors as additional communication channels with our consumers and end-users. For example, we regularly train our distributors to ensure they have the most up-to-date information about our products. Engagement with our consumers and end-users is an ongoing process. It takes place throughout the entire product lifecycle: from the beginning of the innovation development process to communication with consumers and end-users during the product launch.

In addition to market observations and research (such as purchase reports and data), ongoing dialog through surveys, marketing campaigns, events and social media activities play a central role in understanding consumer and end-user expectations. We also collect valuable insights through customer service channels, which contribute to product improvements and reinforce our commitment to transparency. We believe it is becoming increasingly important to enable consumers to learn about the ingredients contained in our products. To this end, we will continue to improve transparency regarding the substances used and their safety at a global level. Regular internal audits are carried out to verify compliance with corporate product safety requirements and procedures.



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Through targeted communication, we also strive to encourage responsible consumer behavior while using our products. In our Consumer Brands business unit, we launched the initiative “It starts with us” in 2023 to help educate consumers on how to use our products. The initiative encourages resource-efficient behavior and proper waste management. It was launched as part of a comprehensive communication campaign and also includes brand-specific communication.

Operational responsibility *(S4-2_20c, AR 15, AR 16)*

The highest management positions with global responsibility for engagement with consumers and end-users in the Consumer Brands business unit include the Corporate Senior Vice Presidents (CSVP) for the Hair Care and Laundry & Home Care categories for all globally managed brands, the regional CSVPs for all regionally managed brands and the Director of R&D Product Safety & Regulatory. In Henkel’s Adhesive Technologies business unit, the positions include the Head of Market & Customer Activation, Head of Distribution/Channel Management, Head of Digital & E-Commerce and Head of Product Safety & Regulatory Affairs for the respective strategic business units. They work closely with the respective regions/countries to ensure an appropriate exchange with customers and end-users.

Effectiveness of engagement *(S4-2_20d)*

We assess the effectiveness of our engagement through our service channels for consumers and end-users. These channels allow us to gather feedback and evaluate satisfaction to identify areas for improvement. Additionally, we analyze the results of these interactions to ensure that we meet the needs and expectations of consumers and end-users. This feedback also serves as a potential basis for initiatives to improve our products and services.

Perspectives of consumers and/or end-users vulnerable to impacts and/or marginalization
(S4-2_21, AR 17)

To gain insights into the perspectives of consumers who may be vulnerable to negative impacts or marginalization, we follow best practices and legal requirements and conduct targeted studies where appropriate and relevant.



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Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)

Approach to providing or contributing to remedial actions (S4-3_25a, AR 18)

We have established clear compliance processes to identify and assess potential negative impacts of our business activities. We also ensure that access to remedy is established and available, where necessary. Henkel's consumers and end-users, as well as all other people affected by Henkel's business activities (for example value chain workers), can report potential misconduct through the whistleblower system. Any compliance issues and potential violations are reported to the Management Board, the Audit Committee of the Supervisory Board, the Shareholders' Committee and local committees on a regular basis. In individual cases, actions are determined and their implementation monitored in accordance with the guiding principle of "prevention, detection, response" using a case-specific protocol. This includes investigations, reviews of remediation actions and documentation of cases. Possible remedies are classified based on the severity of the violation and the outcomes of any prior corrective actions.

We also have an organizational structure with binding procedures, clear responsibilities and policies, such as the Code of Conduct, including the section "Product Safety & Quality," to ensure an appropriate and prompt response to any product incidents that have or may lead to impacts on the life or health of customers, consumers and end-users. For further details, please refer to the section "Identification of actions to address negative impacts" (S4-4_32a) in this chapter.

Channels for raising concerns and needs (S4-3_25b, AR 19, AR 21)

Henkel's central Compliance organization can be reached through the following channels: via email (compliance.office@henkel.com), using the **web form** or either by name or anonymously via **Henkel's compliance hotline**. Consumers and end-users can also contact our Customer and Consumer Service team via various other channels, such as hotlines, email addresses, social media pages and messaging channels.

Availability of channels (S4-3_25c)

Potential compliance violations or human rights abuses related to actual or suspected breaches must be reported to Henkel's Compliance department immediately. Whistleblowers have access to various channels to report potential breaches, including the compliance hotline mentioned above. All submitted reports are treated confidentially. The contact details of our Customer and Consumer Service team are available on product labels and our websites.



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Tracking and monitoring of issues and effectiveness of channels *(S4-3_25d, AR 24)*

Henkel treats every whistleblower report with the utmost care, speed and confidentiality, adhering fully to applicable data protection laws. This includes strict adherence to the confidentiality principle, meaning only Henkel's Compliance organization (locally and globally) and other departments or external professional investigators involved in the investigation have access to reports, investigations and follow-up actions.

Each process is properly registered and documented. The investigations are conducted under the principle of fair procedure and are committed to objectivity to ensure an impartial decision. All affected individuals are presumed innocent until a violation is proven.

The effectiveness of the grievance mechanism is reviewed annually and on an ad hoc basis and adjusted as needed. On our website, in the section **Whistleblower Process and Compliance Hotline**, we provide a procedural framework for the grievance mechanism, which is available in more than 40 languages.

Appropriate responsibilities and procedures exist for handling inquiries and concerns submitted through our customer and consumer service channels.

Awareness of structures and processes *(S4-3_26, AR 23)*

Henkel's Code of Conduct, our values, our Leadership Commitments and other internal standards outline the high expectations for our behavior, business practices and that of our stakeholders. Possible violations of these standards, including breaches of applicable laws, can be reported. This includes potential human rights and environmental risks, as well as breaches of human-rights-related or environmental obligations resulting from Henkel's business activities or those of Henkel's suppliers.

Actions and resources related to consumers and end-users *(S4-4)*

Key current and planned actions *(S4-4_30, MDR-A_68a, 68b, 68c, AR 22; S4-4_31a, 31c; AR 35, 4 31d, AR 30, AR 31, AR 32; S4-4_32b, 32c, AR 33; S4-4_34, AR 29; S4-4_37)*

Henkel has implemented targeted actions and allocated resources to effectively manage its material impacts on consumers and end-users. Our goal is to proactively address key sustainability aspects and mitigate potential negative impacts. These actions contribute to the success of our policies for access to high-quality information and health and safety issues. We implement these actions on a global scale and aim to continue them in the medium-term and long-term, based on regular reviews and updates. We integrate data-driven knowledge, inquiries and concerns from our consumers and end-users, along with safety standards, ensuring that the actions defined by Henkel achieve their objectives. To support this commitment, we allocate the necessary resources, including advanced technologies such as SAP, PowerBI and other Henkel IT tools, and rely on specialized teams. Our efforts include our own and downstream activities to ensure comprehensive product safety and quality management throughout the entire value chain.



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Ensuring the accuracy of product information

We ensure that consumers and end-users worldwide receive accurate and comprehensive product information through highly qualified teams, processes and tools. The primary platform for managing this information and data is the Product Information Management System (PIM), based on the SAP Hybris platform. The PIM serves as a central repository for collecting, managing, enriching and distributing all product-related information, including logistics, safety and R&D data, which are automatically sourced from the SAP system, as well as media links and uploads of marketing and sales data. This ensures a consistent and harmonized information flow across the Company.

To provide consumers with the necessary information on product ingredients and safe use, key documents such as technical data sheets (TDS), safety data sheets (SDS) and regulatory data sheets (RDS) are available. In the B2B sector, a complete safety data sheet (SDS) is provided when a new product is introduced, with all changes proactively communicated to customers and end-users. Additionally, customers can contact the Customer Service and Sales teams, as well as the Product Safety & Regulatory Affairs (PSRA) team for further information. In the B2C sector, product details are available upon request or via the website, with key safety information included on product labels. Specifically regarding the sub-topic of "Health & Safety," the safety data sheets and product labels provide clear instructions for the proper use of the products, as well as guidance on handling in case of misuse of the product. Medical professionals with access to our SDS can provide immediate assistance and advice to consumers.



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Enhancing the transparency of our product portfolio's sustainability performance

Transparency is essential for assessing responsible action and sustainability performance. This applies inside and outside the Company. We are committed to continuously improving data quality and using digital tools to enhance sustainability efforts globally. By implementing automated systems (based on SAP and other Henkel IT tools) to capture and display comprehensive sustainability data for all products, we ensure that our communication is credible and supported by reliable data.

Internally, we assess the sustainability contribution of our portfolio through a structured process, categorizing products based on their impact across the value chain. Products are classified into four categories: "Transitioner" and "Performer" products contribute minimally to sustainability, "Contributor" products have a positive impact and "Pioneer" products make an exceptionally positive contribution. This sustainability assessment aims to create transparency regarding the sustainability performance of our global portfolios and evaluate our efforts toward more sustainable products.

In addition to internal actions, we recognize the benefits of collaboration and collective impact. To raise consumer awareness, our Consumer Brands business unit supported the development of the Cosmille app by haut.de. The science-based platform allows consumers in selected European countries to scan the EAN bar code of cosmetic products to obtain detailed information about the ingredients. In addition, to promote sustainable consumption, in 2021 we entered into a partnership with Unilever, LVMH, L'Oréal, and Natura to establish the Eco Beauty Score Consortium (EBS). More than 70 companies and associations worldwide have now joined the EBS. The consortium aims to create a unified system for evaluating the environmental impact of cosmetic products to help consumers make informed and sustainable purchasing decisions.

Product safety and quality

To avoid potential adverse effects of our products on the personal health of consumers and end-users, we take actions to ensure safety and compliance at every stage. We conduct rigorous quality control procedures, carry out thorough safety assessments and continuously monitor products throughout their lifecycle to protect consumers and the environment.



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We closely monitor public discussions about the safety of chemical ingredients, track scientific developments and pay close attention to consumer perceptions. If concerns about product safety arise and scientific data cannot fully dispel these concerns, we either eliminate the substance from our formulations or restrict its use to ensure compliance with our stringent safety criteria. For further details on Henkel's commitment to carefully assessing all substances used in our products, particularly substances of very high concern (SVHC), please refer to the chapter "Pollution" (ESRS E2).

Identification of actions to address negative impacts (S4-4_32a)

Although our products undergo numerous tests and assessments to ensure a high level of safety, unforeseen deviations from our high quality standards may occur in very rare cases. In preparation for any such cases and to ensure the best possible health and safety of consumers and end-users, in 2009 Henkel introduced a corporate standard for potential product crises and product recalls that applies to all sites. An updated version of this standard was made available Company-wide in 2020. Digital training on this topic has also been available in multiple languages since the end of 2020. Henkel's global corporate standard comes into effect when a product incident presents a potential risk to the health or lives of customers, consumers and end-users. Its purpose is to establish an organizational structure with binding procedures, clear responsibilities and guidelines for an appropriate and prompt response to a potential product crisis or recall, ensuring the health and safety of customers, consumers and end-users. The standard is based on five key elements and process steps:

1. Product incident
If Henkel becomes aware of a product incident with potential risks to the health or life of customers and consumers, information must be promptly gathered, and questions regarding the exact details of the incident, its cause, potential health impacts and frequency must be answered.
2. Product Crisis Team
The Product Crisis Team manages product incidents with potential health or life risks. It is essential to inform team members in the event of a critical situation. The team consists of five mandatory members: Business Unit, Research and Development/Product Development, Legal Department, Supply Chain Management and Corporate Communications.



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3. Risk Assessment and Classification

The risk and its classification are determined based on an evaluation of the potential severity and likelihood of the product incident. The Product Crisis Team conducts an initial risk assessment, which is continuously adjusted as new information becomes available. A final risk assessment must be performed once all relevant information has been obtained.

4. Product crisis and recall actions

The Product Crisis Team decides on the necessary actions to be planned and implemented. This decision always depends on the prior risk assessment, the level of public attention to be achieved and the specific circumstances (such as product distribution levels).

5. Monitoring and control of actions

The Product Crisis Team must monitor, document and evaluate all information related to the response's scope and effectiveness over a defined period. Additionally, it should review how the product incident was handled to enhance the Product Crisis and Recall Management Process (PCRMP) for future incidents.

Metrics and targets
Targets related to consumers and end-users (S4-5)
Description of the targets (S4-5_38a, 38b, 38c; S4-5_40, MDR-T_81b, 81b i, 81b ii, MDR-T_72)

The sub-topics "Information-related impacts for consumers and/or end-users" and "Personal safety of consumers and/or end-users" in chapter ESRS S4 are managed through our policies and actions, rather than through aggregated targets. Our monitoring processes track the effectiveness of our policies and the progress of actions in relation to the main sustainability-related impacts. For further information, please refer to the sections "Key content of the policy" (S4-1_15, MDR-P_65a) and "Key current and planned actions" (S4-4_30, MDR-A_68) in this chapter.



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Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2, SBM-3_48b)

For Henkel, it is essential to conduct business in an ethical and legally compliant manner. Integral to this commitment is a value-driven corporate culture based on respect, trust and appreciation that consistently opposes discrimination and provides access to equal development opportunities. As part of a materiality assessment of its own business operations, Henkel has identified various potential negative and positive material impacts related to its business conduct. A corporate culture that undervalues employee well-being, with extended working hours and a lack of work-life balance, can decrease employees' motivation, job satisfaction and overall well-being. The lack of whistleblower protection can lead to retaliation, suppressed reporting and harmful practices, posing economic and health risks to employees. In contrast, a value-based corporate culture, including whistleblower protection and ethical business practices, can contribute to a positive work environment, employee well-being and compliance with regulations.

Henkel is committed to ensuring corporate governance and compliance. The codes, standards and processes we have established provide our employees, customers, suppliers and investors, as well as the communities in which we operate with a clear definition of the ethical and social values we uphold. All stakeholders are encouraged to report any potential misconduct through Henkel's whistleblower system. We have established clear due diligence and compliance processes to identify and assess the potential adverse impacts of our business activities. Special protections against retaliation for whistleblowers are in place. Fairness and objectivity are top priorities in our procedures for pursuing reports of legal violations. To impart clear rules of conduct to our employees and especially to avoid any conflicts of interest in everyday working situations, we focus on regular training courses and communication actions on compliance issues.



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Impact, risk and opportunity management

Business conduct policies and corporate culture (G1-1)

Key contents of the policy (G1-1_7, G1-1_9, G1-1_10a, MDR-P_65a)

Corporate culture

Fostering a culture of diversity, equity & inclusion, teamwork, and family spirit are cornerstones of our success. Only in a fair, healthy, and safe work environment will our employees be able to reach their full potential. It is a mindset that we want to represent and stand for at Henkel, but also beyond in society, having our employees serve as role models for future generations.

We are committed to fostering a respectful and inclusive culture that enables our employees to be their best every day. Henkel is committed to a diverse and inclusive workforce, recognizing it as a key strength that fosters talent retention, innovation, and understanding of stakeholders. The Company promotes a culture of trust, teamwork, and respect, with zero tolerance for harassment, bullying, or discrimination. We provide our employees with opportunities equally accessible to all, enabling them to contribute to Henkel and grow both professionally and personally. Aspects of corporate culture are addressed and discussed at the meetings of the Management Board and Supervisory Board at least once a year and on an ad-hoc basis.

Protection of whistleblowers

Our ethical and compliant behavior includes strict compliance with whistleblower laws globally. Therefore, all employees, stakeholders and people affected by Henkel's business activities, are requested to report potential misconduct. The process adheres to the global whistleblower laws, ensuring a confidential and fair process for reporting and addressing potential misconduct. Those who report in good faith are protected and any kind of retaliation against them will not be tolerated. The reporting channels for whistleblowers are communicated to our employees and external stakeholders in an appropriate manner, including via the intranet and the internet.



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Henkel is committed to handling whistleblower reports with the highest level of care, promptness, and confidentiality, in full compliance with relevant data protection laws. Access to these reports is limited to the necessary members of Henkel's Compliance Group (both local and global) and, when needed, other relevant departments or external professional investigators/auditors for the purpose of conducting an investigation and taking appropriate action. Henkel ensures that all whistleblower reports are properly recorded and documented. The investigation process is guided by principles of procedural fairness and objectivity, leading to an impartial decision. Throughout the process, individuals involved are presumed innocent until evidence proves a violation has occurred. Henkel takes a strong stance against confirmed misconduct, which could result in disciplinary actions against those responsible.

These principles described above are of fundamental importance for internal collaboration at Henkel and also extend to interactions with suppliers and business partners. Henkel's compliance culture involves continuous monitoring and improvement of the compliance process. Our global compliance management system was once again audited by external auditors in 2022 based on IDW PS 980 assurance standard and under due consideration of ISO 37301, with respect to the appropriateness, implementation, and effectiveness of the global compliance processes in the areas of competition law and anti-corruption. Henkel has repeatedly and successfully passed this special audit.

Scope (G1-1_7, MDR-P_65b)

The provisions in this policy apply to the Henkel Group worldwide, including all operations and subsidiaries as well as their upstream and downstream value chain. No business units, regions, specific activities or stakeholders are excluded.

Accountability for the implementation (G1-1_7, MDR-P_65c)

The Henkel Executive Board bears the overall responsibility for the Compliance organization, which ensures adherence to global laws and policies. The Company-wide Compliance organization is led by the Chief Compliance Officer (CCO) with global responsibility. The CCO is supported by the Corporate Compliance Office with the Head of Corporate Compliance & Privacy Protection Officer, and by an interdisciplinary Compliance & Risk Committee, as well as by 50 local compliance officers worldwide. The various tasks and responsibilities are clearly defined.



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The compliance structure functions across three key areas: prevention, detection, and response. It is responsible for all compliance activities, coordinates training and education, monitors compliance with internal and external regulations, and supports the development and implementation of globally binding internal standards. Compliance issues and potential violations are regularly presented to the Management Board, the Audit Committee of the Supervisory Board, the Shareholders' Committee, and other local entities.

Commitment to third-party standards or initiatives *(G1-1_7, MDR-P_65d)*

Henkel has not entered into any such commitments.

Consideration of stakeholders *(G1-1_7, MDR-P_65e)*

Grasping and delineating the societal expectations placed upon our enterprise by a diverse array of stakeholders is a fundamental aspect of our sustainability management efforts. Our stakeholder group spans a broad spectrum, encompassing customers, consumers, suppliers, business partners, employees, shareholders, investors, neighboring communities, local groups, associations, non-governmental organizations (NGOs), academic institutions, as well as policymakers and governmental bodies. This group of stakeholders was consulted when defining the concept for selected compliance aspects.

Accessibility and communication *(G1-1_7, MDR-P_65f)*

This policy is made available to all employees and external stakeholders through our Code of Sustainability on our website (henkel.com) via the **Downloads & Publications** section.

Protection of whistleblowers *(G1-1_10c, 10c i, 10c ii, 10e, G1-11_1)*

Our ethical and compliant behavior includes strict compliance with whistleblower laws globally, including the EU Directive (EU) 2019/1937. Therefore, all employees, stakeholders and people affected by Henkel's business activities are requested to report potential misconduct. **Henkel's whistleblower process** adheres to the global whistleblower laws, ensuring a confidential and fair process with protection for those reporting in good faith, handled by a trained compliance organization. Any kind of retaliation against whistleblowers will not be tolerated, as also described further in our Code of Conduct.



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Policy for training *(G1-1_10g)*

To impart clear rules of conduct to our employees, and especially to avoid any conflicts of interest in everyday working situations, we focus on regular training courses and communication measures. Our managers play a key role with regard to compliance. Given their position within the Company, they bear a special responsibility to set an example for their staff. For this reason, all of our managers across the globe must participate in our mandatory Compliance eLearning program and attend relevant training courses, usually several onboarding courses as well as at least one specific training per year. The program addresses many different compliance topics, such as data protection, competition law and anti-corruption.

Metrics and targets
Targets related to corporate culture and whistleblowers *(MDR-T_81b)*

The topics "Corporate culture" and "Whistleblowers" are managed through guidelines and our policies rather than aggregated targets. Our monitoring processes track the effectiveness of our policies and the progress of actions in relation to the main sustainability-related impacts, risks and opportunities. For further information, please refer to the section "Key content of the policy" (G1-1_7, MDR-P_65a) in this chapter.



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EXPLANATORY INFORMATION ON THE NON-FINANCIAL STATEMENT

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

Business activities

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

As such, it is responsible for defining and pursuing Henkel's corporate objectives and also for the management, control and monitoring of Group-wide activities, including risk management and the allocation of resources. The operating business of Henkel AG & Co. KGaA represents only a portion of the business activity of the entire Henkel Group and is managed across the Group by the business units.

Matters relating to sustainability at Henkel AG & Co. KGaA are characterized by its own operating activities and those of its subsidiaries. Regarding sustainability issues and the risk position of Henkel AG & Co. KGaA, it is therefore appropriate to refer to the group statement.

Non-financial report

Pursuant to Section 289b of the German Commercial Code (HGB), we did not employ a framework for our non-financial report with respect to Henkel AG & Co. KGaA because our stakeholders consider the European Sustainability Reporting Standards (ESRS) reporting to be relevant to the Henkel Group. Henkel AG & Co. KGaA is the parent Company of the Henkel Group and is therefore responsible for all corporate decisions. Thus, with regard to the content of the non-financial statement for Henkel AG & Co. KGaA in accordance with Section 289b of the HGB, reference can be made to the declaration relating to the Henkel Group.



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Assurance report of the independent German public auditor on a limited assurance engagement in relation to a combined separate non-financial report

To Henkel AG & Co. KGaA, Düsseldorf

Assurance Conclusion

We have conducted a limited assurance engagement on the combined separate non-financial report of Henkel AG & Co. KGaA, Düsseldorf, (hereinafter the „Company“) to comply with §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB including the disclosures contained in this combined separate non-financial report to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the „Combined Non-Financial Reporting“) for the financial year from 1 January to 31 December 2024.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Combined Non-Financial Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).



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The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the “German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Reporting” section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter – Principles for the Preparation of the Combined Non-Financial Reporting

Without modifying our assurance conclusion, we refer to the disclosures in the Combined Non-Financial Reporting, which describe the principles for the preparation of the Combined Non-Financial Reporting. According to these, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in section “Referenz- und Berichtsrahmen” of the Combined Non-Financial Reporting.

Responsibility of the Executive Directors and the Supervisory Board for the Combined Non-Financial Reporting

The executive directors are responsible for the preparation of the Combined Non-Financial Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Combined Non-Financial Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Combined Non-Financial Reporting) or error.



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This responsibility of the executive directors includes establishing and maintaining the process performed by the Company to identify the disclosures to be included in the Combined Non-Financial Reporting (hereinafter the “materiality assessment”), selecting and applying appropriate reporting policies for preparing the Combined Non-Financial Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Non-Financial Reporting.

Inherent Limitations in the Preparation of the Combined Non-Financial Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Combined Non-Financial Reporting.

German Public Auditor’s Responsibilities for the Assurance Engagement on the Combined Non-Financial Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Non-Financial Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Combined Non-Financial Reporting.



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As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Combined Non-Financial Reporting, including the materiality assessment process carried out by the Company to identify the information to be included in the Combined Non-Financial Reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.



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In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Non-Financial Reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Non-Financial Reporting about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Combined Non-Financial Reporting, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Non-Financial Reporting.
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Combined Non-Financial Reporting.
- performed site visits.
- considered the presentation of the information in the Combined Non-Financial Reporting.
- considered the process for identifying Taxonomy-eligible and Taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-Financial Reporting.



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Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Düsseldorf, 7 February 2025

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Wirtschaftsprüfungsgesellschaft

Antje Schlotter

Wirtschaftsprüferin
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