



RESPONSIBLE SOURCING ***POLICY***



WELCOME *TO OUR* RESPONSIBLE SOURCING POLICY

Enabling purposeful growth through responsible sourcing

“Pioneers at heart for the good of generations” is Henkel’s purpose. It expresses what unites all colleagues worldwide who are striving to enrich and improve life every day through our products, services and solutions. Our purpose is built from our roots and carries a long-standing legacy of innovation, responsibility and sustainability into the future.

Our suppliers and supply chain partners play an essential role in our sustainability transformation. Intensive dialogue 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.

The Henkel Responsible Sourcing Policy is a key element of our commitment to leadership in sustainability. This commitment guides our actions every day driving our Purposeful Growth strategy, our 2030+ Sustainability Ambition Framework and our Responsible Sourcing agenda. We expect our suppliers to comply with the fundamental ethical principles of the cross-industry **Code of Conduct** of the German Association of Materials Management, Purchasing, and Logistics (BME) as well as our Responsible Sourcing Policy which is based on our

globally applicable Corporate Purchasing Standard, our Safety, Health and Environment (SHE) Standards and our Social Standards.

Sustainable and ethical practice is an essential element of Henkel’s commitment to the **UN Global Compact**, which comprises ten principles in the areas of human rights, labor rights, the environment and anti-corruption. Henkel is also actively supporting the achievement of multiple **Sustainable Development Goals** and engages in collaborative sustainability initiatives such as **Together for Sustainability** (TfS).

Our Responsible Sourcing Policy is an important building block in Henkel’s deep commitment to driving the transformation to a sustainable economy and society – by helping to protect and regenerate nature, contribute to thriving communities, and strengthen the trust of our stakeholders.

For us, responsible sourcing is a mindset and a responsibility that we share with our suppliers and supply chain partners. Thank you for carefully reading and adhering to the Henkel Responsible Sourcing Policy. Together, we can scale sustainability impact throughout our supply chains for the benefit of people and the planet.

Bertrand Conquéret
Chief Procurement Officer



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Our global supply chain touches the lives of millions of people. That makes it a huge lever for driving positive impact on workers and communities worldwide – and we expect every Henkel supplier and partner to join forces with us to maximize that impact. All of our suppliers around the globe are required to ensure fair working conditions and respect for human rights by adhering to the following principles, which are in line with the United Nations Guiding Principles on Business and Human Rights and the fundamental conventions of the International Labor Organization (ILO)¹.

Suppliers must agree to refrain from any activity that evidently and severely violates human rights included in the International Covenant on Civil and Political Rights or in the International Covenant on Economic, Social and Cultural Rights. In particular, the following topics:

Child labor and young workers

Suppliers must not tolerate ILO-prohibited forms of child labor. Suppliers must under no circumstances employ individuals under the age of 15 or under the legal minimum age for work or under the minimum age for completing mandatory schooling as specified by local laws, whichever is higher. Exceptions are permitted under applicable national law as outlined by the ILO.² Workers under the age of 18 must not perform work at night, in hazardous conditions, or that interferes with schooling. In addition, they must not perform any of the worst forms of child labor as defined by the ILO.³

Freely chosen employment

All work must be voluntary. Suppliers must not permit, or cause forced, bonded or indentured labor, slavery or human trafficking. Mental and physical coercion, serfdom and debt bondage are prohibited. The ILO indicators are used to determine whether a situation constitutes forced labor.⁴

Prior to starting a job, all permanent and temporary workers must be provided with employment documents that are freely agreed and which respect their legal and contractual rights. This must be provided in a language that the employee understands. Fees and costs associated with recruitment and employment must be paid by the employer, not the employee.

The ability of workers to move freely must not be restricted by the employer through physical restrictions, abuse, threats, or practices such as retention of passports and valuable possessions. Passports may be requested by the employer when the employer needs the passport to fulfill legal obligations. The passport must be returned to the employee immediately after that legal obligation is fulfilled. In the meantime, copies of passports must be provided for employees.

Fair working conditions

Henkel suppliers must give employees⁵ the opportunity to rest and recuperate, while also providing fair compensation



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and benefits. The organization shall comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours. All overtime work undertaken must not exceed 12 hours per week. At least one day off must be granted per seven-day working period.

Remuneration and benefits are to be offered taking into account local standards and practice. We expect our suppliers to pay an adequate living wage⁶ that is reviewed on a regular basis, and that considers job performance in a non-discriminatory manner. Remuneration must be paid as agreed and without undue delay. Deductions from basic wages as a disciplinary measure shall not be permitted, and any deductions made for other purposes must be clearly stated. Adequate vacation entitlement and parental leave must be provided, taking into account local statutory requirements.

Freedom of assembly and association

Suppliers must respect employees' rights to freedom of assembly and association, as well as the rights to openly communicate and share ideas, including concerns regarding working conditions and management practices without fear of discrimination, intimidation, or retaliation.

Non-discrimination and anti-harassment

Any discrimination or harassment relating, but not limited to, race, gender and gender identity, sexual orientation, religion, caste, marital or maternity status, political affiliation, trade union membership, disability, nationality, social or ethnic origin or age, genetic information and any legal off-duty activities must be prohibited.

Diversity, equity and inclusion

Suppliers should value diversity, equity and inclusion. They are encouraged to demonstrate commitment to building and maintaining a diverse workforce.

Environmental impact on human rights

Our company places a strong focus on respecting the close connection between people and the planet. Henkel suppliers must ensure that they do not cause harmful soil contamination, water pollution, air pollution, noise emissions or avoidable greenhouse gas (GHG) emissions. Suppliers shall implement management systems to measure, mitigate and demonstrate continuous improvements of environmental impacts of their own operations and along their value chains. They also must not cause excessive water consumption that negatively affects a person's health, access to clean water or sanitation, or that has a significant negative effect on the natural resources needed to preserve and produce food.



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To define harmfulness or excessiveness, thresholds for permissible emissions that have been established within the laws of the country of production apply. If such national laws do not exist or are obviously inadequate, international standards apply.

Land rights

Suppliers must respect land rights including collective and traditional rights of women, indigenous people and local communities (IP/LC) 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 – especially if a local community’s access to water or other resources is affected. Unlawful forced evictions are not permitted.

Conflict-free supply chains

We expect our suppliers to source materials that are conflict-free and that are sourced from socially responsible suppliers – particularly metals and minerals (including but not limited to 3TGs, cobalt and mica). We require our suppliers to exercise due diligence on the source and chain of custody of materials, and to provide documentary evidence upon request.

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, with the requirement to use sources that are validated by the Responsible Minerals Initiative (RMI) or any other business initiative recognized by the OECD.

Use of security forces

When contracting or requesting the use of private or public security personnel to protect supplier’s operations, reasonable and effective measures⁷ must be taken to protect employees and minimize the risk of human rights violations.



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The natural world is humanity's most valuable resource. Henkel has a long history of leadership in sustainability, and we are committed to constantly improving our environmental footprint in areas including energy, waste and wastewater, greenhouse gas (GHG) and air emissions, and water – while also driving progress toward a circular economy. Suppliers must take reasonable actions to support Henkel in achieving its goals and should also set themselves environmental targets, strategies, and policies for their own operations and along their value chain that are equally ambitious.

Greenhouse gas and air emissions

Suppliers are expected to set science-based targets in line with the Paris Agreement and should also implement strategies to reduce GHG and air emissions to decrease the negative impact on the environment, climate and people. This explicitly includes GHG emissions directly caused by their own operations (Scope 1), indirectly caused from the generation of purchased energy (Scope 2) and GHG emissions caused along their upstream and downstream value chains (Scope 3). They shall also control the GHG and air emissions from their own operations, while actively identifying potential efficiency optimizations in their own production processes as well as along their value chain. Suppliers are required to have GHG and air emission management plans in place, and to monitor and disclose emissions. They are expected to regularly quantify their progress to reduce GHG and air emissions, and to provide information about

their carbon footprint and the carbon footprint of their products sold to Henkel wherever applicable. Suppliers should invest in upcoming technologies to mitigate GHG and air emissions.

Energy use and renewable electricity

Suppliers must minimize their consumption of energy and put in place energy-saving strategies including a meaningful plan to transition to renewable energy sources. Suppliers are expected to transition to 100 percent renewable electricity in their own operations. Suppliers are required to have energy management systems in place, and to monitor and disclose energy consumption. Suppliers should invest in upcoming technologies to minimize energy use.

Water

Suppliers shall be aware of their water footprint and give special attention to water-scarce areas. They must minimize their impact on the watershed where they operate, and must support water conservation by reducing water consumption and ensuring groundwater quality is maintained and improved where negatively impacted, as far as possible. Suppliers must comply with local wastewater treatment regulations.



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Biodiversity

Biodiversity is the backbone of resilient ecosystems and a stable climate. Suppliers are expected to monitor protected areas and areas of High Conservation Value (HCV), and to support our aim to halt and reverse biodiversity loss.

Zero net deforestation

Henkel is committed to achieving zero net deforestation – dedicated action and continuous improvement are core to our approach. Our goal is to avoid deforestation of primary and secondary forests with significant ecological value, including High Carbon Stock (HCS) forests and peat lands. We expect our suppliers to support this commitment. Suppliers shall undertake best efforts to aim for sustainable production or sourcing of agricultural or forestry feedstocks. Supply chain certification schemes support to provide assurance around traceability and integrity along the value chain.

Circularity and waste

Henkel is dedicated to actively promoting the transition to a circular economy – where all materials are gathered after they have been used, and are then processed so they can be reused or recycled. This eliminates waste and reduces pressure on our planet’s precious resources and ecosystems. We expect all suppliers to join us in our efforts to minimize and prevent waste production by

keeping materials within the economic cycle. Suppliers are expected to drive progress towards a circular economy by applying the 5Rs of waste management: Reduce, Reuse, Repair, Recycle, Recover. They must dispose of any waste that cannot reenter the economic cycle in an environmentally compatible way. This applies to their own operations and to collaboration with their upstream supply chain partners.

Mercury, persistent organic pollutants (POPs) and hazardous waste

Suppliers must strictly comply with applicable laws and regulations relating to the handling of substances containing mercury or which are persistent organic pollutants, as well as hazardous materials, chemicals and substances. It is mandatory for suppliers to adhere to the prohibitions and requirements of the Minamata Convention⁸ (Mercury), the Stockholm Convention⁹ (POPs) and the Basel Convention¹⁰ (hazardous waste) insofar as the German Supply Chain Act⁶ refers to the applicability of certain articles of such conventions including applicable EU-amendments with respect to the Stockholm and Basel Conventions.



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We care deeply about the health and wellbeing of everybody who interacts with our company, our supply chain and our products. Suppliers are expected to manage adequate programs addressing the health and safety of their employees, contractors and visitors.

The following elements must be respected:

Occupational health and safety, and work-related health hazards

Suppliers shall have management systems in place to identify, assess and mitigate risks to ensure health and safety of people affected by their operations. In order to prevent health risks for all employees, workplace risk assessments must be performed and documented for all workplaces at appropriate intervals and if conditions change. Risks must be assessed (including comparison with exposure limits and regulatory requirements) and minimized. Preventive and/or corrective measures must be implemented, and necessary training must be conducted. Personal Protective Equipment compliant with the legal requirements or industry standards (whichever is more demanding) must be provided and used by the employees concerned. Occupational medical examinations prior to initial job assignment and at defined intervals shall be performed in accordance with regulatory requirements and the specific hazards of the workplaces. Medical records shall be securely stored and managed as confidential information. The design and operation of our suppliers' production sites and manufacturing processes must be safe for employees, the public and the surrounding

communities. Systems and procedures to prevent, manage, report and treat occupational injuries should be implemented, with emergency plans in place.

Product safety

Suppliers' products must comply with all relevant chemical regulations to ensure safe transport, handling and use in terms of human health and the environment. Special attention must be paid to hazardous materials. All Henkel suppliers must also ensure the availability of up-to-date information, including safety data sheets, that is necessary for the safe handling and use of their products.

Process safety

Production processes must be operated safely and with minimized impact on the employees, neighbors and the environment. The supplier must comply with all applicable laws, and all necessary permits must be obtained. Safety programs and management systems shall include risk assessments and audits for all production facilities, subcontractors and logistics centers. Processes that may lead to serious incidents must be identified, and hazards and risks must be thoroughly analyzed. Adequate corrective actions must be taken to minimize any identified risks. This includes identifying, labelling and managing chemicals, waste and other materials that pose a hazard to humans or the environment in order to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.



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Our suppliers must ensure sustainable and ethical business practices, as required by the key elements of our Responsible Sourcing Policy as well as the BME **Code of Conduct**. We also require all suppliers to comply with applicable laws, rules and regulations, as well as all standards that are relevant for their business. Management systems shall be built on robust policies and effective risk due diligence mechanisms in order to identify, prevent, end, minimize and potentially compensate for violations, reflecting the impacts and opportunities of each supplier's organization.

Fair competition and anti-corruption

Our suppliers are required to be honest in their dealings with others. They must obey all applicable laws and regulations governing fraud, bribery and corruption. Our suppliers must also be committed to the principles of fair competition, while complying with the antitrust and fair competition laws of the countries in which they conduct business. Suppliers who believe that a worker or (sub)contractor has engaged in illegal, unethical or otherwise improper conduct must immediately report the matter to Henkel.

Cybersecurity and protection of personal data

The protection of fundamental rights and freedoms of natural persons, and in particular their right to the protection of personal data, is important to Henkel and regulated by laws. The protection against cyber threats is a key prerequisite for personal data protection and it

helps protecting our supply chains from interruptions by cyber-attacks.

Therefore, we expect our suppliers to implement, manage and continuously improve market-standard cybersecurity measures, to defend against cyber incidents, and to adhere to applicable data privacy laws.

Supply chain transparency and traceability

Honesty and openness are at the heart of our business activities. In this spirit, Henkel strives to achieve fully transparent supply chains, based on a culture of continuous improvement within the organization and across value chains. We expect our suppliers to support us in our ambition by establishing transparency and traceability to follow materials from the beginning of the supply chain to Henkel. This enables us to obtain visibility on inputs and processes across the value chain, and allows us to assess and monitor associated risks as part of our due diligence approach in a focused manner.

Training and capability building

Continuously improving sustainability performance and responsible sourcing practices is one of our key expectations for suppliers. Reinforcing capabilities through appropriate training measures will help our suppliers' organizations to gain knowledge and understanding of our expectations, as well as applicable laws, regulations and recognized standards.



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We strongly encourage our suppliers to take advantage of the [TfS Academy](#). Its content builds on existing expertise and provides opportunities to upskill in key sustainability areas, as well as sustainable procurement.

Compliance in the supply chain

Suppliers must safeguard compliance with the requirements of our Responsible Sourcing Policy and are required to communicate to their suppliers appropriate measures to ensure compliance with those requirements throughout their supply chain. To achieve this, suppliers must make reasonable efforts to conclude agreements that are similar or equivalent to this policy with their own suppliers.

Control of compliance by Henkel

To ensure the consistent application of our Responsible Sourcing Policy, it is necessary for Henkel to monitor its suppliers and to conduct periodic supplier evaluations. For this reason, Henkel may request suppliers to complete assessments and/or disclose relevant policies and procedures, data and/or other information. Henkel may also conduct on-site audits of a supplier's business operations to verify compliance. When requesting documents, data and/or other information or performing audits, it must be ensured that data protection and anti-trust provisions are observed and that no obligations of confidentiality that are legally binding or punishable by law are violated.

Non-compliance with Responsible Sourcing Policy

Henkel's suppliers are evaluated with respect to their ability to meet Henkel's requirements and specified expectations. More specifically, Henkel assesses and audits suppliers in fields such as environmental performance, health and safety, human rights, ethics and fair competition. In case of a violation, the supplier must inform Henkel and cooperate with Henkel to prevent or end the violation as soon as possible – or to mitigate the violation as soon as possible if preventing or ending are not immediately possible because the underlying root cause is beyond the reasonable control of the supplier. This also applies to situations where breaches are identified further up the supply chain. In such cases, the supplier must cooperate with Henkel to ensure that reasonable efforts are taken to terminate the breaches and ensure systematic documentation and records.

Reporting on breaches

Suppliers, their employees and contractors as well as all persons affected by Henkel's business activities are required to report actual or suspected breaches of this Responsible Sourcing Policy to Henkel's Compliance department. A range of channels are available for whistleblowers to report potential misconduct as part of Henkel's Complaint Mechanism. All submitted reports are treated confidentially. Suppliers shall uphold comparable whistleblowing systems.

Sources:

- ¹ ILO Convention 29 - Forced Labour Convention (and its 2014 Protocol), ILO Convention 105 – Abolition of Forced Labour Convention, 1957 ; ILO Convention 138 - Minimum Age Convention, Article 2(4), Article 4 – 8 ; ILO Convention 182 – Worst Forms of Child Labor Convention, Article 3 ; ILO Recommendation 190, Nr. 4; ILO Convention 100 – Equal Remuneration Convention, 1951 and ILO Convention 111 – Discrimination (Employment and Occupation) Convention, 1958; ILO Convention 87 - Freedom of Association and Protection of the Right to Organise Convention, 1948; ILO Convention 98 – Right to Organise and Collective Bargaining Convention, 1949; ILO Convention 155 – Occupational Safety and Health, 1981 and ILO Convention 187 – Promotional Framework for Occupational Safety and Health, 2006.
- ² ILO Convention 138 – Minimum Age Convention, Article 2(4), Article 4 – 8.
- ³ As defined in Art. 3 ILO Convention 182.
- ⁴ As described in the official ILO brochure “ILO Indicators of forced labour”, 01/10/2012.
- ⁵ Includes temporary workers and contractors and informal types of work.
- ⁶ As defined in the German Act of Corporate Due Diligence in Supply Chains.
- ⁷ Measures should be oriented towards relevant guidance and models from the International Code of Conduct for Private Security Providers or the Voluntary Principles on Security and Human Rights.
- ⁸ Minamata Convention on Mercury of 10 October 2013 (Federal Law Gazette 2017 II pp. 610, 611).
- ⁹ Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (Federal Law Gazette 2002 II pp. 803, 804), as last amended by the decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061).
- ¹⁰ Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Federal Law Gazette 1994 II pp. 2703, 2704), as last amended by the Third Ordinance amending Annexes to the Basel Convention of 22 March 1989 of 6 May 2014 (Federal Law Gazette 2014 II pp. 306, 307).

Status:

May 2023

Note:

Policy review takes place regularly to reflect changes of the applied concepts, organizational strategies and current understanding.

This Responsible Sourcing Policy represents fundamental principles to which Henkel is committed. However, this document shall not be misinterpreted as providing an independent basis for assertion of contractual rights, especially of third parties, against Henkel.

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