

SUSTAINABILITY *REPORT*

20 22

Henkel



CONTENTS

REFERENCE LOGIC

→ Reference within
the report

🔗 Reference to an
external source

03 Foreword

04 Highlights 2022 at a glance

05 Company profile

07 Business model

08 Value added

10 Strategy

11 Sustainability strategy

16 Targets and ambitions

19 Relevant topics

19 Development of strategy, targets and
roadmaps for implementation

23 Contributions to the SDGs

25 Implementation and management

25 Organization for responsible corporate
governance

27 Sustainability management

29 Compliance

31 Stakeholder management

33 Regenerative Planet

35 Climate

36 Our understanding of climate protection

38 On-site measures

42 Engagement along our value chain

50 Circular economy

51 Packaging

59 Production waste

61 Natural resources

61 Biodiversity and responsible resource
management

67 Water

73 Thriving Communities

75 Equity

76 Corporate culture

77 Fair working conditions

80 Diversity, Equity & Inclusion

84 Respecting human rights

89 Education

89 Employee development

93 Social engagement

98 Wellbeing

98 Health

101 Occupational safety

102 Future of work

104 Trusted Partner

106 Performance

107 Products and technologies

111 Product safety

115 Transparency

115 ESG data

119 Sustainable finance

124 External assessments

126 Collaboration

126 Sourcing

131 Together for a sustainable supply chain

134 Cooperation along the value chain and beyond

137 Indicators

154 Indices

171 Scope and reference framework

176 Credits



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS



Dear friends of the Company,

The past fiscal year was marked by specific geopolitical events that deeply shook us. The war in Ukraine and its far-reaching consequences shaped the year 2022. This impacted our society, our business activities and each and every one of us. Our first concern was for our affected employees and their families, who we supported through a comprehensive emergency aid program. In addition, the global raw material and energy crisis further intensified the socio-economic challenges. This presented us all with new tasks, and called for innovative and forward-looking solutions.

The year 2022 showed us that we are well positioned with our corporate purpose “Pioneers at heart for the good of generations.” Looking ahead and sharing the will to make a difference for future generations is what drives us and what helped us to further embed sustainability this year.

The framework for this was our 2030+ Sustainability Ambition Framework, with the goal of driving change toward a regenerative planet and thriving communities and acting as a trusted partner to our stakeholders.

In the past fiscal year, we worked on a more sustainable product portfolio, for example by using renewable and recycled raw materials. We also made significant progress toward our goal of achieving a climate-positive carbon footprint for our production sites by 2030 by further expanding renewable energies.

We are convinced that people are an important lever toward a sustainable transformation. With our “Sustainability at Heart” program, we provide our employees with a comprehensive knowledge and training platform on the subject of sustainability. Through our far-reaching social commitment, we have made a positive contribution to societal development.

The transformation of all areas of life in the balance of economic, ecological, and social value creation challenges our pioneering spirit and we want to continue to address this challenge in the future!

On behalf of all Henkel employees, I would like to thank you for your interest in our Sustainability Report 2022.

Sylvie Nicol

SYLVIE NICOL

Executive Vice President Human Resources and
Chair of Henkel's Sustainability Council

HIGHLIGHTS 2022 AT A GLANCE

We consistently and successfully implemented our sustainability strategy once again in 2022.

Here are some examples from different fields of action:

2030+

Publication of the sustainability strategy: 2030+ Sustainability Ambition Framework

Henkel further developed its sustainability strategy in 2021. In March 2022, we published the new 2030+ Sustainability Ambition Framework, in which Henkel defines additional, new ambitions, taking into account global developments. The purpose of the framework is to help make the economy and society even more sustainable in the future.

Solidarity with Ukraine

In 2022, one focus of our volunteer program and emergency aid efforts was on activities in support of Ukraine. The comprehensive aid package included a cooperation with the Non-Governmental Organization (NGO) Habitat for Humanity. In collaboration with that NGO, Henkel colleagues from all over Europe carried out a construction project to build homes for refugee families in Romania. In partnership with the Fritz Henkel Foundation, Henkel also launched an extensive solidarity program for Ukraine with a total volume of around six million euros.

10-year renewable energy contract with IGNIS

200
GWh per year

Henkel and Spanish energy company IGNIS concluded a 10-year virtual Power Purchase Agreement for the supply of renewable energy. This agreement will ensure the supply of around 200 GWh per year of renewable energy to our European sites.

Increased traceability rate for palm-based raw materials

In 2022, we increased the traceability rate to the mill from 84 percent to 89 percent as part of a survey on the transparency of our supply chains for palm-based raw materials. This brings us closer to our goal of full traceability.

84%
↓
89%

Henkel CEO joins WEF Alliance of CEO Climate Leaders

Henkel CEO Carsten Knobel joined the WEF Alliance of CEO Climate Leaders. Its goal is to accelerate the transition to Net Zero and drive progress on tackling climate change.



Relaunch of the Schauma hair care brand

Schauma brand shampoos and conditioners were relaunched in 2022. In addition to the solid pieces packaged in a recyclable folding paper box, the PE bottle bodies now consist of 50 percent recycled plastic and the PET bottle bodies consist of at least 98 percent recycled plastic. The packaging also has a reduced weight and the caps are made from 25 percent recycled plastic.



**SUSTAINABILITY
AT HEART**

Launch of the Sustainability at Heart program

Our training programs for employees in the area of sustainability have been expanded to include a holistic engagement program: the Sustainability at Heart program. The objective is to more comprehensively inform and empower our employees in the future and to further support our joint active engagement.

Investment in innovation fund for sustainable packaging

Henkel invested in a new fund from Emerald Technology Ventures as part of its corporate venture capital activities. The packaging fund offers access to a wide range of startups in areas ranging from material and technology innovations to recycling solutions, with the aim of driving the development of advanced materials and industrial technologies for sustainable packaging.



Development of our innovative and technological strengths

In 2022, the Adhesive Technologies business unit further strengthened its collaboration with customers on the topic of sustainability. We created a special platform for cross-industry exchange and the identification of effective partnerships as part of the Innovation & Sustainability Days event. Customers and partners also had the opportunity to experience the newly opened Henkel Inspiration Center in Düsseldorf, where they are able to collaborate with more than 650 Henkel experts from research and development to explore forward-looking solutions.

650
experts



COMPANY *PROFILE*

Henkel is a leader in consumer and industrial businesses. Our portfolio includes familiar brands in hair and body care, detergents and cleaners, adhesives and sealants, as well as functional coatings. We shape our future on the basis of a long-term strategic framework that builds on our purpose and our values, with a clear focus on purposeful growth.

07 BUSINESS MODEL

08 VALUE ADDED





FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

BUSINESS MODEL

VALUE ADDED

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

HENKEL 20 22



51,200 **124**
employees countries

BUSINESS UNITS

- 1 ADHESIVE TECHNOLOGIES**
- 2 BEAUTY CARE**
- 3 LAUNDRY & HOME CARE**

LEADING BRANDS

LOCTITE

Schwarzkopf

Persil

166

PRODUCTION SITES
AROUND THE WORLD

€22.4 bn

SALES





BUSINESS MODEL

FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
BUSINESS MODEL
VALUE ADDED
STRATEGY
REGENERATIVE PLANET
THRIVING COMMUNITIES
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

Henkel was founded in 1876. Therefore, the year under review marks the 146th in our corporate history. At the end of 2022, Henkel employed around 51,200 people worldwide. We hold globally leading market positions in our consumer and industrial businesses. Our purpose expresses what unites everyone at Henkel: Pioneers at heart for the good of generations. It is firmly anchored in our DNA and continues our success story of innovation, responsibility and sustainability as we move forward.

Henkel AG & Co. KGaA is operationally active 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. Henkel AG & Co. KGaA performs its tasks within the legal scope afforded to it as part of the Henkel Group, with the affiliated companies otherwise operating as legally independent entities. Operational management and control is the responsibility of the Management Board of Henkel Management AG in its function as sole Personally Liable Partner. The Management Board is supported in this by the central corporate functions.

Until the end of fiscal 2022, Henkel was organized in three operational business units: Adhesive Technologies, Beauty Care and Laundry & Home Care. Adhesive Technologies offers a broad and globally leading portfolio of high-impact solutions in adhesives, sealants and functional coatings. The business unit is composed of four business areas: Automotive & Metals, Packaging & Consumer Goods, Electronics & Industrials, and Craftsmen, Construction & Professional. The Beauty Care business unit is globally active in the Consumer business area with Hair Cosmetics, Body Care, Skin Care

and Oral Care, as well as in the Professional business area serving the hair salon sector. In both business areas, we hold leading positions in numerous markets and categories. The Laundry & Home Care business unit occupies leading market positions in both its Laundry Care and Home Care business areas. Our product portfolio ranges from heavy-duty and specialty detergents, laundry additives and dishwashing products to surface and toilet cleaners.

As announced in January 2022, we are merging the Beauty Care and Laundry & Home Care business units to create the integrated Consumer Brands business unit. As of beginning of fiscal year 2023, Henkel has therefore been organized in two business units: Alongside the Adhesive Technologies business unit, the Consumer Brands business unit forms a multi-category platform featuring the consumer goods brands and businesses centered around the global categories Laundry & Home Care and Hair.

The business activities of our business units are supported by the central functions of Henkel AG & Co. KGaA, our Global Supply Chain organization and our Global Business Solutions organization with its Shared Service Centers, thus enabling optimum utilization of corporate network synergies. Implementation of the business activities at the country and regional level is the responsibility of the national affiliated companies, and their operations are supported and coordinated by regional centers. The executive bodies of these national affiliates manage their businesses in line with the relevant statutory regulations, supplemented by their own articles of association, internal procedural rules and the principles incorporated in our globally applicable management standards, codes and guidelines.



VALUE ADDED

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

BUSINESS MODEL

VALUE ADDED

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Henkel's innovative products and solutions create value in its business units for its stakeholders – across the entire value chain. We operate 166 production sites in 56 countries 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 in industrial countries, as well as in emerging and developing economies, and we generate purchasing power through wages and salaries. The taxes and levies we pay help to finance communities and support public infrastructure.

Value added statement

The value added statement shows that most of the generated sales flow back into the global economy. The largest share of the value added – 66.3 percent – went to our employees in the form of salary and pension benefits. Central and local governments received 8.5 percent in the form of tax revenues; lenders received 2.9 percent in the form of interest income. We distributed 13.8 percent of the value added as dividends to our shareholders. The value added remaining in the company is available for investments in future growth.



1. Raw materials



2. Production



3. Logistics



4. Use



5. Disposal / recycling

Value added statement 2022

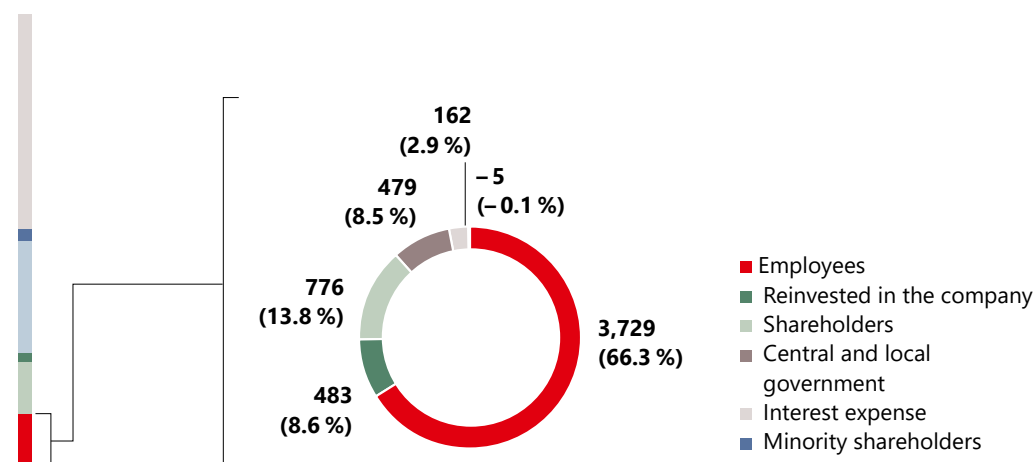
In million euros

Sales	22,397	94.9 %
Other income	1,203	5.1 %

Total sales / Income 23,600 100.0 %

Cost of materials	11,666	49.4 %
Depreciation	875	3.7 %
Other expenses	5,435	23.0 %

Value added 5,624 23.8 %





FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

BUSINESS MODEL

VALUE ADDED

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

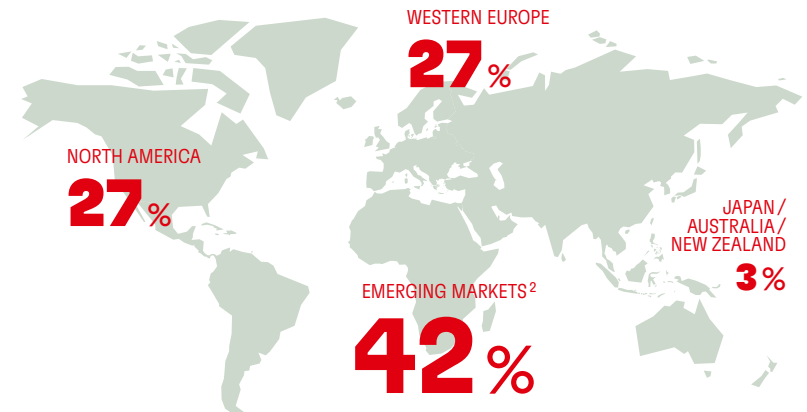
SCOPE AND REFERENCE FRAMEWORK

CREDITS

Our contribution in emerging markets

In the fiscal year 2022, Henkel generated worldwide sales of 22,397 million euros, 42 percent of which was generated in the emerging markets of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan). 53.3 percent of our people are employed in emerging markets, and these regions account for around 38.2 percent of our global purchasing volume. This makes us an important local employer and business partner. The issue of the social added value of products is especially important in emerging markets. Products in the entry-level price segment have more than just economic potential. They also make positive contributions to social wellbeing, for example to hygiene and health in the home. In order to meet needs that differ greatly around the world, we pursue different strategies depending on the market situation.

Sales by region¹



¹ Incl. 1 % Corporate (= sales and services not assignable to the individual business units).

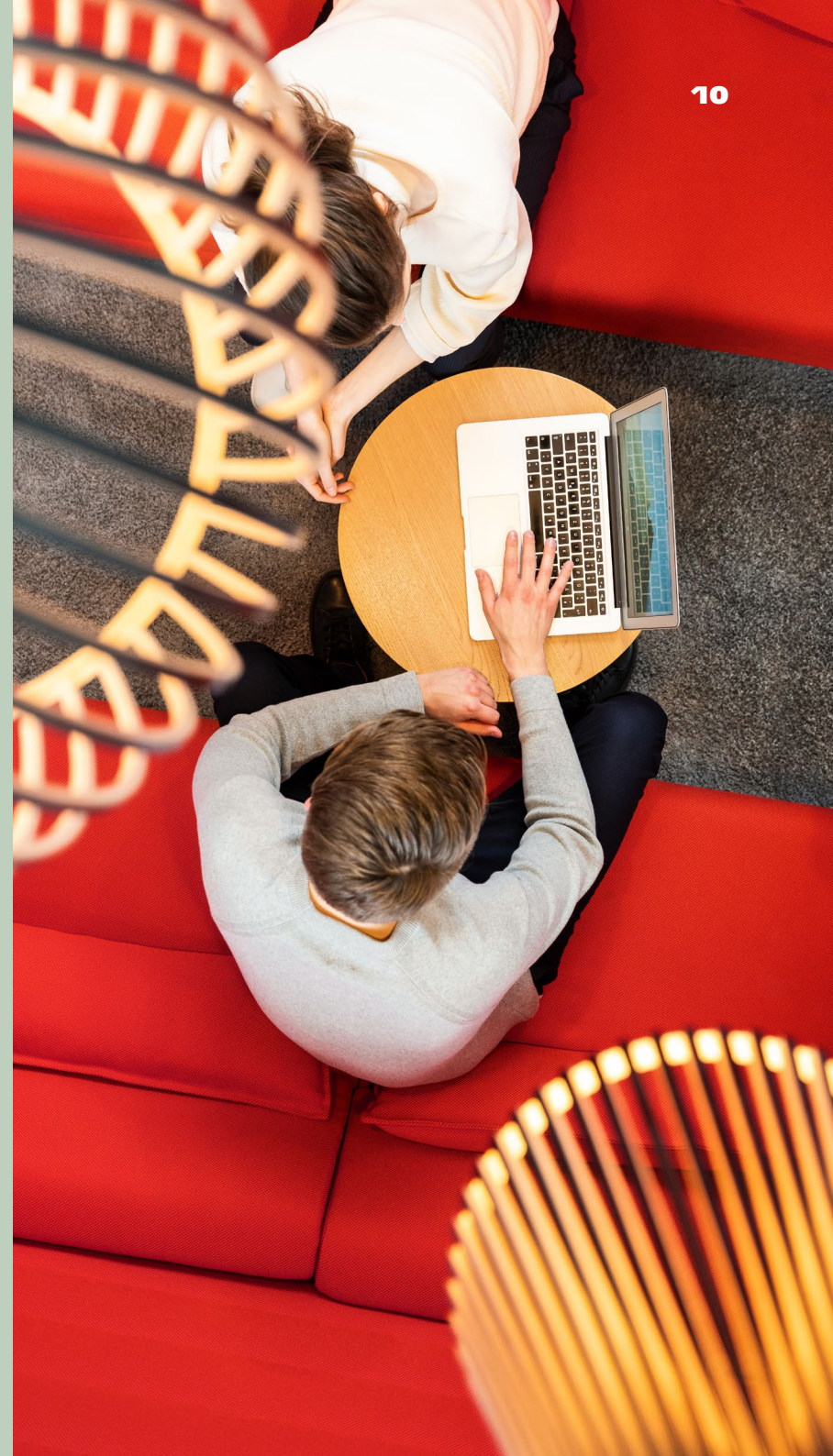
² Eastern Europe, Africa / Middle East, Latin America, Asia (excluding Japan).



STRATEGY

Our sustainability strategy is a direct reflection of our company's commitment to "Purposeful Growth." We are committed to driving transformational change by creating more value for our stakeholders, developing our business successfully, and acting sustainably for the benefit of current and future generations.

- 11 SUSTAINABILITY STRATEGY
- 16 TARGETS AND AMBITIONS
- 19 RELEVANT TOPICS
- 25 IMPLEMENTATION AND MANAGEMENT



SUSTAINABILITY STRATEGY

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Our corporate purpose defines the common ground that unites all of us at Henkel: Pioneers at heart for the good of generations. With our pioneering spirit, our knowledge, our products and technologies, we want to enrich and improve the lives of people every day and shape a viable future for the next generations.

Sustainable business practices have been an integral part of our [company culture](#) for decades, and are also a central element of our vision of the future. Together with innovation and digitalization, sustainability forms the core of our corporate strategy of the [“Purposeful Growth” agenda](#). 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. Our 2030+ Sustainability Ambition Framework sets the frame for our global sustainability strategy, with clear ambitions and targets that we want to achieve in this decade. We will build on our particular strengths, such as the innovation of our business units, the comprehensive knowledge of our employees, as well as various contact points of our products and technologies with customers and consumers. We see our company as an important player and partner in society, and we intend to work with others to create fundamental change.

At Henkel, we see sustainability as a constant endeavor to make progress on current topics and keep learning about new issues, based on scientific knowledge.



“Our strategic agenda for purposeful growth has already proven to be a strong foundation for Henkel’s business activities. This enabled us to make more progress toward our ambitious goals last year and to embed sustainability even more firmly in the company.”

CARSTEN KNOBEL
Chair of the Management Board

Trends and challenges

Global climate change is one of the greatest challenges humanity is facing today, requiring urgent and ambitious action. It is also critical to protect and regenerate our resources and life-support systems like forests, water and biodiversity, for present and future generations. At the same time, we are seeing global poverty and social inequality increase, which in turn jeopardizes human rights and the basis of social coexistence. And in the process, we acknowledge that companies like Henkel play a role in meeting these challenges and bringing about transformational change.



- FOREWORD
- HIGHLIGHTS 2022
- COMPANY PROFILE
- STRATEGY
 - SUSTAINABILITY STRATEGY
 - TARGETS AND AMBITIONS
 - RELEVANT TOPICS
 - IMPLEMENTATION AND MANAGEMENT
- REGENERATIVE PLANET
- THRIVING COMMUNITIES
- TRUSTED PARTNER
- INDICATORS
- INDICES
- SCOPE AND REFERENCE FRAMEWORK
- CREDITS

These are also key expectations of our stakeholders: Our customers, partners and consumers have expressed an increasing interest in sustainability-oriented products and solutions. At the same time, they are calling for transparent and reliable information that enables them to understand and track sustainability contributions along the value chain. Investors are also placing increasing emphasis on the sustainability of their investments and adding Environmental, Social and Governance (ESG) criteria to their assessments of companies.

The issue of corporate responsibility is also gaining further importance in the media and there has been great progress at the political level toward a shared understanding of global priorities.

Three dimensions of our strategy

We published our new → 2030+ Sustainability Ambition Framework in 2022, which we link to the high aspiration of achieving a “Transformational Impact for the Good of Generations.” This measure includes the three dimensions of ESG in our vision of sustainability, and we have defined key areas of focus:

- **Regenerative Planet:** We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature. To this end, we are further developing our business activities to drive solutions in the following areas:

→ Climate

→ Circularity

→ Nature

- **Thriving Communities:** We actively contribute to people being able to lead a better life through our business and brands. To this end, we focus on the following areas:

→ Equity

→ Education

→ Wellbeing

- **Trusted Partner:** We are committed to product quality and safety while ensuring business success with integrity. We focus on:

→ Performance

→ Transparency

→ Collaboration

In summary, we want to actively drive the transformation to a sustainable economy and society. We are convinced that we can effectively contribute to change with our strategic framework and the priorities we have set, building on our values-based culture, deep rooting in science and our passion for technology.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY**SUSTAINABILITY STRATEGY**

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Levers for change

We recognize that we can only achieve our ambition of transformational change by thinking in systems and collaborating with our partners along the value chain and beyond. In addition to the nine topic areas, we have also defined three central levers that will help us achieve and scale up the progress we need:

- **Products and technologies** are at the heart of everything we do. We create more value for our customers and consumers by constantly innovating to offer better performance with a reduced environmental footprint.
- **People** are key for our business and our sustainability-related activities. Our employees contribute to sustainable development through their engagement. Our suppliers, shareholders, customers and consumers and our neighbors play an important role in driving impactful change together.
- **Partnerships** are decisive for implementing and scaling sustainable advancements. We share knowledge and drive systemic solutions forward by working together with our partners along the value chain, and also with experts, universities, civil society and other companies.

DID YOU KNOW?
**Focus on sustainability:
Milestones in recent decades**

- 1982** • Publication of "Principles and Objectives of Environmental Protection and Safety," which are binding for all Henkel employees worldwide. These principles represent Henkel's commitment to conserving resources and reducing emissions. Five years later, environmental protection was incorporated into our corporate guidelines: As a corporate objective, environmental protection was given the same priority as generation of profits.
- 1992** • Henkel published its first environmental report.
- 1997** • Introduction of integrated management systems and start of worldwide safety, health and environment audits.
- 2000** • A Code of Conduct was introduced, containing binding rules for business ethics that apply to all employees.
- 2008** • Henkel set specific targets to further improve occupational safety, reduce energy and water consumption, and decrease waste generation. Subsequently, the sustainability strategy was continuously further developed and underpinned with medium and long-term targets.
- 2015** • Henkel published its 25th Sustainability Report and achieves its interim targets (2011–2015), representing a 38-percent-increase in efficiency. Additional targets for 2020 and beyond were also defined.
- 2022** • Publication of the sustainability strategy 2030+ Sustainability Ambition Framework.

2030+ SUSTAINABILITY AMBITION FRAMEWORK

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

OUR PURPOSE

Pioneers at heart for the good of generations.

TRANSFORMATIONAL IMPACT FOR THE GOOD OF GENERATIONS



REGENERATIVE PLANET

We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature.



CLIMATE

Become a climate-neutral business by decarbonizing our operations and raw materials.



CIRCULARITY

Advance circularity through our products, packaging and technologies.



NATURE

Protect and restore biodiversity with a focus on forests, land and water, and ensure responsible resource stewardship.



THRIVING COMMUNITIES

We actively contribute to people being able to lead a better life through our business and brands.



EQUITY

Strengthen diversity, equity and inclusion, respect human rights and enhance the livelihoods of people.



EDUCATION

Support lifelong learning and education, and motivate people to take action for sustainability.



WELLBEING

Foster health and wellbeing, and help drive social progress.



TRUSTED PARTNER

We are committed to product quality and safety while ensuring business success with integrity.



PERFORMANCE

Reliably deliver best-in-class product performance and chemical safety as the foundation of our business success.



TRANSPARENCY

Integrate sustainability into our business governance with transparent reporting, disclosure and engagement.



COLLABORATION

Scale sustainability impact with our partners, leading to responsible business practices in our supply chains.

PRODUCTS

PEOPLE

PARTNERSHIPS



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY**SUSTAINABILITY STRATEGY**

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Integration into the business units

The alignment of our sustainability strategy is also reflected in the strategies of our business units. They align their businesses, brands and technologies to sustainable development in line with the specific challenges of their product portfolio and have prioritized their focus points accordingly.

Consumer goods segment of Laundry & Home Care and Beauty Care

Sustainability is a central pillar in the innovation strategies of our consumer goods businesses. They are developing their product portfolios using resource-efficient technologies with particular focus on sustainable packaging solutions and optimized ingredients, and are driving the expansion of sustainable brands with a holistic approach. We also make a contribution to society with our brands, for example, through our cooperation with charitable organizations. We want to offer sustainable and safe products that deliver outstanding performance while motivating consumers to contribute to the responsible use of resources through their behavior. Sustainability aspects are incorporated into the development of product innovations at an early stage at Henkel. By using targeted information for consumers, we also work to promote responsible-minded behavior while using our products.

Going forward, we aim to further promote growth and profitability in our consumer goods business. By combining our two business units and building our new organization into the Consumer Brands business unit, we want to create a robust platform to accelerate the execution of our Purposeful Growth agenda in the consumer goods segment. With strong brands and pricing, we will drive reinvestment in innovation, sustainability and digitalization.

Business and industrial customer segment of Adhesive Technologies

Our adhesives and sealants are used in a wide range of industries around the world. This has given our team a deep understanding of the key trends and challenges in these industries. With a view to creating the greatest possible value for our business and industrial customers and consumers with our solutions, we have identified three focus topics for the Adhesive Technologies business unit, where we want to drive sustainability significantly: climate, circularity and safety.

To accomplish this, we strive to optimize our own footprint and at the same time enable our customers to drive sustainability through cutting-edge technologies. For the optimization of our footprint, we focus on the use of renewable raw materials and the continuous improvement of our production and logistics activities. In this context we contribute to achieving our corporate ambition of climate-positive operations by 2030. We are also working towards providing our customers with products that have a reduced or net-zero emissions footprint. Building on this, we are further developing solutions to contribute to a circular economy and emission reduction through joint innovation with our customers. Thus, we enable our customers to increase their own contribution to sustainability. In doing so, we pursue the approach to base all of our activities on reliable data and systematic measurements so that we can achieve transparency on the sustainability of our products along the value chain in line with leading standards.



TARGETS AND AMBITIONS

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The following overview shows a selection of the main ambitions and targets to advance our sustainability transformation. While the ambitions generally embrace a long-term time horizon, we define them in concrete terms by setting medium-term and measurable targets. Details as well as additional targets can be found in the relevant chapters of this report.

Dimension	Topic	Targets and ambitions	Achieved 2022	Trend ¹ (vs. 2021)	More on page
REGENERATIVE PLANET	Climate	Climate-positive operations (2030)	Ambition		38
		100 % of our electricity sourced from renewable sources (2030)	70 %	↗	41
		– 65 % CO ₂ emissions from our operations per ton of product (2025; vs. 2010)	– 55 %	↗	38
		– 30 % CO ₂ emissions from raw materials and packaging per ton of product (2030; vs. 2017)	– 15 % ³	↗	43
		– 100 million tons of CO ₂ with customers, consumers and suppliers (2016–2025)	> 78 million	↗	45
		Net-zero pathway development for Scope 3 emissions	Ambition		43
	Circularity	Zero plastic waste into nature	Ambition		51
		> 30 % share of recycled plastic (– 50 % fossil-based virgin plastics) for all packaging of our consumer goods products (2025)	16 %	→	53
		100 % of packaging designed for recycling or reusability ² (2025)	87 %	↗	52
		– 50 % production waste per ton of product (2025; vs. 2010)	– 43 %	↗	60
		Circular use of production waste material (2030)	Ambition		60
	Nature	Encourage the responsible use of our products to reduce water consumption	Ambition		71
		– 35 % water consumption per ton of product (2025; vs. 2010)	– 25 %	↘	69
		Circular water use at key manufacturing sites (2030)	Ambition		67
		100 % paper and cardboard from recycled material or from sustainable forestry sources	Indicator under development		63
		100 % palm and palm kernel oil whose responsible sourcing is certified or externally confirmed (2025)	89 %	↘	65

¹ Direction of arrow indicates trend to target, regardless of numerical significance.

² Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.

³ Change in value among others due to increased use of primary data, portfolio change and adjusted calculation methodology.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Dimension	Topic	Targets and ambitions	Achieved 2022	Trend ¹ (vs. 2021)	More on page
THRIVING COMMUNITIES	Equity	Gender parity across all management levels (2025)	Ambition		81
		Improve livelihoods of smallholder farmers and protection of nature	Indicator under development		65
	Education	Expand our community education programs and volunteering	Ambition		93
		Engage and empower all employees to take action for sustainability	Ambition		92
		Improve 30 million lives globally (2010–2030)	>30 million	↗	93
	Wellbeing	Shape the future of work for our company and employees	Ambition		102
		+60 % safer per million hours worked (2025; vs. 2010)	+42 %	→	101
		Reach >90 % of our employees with global health campaigns (each year)	>90 %	→	99
TRUSTED PARTNER	Performance	Each new product contributes to sustainability	Ambition		107
		Provide our customers and consumers with a comprehensive sustainability profile of our products (2025)	Method under development		106
		Become three times more efficient (2030; vs. 2010) – Factor 3	121 %	↗	106
	Transparency	100 % transparency and traceability for palm and palm kernel oil (2025)	89 % ²	↗	117
	Collaboration	Commit to 100 % responsible sourcing together with our partners	Ambition		127

¹ Direction of arrow indicates trend to target, regardless of numerical significance.

² The survey was conducted in 2022 based on the supplier data for 2021.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Constant review and adaptation

We know that the world around us, the expectations of our stakeholders and the opportunities for advancing sustainability are in constant transformation. That is why we plan to regularly review and update our **→ 2030+ Sustainability Ambition Framework** with new tangible ambitions as we face the challenges of the future. As we move forward on exploring more topics for driving impact, we will continue to follow best practice on environmental, social and governance issues, seek independent opinions and expert advice, and regularly incorporate these ideas into our strategic framework. We also pursue and engage in global science-based and cross-industry initiatives and policy platforms so that we can apply new knowledge and methods quickly.

Dealing with unexpected developments

After two disruptive years of the COVID-19 pandemic and supply chain shortages, we once again witnessed an increase in unpredictable upheavals and crises in 2022.

This includes geopolitical conflicts, such as the war in Ukraine started by Russia, which we as a company unequivocally condemn. In light of these developments, we have decided to exit our business activities in Russia. During the transition period in 2022, we continued to employ and pay our 2,500 employees in Russia. In Ukraine itself, our primary concern is the safety of our 600 employees and their families.

Skyrocketing inflation and the supply chain and energy crises are among the other unexpected developments in 2022. These challenges require us, as well as our partners, to act decisively, but at the same time with foresight.

While these developments are also expected to have an impact on our near-term progress in sustainability, a final assessment cannot yet be made as there are overlapping effects. However, it has also become clear that sustainability has not become less important. On the contrary, these events reinforce our determination to use our broad-based sustainability strategy to tackle challenges and drive positive change – and to do so with agility and on an informed basis.



RELEVANT TOPICS

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICSIMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

For the further development of our sustainability strategy, we are drawing on insights from extensive stakeholder engagement and external benchmarking. We carefully monitor our global environment and work continuously to reinforce our objectives and integrate new sustainability aspects. There are numerous constantly changing challenges and new developments facing society, and Henkel as a company. These include aspects such as the environment, employees, social matters, respecting human rights, and combating corruption and bribery. These topics and others are also reflected in the international [Sustainable Development Goals](#) (SDGs). For the development of our sustainability strategy and the definition of the related targets and ambitions, we engage in dialogue with the Management Board under the guidance of the [Sustainability Council](#). On this basis, we are continuously optimizing our data and analysis systems for our environmental footprint and for assessing impacts along the value chain.

Development of strategy, targets and roadmaps for implementation

Engaging in dialogue with stakeholders to gain new perspectives
[→ Dialogue with our stakeholders](#) helps us to obtain insights and perspectives from inside and outside our company, and fosters a common understanding of expectations and priorities. In 2022, we participated in a variety of external events on different topics and engaged in dialogue with stakeholders. We also revisited the requirements for ESG disclosures in

depth. For many years, we have engaged in dialogue with opinion leaders, the professional public, academia, international rating agencies and analysts. Sustainability analysts and professional institutions regularly evaluate how companies manage the economic, environmental and social aspects of their business activities. We welcome these [→ external assessments](#) of our sustainability performance, as they lead to greater transparency in the market and show us how our performance is assessed. We also consider the assessment criteria of various financial and sustainability-oriented ratings and the guidelines of the Global Reporting Initiative ([→ GRI](#)).

Identifying material topics

To determine and categorize material topics for our business activities and reporting, we engage in a continuous process of recording and evaluating the challenges and opportunities of sustainable development using various tools. We assess the importance and impact of the topics for the company, environment and society, and also for our stakeholders. When selecting the topics, we go beyond the definition of materiality included within the CSR Directive Implementation Act ("CSR-RUG") in conjunction with Sections (§§) 289b to 289e of the German Commercial Code (HGB), and we have taken into account the GRI Standards as a framework, including the GRI Update 2021. The results of this process can be broken down into the three dimensions of Regenerative Planet, Thriving Communities and Trusted Partner, each with three topic areas that we identified in a materiality analysis. In these nine topic areas, we want to drive sustainable development around the world and along the value chain with our business activities.



Material topics

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICSIMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

**REGENERATIVE
PLANET****CLIMATE**

- Operational energy efficiency
- Renewable energies
- Energy-efficient products
- Transport and logistics
- CO₂ reductions / CO₂ footprint
- Climate change adaption

CIRCULARITY

- Resource consumption
- Packaging and waste
- Production waste material
- Recycling/reusability

NATURE

- Renewable raw materials
- Sustainable palm oil and palm kernel oil
- Water consumption in production
- Wastewater and wastewater disposal
- Biodegradability
- Water footprint / water scarcity
- Deforestation and land use

**THRIVING
COMMUNITIES****EQUITY**

- Diversity, Equity & Inclusion
- Fair working conditions
- Human rights

EDUCATION

- Employee development
- Corporate volunteering

WELLBEING

- Occupational safety and health
- Plant safety
- Hygiene
- Future of work

**TRUSTED
PARTNER****PERFORMANCE**

- Business performance
- Quality
- Reliability
- Convenience
- Eco-efficiency
- Product safety

TRANSPARENCY

- Alternative test methods
- Product information
- Reporting

COLLABORATION

- Supplier relationships
- Fair business practices



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICSIMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Process for identifying material topics and developing targets

CHALLENGES AND DEVELOPMENTS

Demographic changes, growing consumption, climate change,
resource scarcity, increasing regulation ...

NON-FINANCIAL ASPECTS

Environment, employees, social matters, respecting human rights,
and combating corruption and bribery

RECORDING AND CATEGORIZATION

Trend and market analyses, strategic development, reporting and ratings,
expert dialogue, risk and compliance management ...

IDENTIFICATION AND COMBINATION OF MATERIAL TOPICS**Regenerative Planet**

- Climate
- Circularity
- Nature

Thriving Communities

- Equity
- Education
- Wellbeing

Trusted Partner

- Performance
- Transparency
- Collaboration

EVALUATION AND PRIORITIZATION (PERIODICALLY AND AD HOC)

Environmental footprint
along the value chain and
sustainability effect



Exchange with various
stakeholders, including
alignment with their expectations

DEFINITION OF TARGETS AND ROADMAPS FOR IMPLEMENTATION

Medium-term targets for
2025 and beyond



Roadmaps for implementation
of sustainability management
in our key topic areas



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Evaluating our influence

To evaluate and prioritize material topics and their sub-areas, we work with various measurement and evaluation methods that have the greatest influence along the value chain. To assess our footprint, we use representative → **life cycle appraisals** across all product categories. We also assess data on the raw materials and packaging materials we use, as well as the transport operations.

This enables us to identify hot spots as fields of action that are most relevant to sustainability for the company as well as for every product category and specific product on the basis of scientific measurement methods. Viewed across our entire portfolio, improvements in input materials and in the use phase are the decisive factors when it comes to our water and → **CO₂ footprints**.

We systematically integrate the assessment tools and findings into our → **innovation process**. By combining product performance and quality with responsibility for people and the environment, we strive for all of our new products to make a contribution to sustainable development.

Definition of targets and roadmaps for implementation

Based on this assessment and our priorities, we have set specific targets for 2025 and beyond as well as additional long-term ambitions that will help transform the economy and society toward sustainability.

We have also identified new areas of focus in our strategy that we will work on and develop together. In collaboration with experts and partners, for example, we have been working intensively since 2022 on an action plan for the holistic assessment and management of → **water resources** and → **biodiversity**. To implement our strategy, we have also established → **management systems**, standards and guidelines, as well as related processes and organizational structures that provide a framework for measures to implement these concepts. We continuously review our targets and roadmaps for implementation, and develop them further when necessary.



Contributions to the SDGs

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Achieving the global Sustainable Development Goals together

Henkel supports the implementation of the **17 Sustainable Development Goals (SDGs)** that were adopted by the 193 United Nations Member States in September 2015. As a company, we are convinced that the goals provide a shared focus that can empower collaborative action and will accelerate progress toward sustainability. Sustainable consumption, packaging and plastics, combating climate change, water, human rights, equal opportunities and education are important topics for our work.



By continuously reviewing our company's goals and initiatives, we ensure that these are aligned with the SDG priorities that are relevant for us. We support the SDGs through our many years of intensive work on a wide range of sustainability issues, as well as through our broad product portfolio and our presence in a large number of markets. In the context of our

social commitment, for example, we track the percentage of projects we support that contribute to the achievement of the SDGs. The following examples highlight our contribution to the implementation of the global development goals and demonstrate the range of our activities.

Committed to protecting the climate



In view of the urgent need to reduce CO₂ emissions, it is our ambition to become **→ climate positive in production** by 2030 and to make progress in further relevant parts of our value chain. On the way, we plan to achieve a 65-percent reduction in the carbon footprint of our production by 2025. We also want to obtain 100 percent of our electricity from renewable sources by 2030. In addition, we want to leverage our **→ brands and technologies** to help our customers, consumers and suppliers save 100 million metric tons of CO₂ in the period from 2016 to 2025.

Promoting sustainable consumption



We support the goal of promoting **→ sustainable and resource-efficient consumption**. Our products and technologies are key to this because they are used in millions of households and industrial processes every day. We focus on developing products that lead to resource efficiency in everyday use. We also strive to encourage responsible use of our products through targeted communication. This is important because the environmental footprint of many of our products is determined during the use phase.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICSIMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Turning waste into opportunities

We also address the global challenge of a circular economy in partnership with the social enterprise → **Plastic Bank**. The idea of Plastic Bank is to reduce plastic waste in nature while also providing new opportunities for people in poverty. In 2017, Henkel became the first major global consumer goods company to work with Plastic Bank. In 2019, we extended this partnership for another five years. In 2022, we continued to support Plastic Bank's commitment in Egypt to developing the local recycling infrastructure.

Promoting sustainable palm oil

As part of our responsibility, we aim to support sustainable practices in the palm oil industry along the entire value chain. By supporting → **sustainable palm (kernel) oil**, we contribute to sustainable forest management and prevent deforestation. Collaboration with representatives from across the industry is at the heart of our approach. We aim to increase the availability of sustainable palm oil and palm kernel oil on the market, for example, through collaborative projects that enable → **smallholder farmers** to certify their crops as sustainable, increase productivity and improve their livelihoods.

Improving quality of life

With our social engagement activities, we aim to support people around the globe and improve their quality of life. For example, volunteer efforts by our employees have provided support for social projects in Guatemala, in cooperation with the organization **United Way Worldwide**. The focus is on education, financial stability and health. Our → **corporate citizenship** has been an integral part of our corporate culture ever since the company was established by Fritz Henkel in 1876.

Providing access to good education

We aim to promote access to high-quality education and increase the number of young people and adults with relevant abilities and skills. The → **Schwarzkopf Million Chances initiative** supports women and girls in creating the foundations for a successful future. The long-running project Shaping Futures gives young people the opportunity to gain professional training in basic hairdressing techniques. As the main sponsor of → **Teach First Deutschland**, we also support the commitment of university graduates who work in schools in disadvantaged communities and socially deprived areas as additional teachers.

More information on our specific contributions to achieving the SDGs can be found on our [website](#).



FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
SUSTAINABILITY STRATEGY
TARGETS AND AMBITIONS
RELEVANT TOPICS
IMPLEMENTATION AND MANAGEMENT
REGENERATIVE PLANET
THRIVING COMMUNITIES
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

IMPLEMENTATION AND MANAGEMENT

The implementation of our sustainability strategy is based on globally uniform codes and standards, integrated management systems, and an organizational structure with clearly defined responsibilities. Within Henkel, efficient processes contribute to environmental protection and occupational health and safety, while additionally reducing resource consumption and costs. We also collaborate effectively with partners along the value chain and beyond to drive transformational change.

Organization for responsible corporate governance

Sustainability management is integrated vertically, horizontally and cross-functionally into our organizational structure. The Henkel Management Board bears overall responsibility for our sustainability strategy and for the compliance organization in order to ensure that applicable legislation and internal guidelines are observed.

Sustainability Council

Chaired by Sylvie Nicol, Executive Vice President Human Resources, Infrastructure and Sustainability, the Sustainability Council is the central decision-making body for our global sustainability activities. On behalf of the Management Board, the committee performs coordination, initiative and control functions in relation to sustainability issues. These include strategic topics as well as risks and opportunities with respect to issues that are operationally relevant, such as climate change and its effects, human rights, sustainable products and technologies, packaging, product safety and management systems. The Sustainability Council sets up project groups to deal with sustainability topics, and monitors the results. It also handles

cross-departmental projects and regularly reviews the extent to which sustainability targets are met. This includes the progress of our climate-related corporate targets and initiatives, for example.

The Sustainability Council is made up of top managers from all of the business units and functions of the company. It normally meets six times a year. In addition, the members take decisions on matters as required during the year.

Business units

Our business units (Adhesive Technologies, Beauty Care and Laundry & Home Care) are also responsible for adapting our sustainability strategy to their operating needs, as well as providing the resources needed for its implementation. They align their brands and technologies, and the sites involved, to sustainability in line with the specific challenges and priorities of their product portfolio. The research and development departments of our business units work on key technologies and supply the basis for tomorrow's sustainable products.

Corporate functions

Through their representatives, our corporate functions support the implementation of our sustainability strategy in their respective areas of responsibility. For example, they develop appropriate supplier management tools, systems for measuring greenhouse gas emissions or the approach to sustainable finance. Key sustainability topics for Henkel are coordinated by a specialist unit that reports directly to the Management Board and which serves as the company-wide interface for sustainability. Henkel's Chief Sustainability Officer is the head of this specialist unit.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND
MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

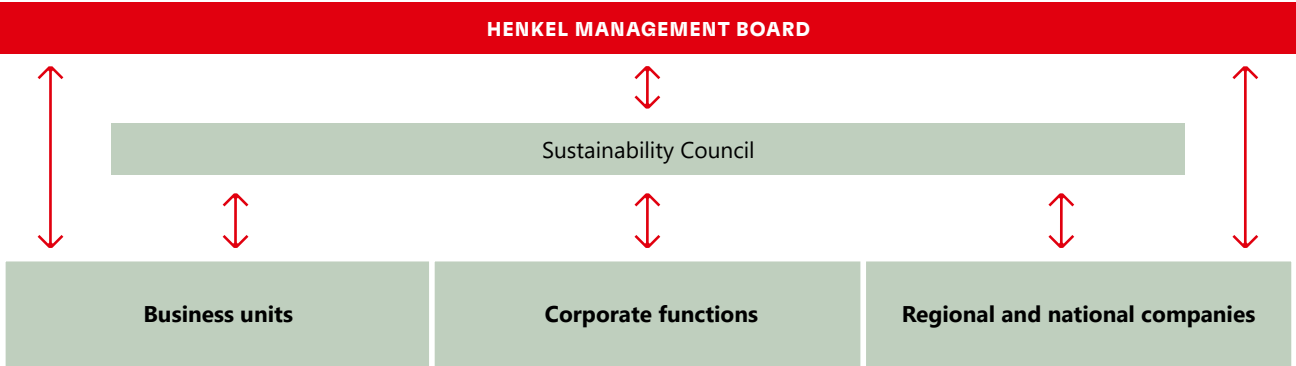
Regional and national companies

Managers in the regional and national companies steer the implementation of Henkel standards and compliance with legal requirements in their respective regions. With the support of the corporate functions and the operating business units, they develop and implement a strategy appropriate to the individual sites and their local circumstances.

Management conferences and specialist committees

In addition to the central role of the Sustainability Council and the interaction between the various units and functions, international management conferences and the sharing of information in specialist committees form an important basis for the ongoing development of Henkel’s sustainability policy. These meetings deal with new scientific findings, practical experience, changes in laws and regulations, and other current topics. The objective is to initiate new projects within Henkel, as well as to further develop approaches to solving problems and to encourage employees to share their experiences with one another.

Responsible corporate governance





FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
SUSTAINABILITY STRATEGY
TARGETS AND AMBITIONS
RELEVANT TOPICS
IMPLEMENTATION AND MANAGEMENT
REGENERATIVE PLANET
THRIVING COMMUNITIES
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

Sustainability management

For our responsible corporate governance, we use a variety of concepts, methods and tools to assess and manage our corporate sustainability and to measure the progress that we make toward our objectives across the entire company and our value chain.

Risk management as a prevention tool

Group-wide risk management also 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 definition set out in paragraphs 2 and 3 of section 289c, as well as section 315c of the German Commercial Code (HGB).

Risk assessment and due diligence

We assess risks, opportunities and impacts as part of our global sustainability management within our company and along our value chain. As part of this process, we take into account the different subject-specific

understandings of risks. In the case of → **climate change**, for example, we consider the potential impact of our business activities on the global greenhouse gas balance, as well as the potential impact of climate change on our business activities. In → **human rights**, on the other hand, we take into account the risks for the rights holders. This risk analysis is the basis for our human rights due diligence approach. 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. We will continue to develop our approaches together with the relevant processes to meet expectations in line with the strategic direction of our → **“2030+ Sustainability Ambition Framework”**.

Uniform codes and standards worldwide

Based on our corporate purpose, our vision, mission and ↗ **values**, we have formulated globally binding rules of conduct that are specified in a series of codes and corporate standards. These apply to all employees worldwide, in all of the business areas and cultural spheres in which we operate.

The ↗ **Code of Conduct**, which was revised in 2022, contains the most important corporate principles and behavioral rules. It is supplemented by guidelines for dealing with potential conflicts of interest, which are designed to prevent corruption.



- FOREWORD
- HIGHLIGHTS 2022
- COMPANY PROFILE
- STRATEGY
 - SUSTAINABILITY STRATEGY
 - TARGETS AND AMBITIONS
 - RELEVANT TOPICS
- IMPLEMENTATION AND MANAGEMENT
- REGENERATIVE PLANET
- THRIVING COMMUNITIES
- TRUSTED PARTNER
- INDICATORS
- INDICES
- SCOPE AND REFERENCE FRAMEWORK
- CREDITS

The codes and corporate standards specifically address the issues of compliance with competition and antitrust law, safety, health, environmental and social standards, human rights and public affairs. They also provide the basis for implementing the [UN Global Compact](#). The following codes and standards can be found on our [website](#):

- Purpose, Vision, Mission and Values,
- Code of Conduct,
- Code of Corporate Sustainability,
- Responsible Sourcing Policy,
- Safety, Health, and Environmental (SHE) Standards,
- Social Standards,
- Public Affairs Standard.

Management systems govern our structures and processes

Globally uniform standards for Safety, Health, and Environment (SHE), together with integrated management systems, provide the basis for our worldwide optimization programs. Our SHE Standards and our Social Standards apply to all sites. Our management systems ensure that these standards are implemented consistently across our global production network and at all sites. This is based on the continuous training of our employees.

We carry out [regular audits](#) at our production and administration sites, and at our subcontractors and logistics centers, to verify compliance with our codes and standards. All audit results, including the monitoring of our SHE and Social Standards, are included in the Internal Audit department’s annual report to the Henkel Management Board. We have our management systems externally certified at the site level wherever this is expected and recognized by our partners in the respective markets.

External certification of our management systems in 2022

Code	Standard for	Percentage of production volume covered
ISO 14001	Environmental management systems	85 percent
ISO 9001	Quality management systems	85 percent
ISO 50001	Energy management systems	63 percent
ISO 45001	Occupational health and safety management systems	86 percent



Compliance

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Henkel is strongly committed to corporate governance and corporate compliance on both a local and global level. Responsible management processes, compliance with many different legal requirements and cultural sensitivity are cornerstones to being successful in our international markets.

Organization for compliance with norms, standards and laws

Our Compliance organization has global responsibility for all preventive and reactive measures. It is supported by integrated management systems and an organizational structure with clearly defined responsibilities. The General Counsel & Chief Compliance Officer reports directly to the Chair of the Management Board. He is supported by the Corporate Compliance Office, our interdisciplinary Compliance & Risk Committee, and 50 locally appointed compliance officers all over the world. Our Corporate Data Protection Officer is also part of our Compliance organization. Together, this organization coordinates the flow of information and helps our employees to implement our requirements locally – for example, through specially adapted training courses. The General Counsel & Chief Compliance Officer reports any infringements, as well as the measures taken to deal with them, to the Management Board and the Audit Committee of the Supervisory Board on a regular basis. Our internal reporting and complaints channels are supported by a compliance hotline, which was set up to enable employees to report infringements of our → **Code of Conduct**, internal standards, or applicable laws anonymously. It is run by an independent external provider and is available globally, allowing both open as well as anonymous reporting. The hotline and alternative reporting channels are available to employees and third parties.

Focus on communication and training

Since we operate on a global scale, our employees find themselves working within a variety of legal systems and value systems. Many of our employees work in countries where, according to surveys by organizations such as [Transparency International](#), there is a greater risk of encountering corrupt practices. The same expectations apply to all employees at all locations without exception: Henkel strictly opposes the infringement of laws and standards, and rejects all dishonest business practices. 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. The program addresses many different compliance topics, such as data protection, competition law and anti-corruption. More than 68,000 training units were conducted and registered worldwide in 2022.

Zero tolerance for violations of regulations

Improper conduct is never in Henkel's interest. The Management Board and senior management circles at Henkel all subscribe to this fundamental principle. Improper conduct undermines fair competition and damages our trustworthiness and reputation. Our employees attach great importance to a correct and ethically impeccable business environment. We react forcefully to violations of laws, codes and standards. Where necessary, we initiate appropriate disciplinary measures. In 2022, ten employees received written warnings, and 29 contracts were terminated as a result of conduct violating compliance rules.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

**IMPLEMENTATION AND
MANAGEMENT**

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Compliance and data protection management systems

Henkel's compliance culture involves continuous **monitoring and improvement of the compliance process**. Against this background, our global compliance management system in the areas of competition law and anti-corruption was again reviewed and confirmed by external auditors in 2022 in accordance with the IDW PS 980 auditing standard, taking into account the principles of ISO 37301 – with regard to the appropriateness, implementation and effectiveness of the compliance processes. Henkel has previously had similar external audits related to data protection carried out.

Results of our audits

The Head of the Corporate Audit department reports directly to the Chair of the Management Board. We carry out regular audits based on our risk-based audit planning at our production and administration sites, and at our subcontractors and in logistics centers, to verify compliance with our codes and standards. The audits are a key instrument for identifying risks and potential improvements.

In 2022, we conducted 59 audits around the world. In the course of the audits, a total of 736 corrective actions were agreed upon. The audits covered all major units of the company: Sales, Marketing, Purchasing, Finance, HR, IT, Supply Chain, Operations and SHE. Compliance with our SHE Standards was audited at 35 sites, resulting in the initiation of a total of 120 optimization measures. We examined compliance with our Social Standards in nine assessments.

All audit results are included in the Corporate Audit department's annual report to the Henkel Management Board and the Audit Committee of the Supervisory Board. In addition to the regular audits, Corporate Audit also conducted two assessments of internal control systems. In 2022, Corporate Audit also trained more than 3,400 employees worldwide on compliance, risk management and internal controls, in the course of seminars and during audits.



Stakeholder management

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

**IMPLEMENTATION AND
MANAGEMENT**

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Understanding and mapping the social demands that stakeholders of all kinds place on our company is a key component of our → **sustainability management**. 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.

Dialogue with our stakeholders

To better understand the expectations and perspectives of our stakeholders and to engage in dialogue that is more targeted and solution-oriented, we make use of specific surveys and continuously monitor the opinions at several levels: in direct dialogue, in multi-stakeholder initiatives, and through dialogue platforms. Cooperation with NGOs and opinion leaders gives us insights into global challenges and enables us to respond to issues at an early stage. Stakeholder dialogue is a key element of our approaches to innovation and risk management, and helps us to continuously develop our sustainability strategy and reporting.

Stakeholder dialogue underpins sustainability strategy

We engage in intensive dialogue with our stakeholders on an ongoing basis in order to recognize their expectations of us and to meet those expectations. We do this by analyzing the expectations of internal and external stakeholders through surveys (for example, via global employee surveys) and by collaborating with external partners. The Organizational Health Index (OHI), which was carried out in 2020, revealed both strengths and potential for improvement with regard to our corporate culture. A range of measures were developed in 2021 and are currently being implemented to further drive cultural change at Henkel.

As we develop our sustainability strategy, we continue to take advantage of the comprehensive stakeholder survey conducted in 2021. The survey confirmed the importance of integrating sustainability into all our activities for our target groups and showed that our stakeholders perceive Henkel to be well positioned to address sustainability issues. The survey also revealed that 87 percent of our stakeholders consider Henkel to be a reliable partner.

We worked with international partners in 2022 to further develop our sustainability strategy. For example, we collaborated with a global agency to undertake a more comprehensive reflection of our strengths and development potential, with the aim of supporting effective implementation of our sustainability strategy.

We use a number of different formats to engage in an ongoing, intensive exchange with our various stakeholders, providing them with information and jointly further developing our understanding of sustainability issues. We also work closely with them to create transformational change together. The following overview shows examples of current dialogue formats and activities. Additional information on collaboration and partnerships can be found on our [website](#).



Effectively addressing the expectations of our stakeholders

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

SUSTAINABILITY STRATEGY

TARGETS AND AMBITIONS

RELEVANT TOPICS

IMPLEMENTATION AND MANAGEMENT

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Customers & consumers

... are increasingly interested in sustainable products and are looking to understand their impact along the value chain.

- Our WE & YOU campaign is designed to support the sustainable use of our products and draws attention to recycling, energy conservation and biodegradability
- Our [Be smarter](#) initiative encourages water-saving behavior and responsible waste management
- Our [Fritz for Future](#) podcast provides information on important sustainability topics

Associations & NGOs

... expect us to actively promote sustainable development. We are therefore involved in numerous initiatives:

- Collaboration in industry associations such as the [World Business Council for Sustainable Development \(WBCSD\)](#) and the [German Chemical Industry Association \(VCI\)](#)
- Member of initiatives, for example Chemie³, Responsible Care, [Renewable Carbon Initiative](#) and [Alliance to End Plastic Waste \(AEPW\)](#)

Suppliers & business partners

... expect a fair and reliable business relationship that fosters intensive dialogue and close cooperation.

- [Catena-X](#), Europe-wide network for end-to-end data exchange along the automotive value chain
- Member of initiatives to promote a sustainable palm oil economy, for example [Action for Sustainable Derivatives \(ASD\)](#) and [Forum for Sustainable Palm Oil \(FONAP\)](#)
- Supplier training from [Together for Sustainability \(TfS\)](#)

Academia

... expects us to address issues of sustainable development beyond our own sphere of influence.

- Henkel endowed chair [Sustainability Management for Business Management](#) at Heinrich Heine University in Düsseldorf
- Dialogue with organizations, such as the [European Centre for Ecotoxicology and Toxicology of Chemicals \(ECETOC\)](#), to improve measurement methods for the collection of sustainability data

Employees

... expect to be encouraged, challenged and empowered to contribute to sustainable development.

- Our [MIT Volunteering](#) initiative supports volunteer efforts
- The #EarthFirst Challenge – supported digitally – inspired employees in North America to engage in sustainable activities and rewarded progress with prizes
- Panel discussions and interactive sessions on the topics of Change Mindset and Sustainability at the [Global Learning Festival 2022](#)

Politicians & government authorities

... are given access to our practical experience to support [political decision-making processes](#).

- Continuous exchange with German and international political representatives and politically relevant stakeholders
- Registration in the lobby/transparency register at national and European level
- Our global [Public Affairs Standard](#) is applicable worldwide, and lays down clear rules of conduct and regulations for responsible interest representation

Neighbors & local communities

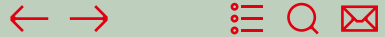
... expect us to promote general welfare and contribute to social development, environmental and climate protection.

- Worldwide waste collection campaigns as part of the [Trash-fighter](#) employee initiative
- [Forscherwelt](#) (Researchers' World) – an international educational initiative with local activities for children
- Local engagement such as the Environmental Awareness Day at Al-Kitab School in Pakistan to raise students' awareness of climate change and opportunities for action

Shareholders & investors

... are increasingly interested in sustainability-related investments.

We drive sustainability forward, address topics at an early stage and make our company fit for the future. We are in continuous exchange with the capital market and are perceived as a pioneer – for example with regard to [sustainable financing](#) such as the syndicated credit line with reference to sustainability. The [assessment](#) of our performance by independent sustainability analysts creates transparency in this context.



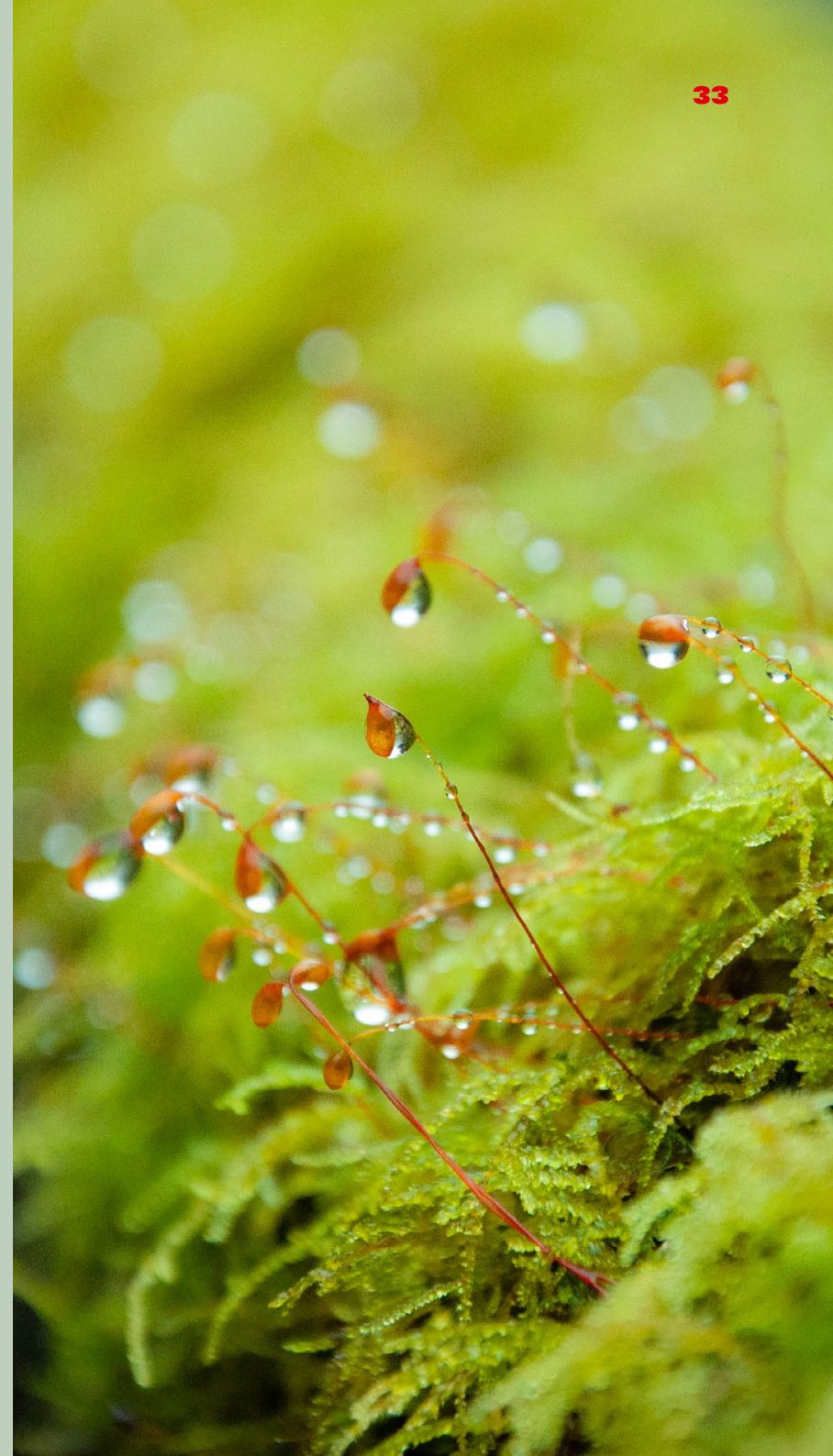
REGENERATIVE ***PLANET***

We are on a journey toward an environmental transformation of our business model. To achieve this ambition, we intend to transform our processes, products and use of raw materials in the direction of a resource-efficient, climate-neutral future. We are focusing on climate change mitigation measures, a functional circular economy, and the protection of nature and biodiversity.

35 CLIMATE

50 CIRCULAR ECONOMY

61 NATURAL RESOURCES



REGENERATIVE PLANET

We strive to achieve a circular economy, a climate-neutral future and the regeneration of nature.

TARGETS AND AMBITIONS

CONTENTS



CLIMATE

Become a climate-neutral business by decarbonizing our operations and raw materials.

Climate-positive

operations (2030)

-30 %

CO₂ emissions from raw materials and packaging per ton of product (2030; vs. 2017)

-100 million tons

CO₂ with customers, consumers and suppliers (2016–2025)

- Climate-neutral company
- Our understanding of climate protection
- On-site measures
- Engagement along our value chain



CIRCULARITY

Advance circularity through our products, packaging and technologies.

30 %

share of recycled plastic for all packaging of our consumer products (2025)

100 %

of packaging designed for recycling or reusability¹ (2025)

-50 %

production waste per ton of product (2025; vs. 2010)

- Packaging
- Production waste



NATURE

Protect and restore biodiversity with a focus on forests, land and water, and ensure responsible resource stewardship.

-35 %

water consumption per ton of product (2025; vs. 2010)

100 %

palm oil and palm kernel oil whose responsible sourcing is certified or externally confirmed (2025)



Circular water use at key manufacturing sites (2030)

- Biodiversity and responsible resource management
- Water

¹ Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.



CLIMATE

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Climate change is one of the major global challenges of our time. We are committed to achieving the 1.5-degree target of the Paris Climate Agreement. The risks for society and for our company are significantly lower at a temperature increase of 1.5 degrees Celsius than at 2 degrees Celsius. We consider climate change to be a factor that intensifies existing risks, but also offers numerous opportunities at the same time. Addressing climate change requires action by all key stakeholders, including policymakers, the private sector, communities, and civil society. With a CDP rating of A- for our climate commitment, among other things, we are committed to doing our part to help find a solution. This is why we joined the **Alliance of CEO Climate Leaders**, a network of business leaders from different industries and regions, in 2022. This community, led by the World Economic Forum, is committed to accelerating decarbonization and expanding partnerships across global value chains.

Henkel has set science-based emissions reduction targets based on a 1.5-degree pathway for our Scope 1 and 2 targets. We consider climate change and its impacts as part of our sustainability and risk management approach, and also across our entire value chain. It is relevant for us from two perspectives: One is with regard to the potential impact of our business activities on the global greenhouse gas balance, and the other is with regard to the potential impact of climate change on our business activities. We are striving to become a climate-neutral company. This is also increasingly being referred to as a net-zero balance for a company's business activities. This is based on the vision of ensuring that business activities do not contribute to further global warming. Since the net-zero term is subject to a variety of interpretations, we decided to use the global corporate net-zero standard of the **Science Based Targets Initiative (SBTi)** as our guide. SBTi launched the standard in 2021 to provide clear guidance,



“We strive to become a leader in technology through innovations and sustainable solutions. This includes a reduced carbon footprint, promoting the circular economy, and educating people about using products in a way that conserves resources.”

WOLFGANG KÖNIG

 Member of the Management Board
Consumer Brands

HIGHLIGHTS

- Successful launch of “Net Zero Roadmap” project
- 10-year renewable energy delivery contract with IGNIS in Europe
- Three more Henkel sites in Germany reach important milestones on the way to climate-positive production
- Henkel joins the Alliance of CEO Climate Leaders
- BASF and Henkel use renewable raw materials for Henkel's consumer goods products

70 %

of our purchased electricity comes from renewable sources

-78.8 million t

 of CO₂ saved together with our customers, consumers and suppliers (2016–2022)

A-

Carbon Disclosure Project (CDP) score for Henkel in the climate category



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

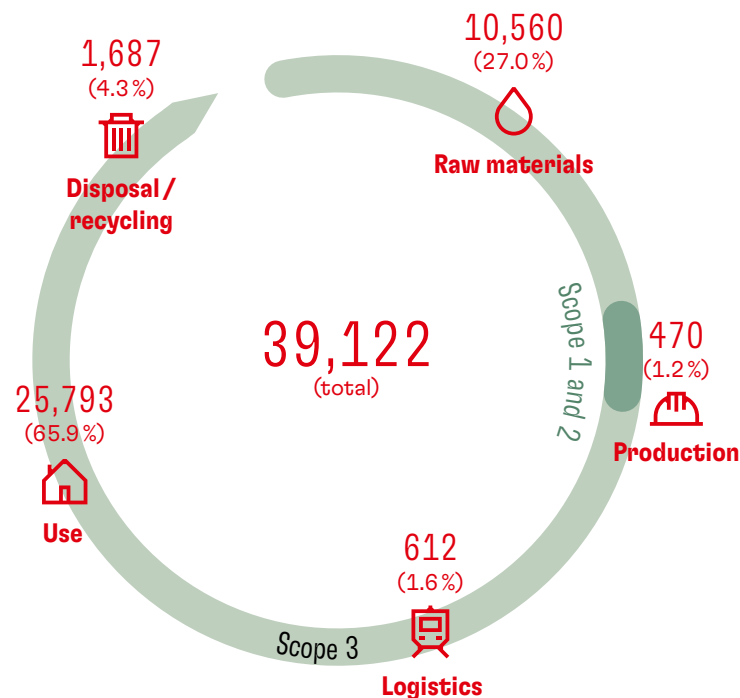
SCOPE AND REFERENCE FRAMEWORK

CREDITS

criteria and recommendations needed for companies to set science-based net-zero targets in line with a 1.5-degree Celsius future. Our path to this vision currently already includes a wide range of targets and activities to reduce and avoid emissions. In doing so, we do not rely on premature compensation.

Operational CO₂ footprint*

In thousands of metric tons of CO₂ / CO₂ equivalent



* Simplified representation. → [Detailed overview of our operational CO₂ footprint](#)

Our understanding of climate protection

Our CO₂ footprint

Overall, production of our products accounts for around one percent of our carbon footprint along the value chain. This includes direct emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). The majority of direct sources are incinerators, for example, for the operation of boilers. However, mobile combustion sources such as vehicle engines are also responsible for Scope 1 emissions. Examples include trucks, forklifts and other vehicles. Purchased energy (Scope 2) primarily includes electricity purchased, but also steam, heating and cooling.

Indirect emissions within our value chain (Scope 3) account for almost 99 percent of our operational CO₂ footprint. The use of our products accounts for around two thirds, and the raw materials and packaging for around one quarter. This is where we find the most potential to reduce emissions and contribute to climate protection. The transport of our products and disposal/recycling account for around 6 percent of our emissions.

Risks and opportunities of climate change for Henkel

When assessing the potential impact of climate change on our business activities, we consider the entire value chain – from the raw materials we purchase through to the marketing of our products. We draw on the findings of our comprehensive risk and opportunity assessment process.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

We identify and assess climate-related risks based on the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). The recommendations on reporting are assigned to the core areas of governance, strategy and risk management of a company. This framework addresses how an organization manages climate-related risks and opportunities, how the actual and potential impacts of climate-related risks and opportunities on the company's business are assessed, and how the organization identifies, assesses, and manages climate-related risks if they are considered to be material. We identify relevant impacts primarily in two major risk categories: transition risks associated with the transition to a low-emission economy and society; and physical risks, such as the increased probability of extreme weather events in the future. In line with the timeframe of our current sustainability strategy and our group-wide risk management approach, we are initially focusing on the period up to 2030.

To explore the potential impacts of climate change, one of the sources we use is data from transition scenarios developed by the [International Energy Agency \(IEA\)](#) and from climate scenarios conducted by the [Intergovernmental Panel on Climate Change \(IPCC\)](#). The scenarios are based on different assumptions of potential climate warming and measures to reduce emissions. However, based on available studies – e.g., IEA based on MAGICC 7.5.3 – Henkel assumes that the different emissions scenarios will not yet have a significant impact on expected warming by 2030. Therefore, for the assessment of physical risks, we assume a warming of 1.5 degrees Celsius compared to the pre-industrial global average temperature. To assess the transition risks, we used the “Net-zero emissions by 2050” scenario of the World Energy Outlook with regionally different assumptions for the CO₂ price in 2030.

We have considered the following risks: The main transition risks for Henkel include the potential financial impact of a significant increase in the price of CO₂. By analyzing the CO₂ price developments based on different climate scenarios, we have identified potential risks both for production and along the value chain. We have assessed the potential direct and indirect effects on the costs of energy, products and services purchased by Henkel if the widely introduced price of CO₂ rises. We did this in the context of other price factors and possible feedback effects. We expect to help reduce potential long-term risks by implementing measures to achieve our medium and long-term climate change mitigation targets.

We have also examined the physical risks for Henkel. Our focus was on the risks associated with our raw material sourcing and on direct risks to our production from potential climate-related changes in the frequency and intensity of weather events such as heavy rain, droughts or floods. With respect to sourcing, the raw material palm (kernel) oil is particularly interesting, as the yield of the plantations and consequently prices are influenced by prevailing weather conditions. Our main focus is on monitoring the El Niño weather phenomenon and managing its impacts. Based on the scenarios issued by the IPCC and IEA that we have applied, we do not expect any climate changes in the period up to 2030 that would lead to a significant long-term increase in the prices of our palm (kernel) oil-based raw materials.

We primarily based our analysis of possible climate-related production losses on the [IPCC report](#) published in 2021. Based on the evaluation of climate scenarios, we currently assume a low risk associated with increased climate events for our sites and those of our suppliers. Where relevant, we have put in place a system for managing weather and other geohazards.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

At the same time, Henkel will further deepen the assessment of these risk in the future.

The transition risks also present opportunities for Henkel: to position itself as a company with a proactive climate protection strategy, to improve its own competitiveness by optimizing its production and raw material base, and to be able to create added value for customers and consumers with innovative solutions and strong brands. The following chapters show examples from Henkel's CO₂ savings portfolio. [Information about our TCFD reporting](#) is available on our website.

On-site measures

Our primary [climate change mitigation](#) focus is on our own sites and production. This is an area where we can have a direct impact and where we have set ourselves ambitious timelines and absolute reduction targets. To do so, we want to continually [improve our energy efficiency](#) and to use more energy from [renewable sources](#), particularly electricity and heat.

The net carbon footprint of our production is around 400,000 metric tons of CO₂ and is attributable to the fuels we use ourselves (Scope 1) and the energy purchased (Scope 2), in particular electricity.

We are committed to reducing our Scope 1 and Scope 2 CO₂ emissions per ton of product by 67 percent by 2030 compared to 2017. Along the

journey toward this SBTi goal, we are still pursuing our interim target of making a 65-percent reduction in the carbon footprint of our production sites by 2025 compared to the base year 2010. We continue to strive toward our existing science-based target of sourcing 100 percent of the purchased electricity we need for production from renewable sources by 2030. However, we are always exploring ways to reduce emissions faster for selected sites.

In 2020, the [Science Based Targets initiative \(SBTi\)](#) confirmed that our science-based emission reduction targets, which we derived from our long-term goals, were in line with the initiative's criteria at that time. Our greenhouse gas emissions targets (Scope 1 and 2) are in line with the reductions required to keep warming to 1.5 degrees Celsius. By the end of 2022, we were able to achieve a reduction in CO₂ emissions of 40 percent per ton of product (compared to our 2017 SBTi reference year) and 55 percent per ton of product (compared to 2010).

Based on our progress in these areas and the experience we have gained, we decided in 2021 to bring forward our ambition for 2040 by ten years: By 2030, we want to achieve a climate-positive greenhouse gas balance in our production (Scope 1 and 2).

For us, climate positivity in our production means that we aim to supply surplus carbon-neutral energy that Henkel does not need for its own purposes to third parties. In doing so, we will avoid emissions from our own activities, and also enable third parties to use carbon-neutral energy. In our role as site operator at our headquarters in Düsseldorf-Holthausen,



Development of climate targets and ambitions for Scope 1 and 2

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

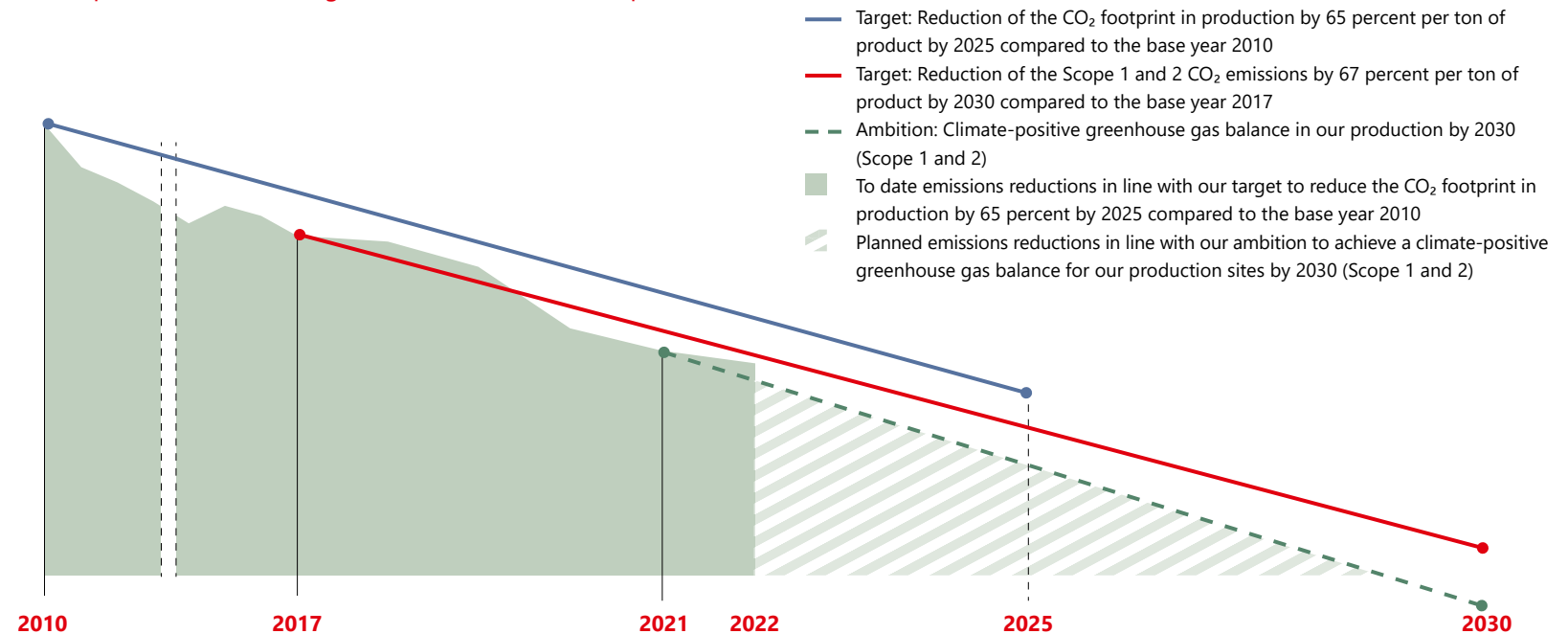
TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS



we provide electricity and heat to third parties. Our power station uses fossil energies and renewable energies (such as biogas). In our balance sheet, we currently separate the CO₂ emissions caused by generating energy for external third parties from the energy that we use for our own production activities at this site. We use the term "net emissions" to describe this situation. We are planning to publish more detailed information on defining this ambition in the 2023 reporting year as part of our "Net Zero Roadmap" project.

In addition to the major opportunities presented by the accelerated transition to climate-neutral solutions, we also see a number of challenges, including changing framework conditions and accounting methods that differ around the world, as well as the local availability of climate-neutral technologies. Using contractual instruments (market-based method, no offsetting) is an important pillar in our climate strategy.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET**CLIMATE**

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Roadmap to reducing emissions, Scope 1 and 2

We are continuously developing our climate strategy in the area of production, drawing on internal experts and our partner network. To this end, we have created a comprehensive roadmap to replace all of the fuels we need to generate energy at our sites with zero-GHG or reduced-GHG alternatives, such as biogas or biomass, by no later than 2030. In parallel, we also want to continuously improve our energy efficiency.

For our Scope 1 emissions, we have developed, evaluated and begun to implement a roadmap for fuels at all our production sites with a view to achieving our ambition and target for 2030. Identifying the optimal supply strategy for each site requires intensive analysis of the changing emissions trading systems and carbon markets. This is because we procure both thermal energy and electricity globally and use energy sources that may be subject to rapidly changing conditions or geopolitical changes in the countries concerned. Our reasoning also takes into account the findings of the recent IPCC report on emissions reductions, which states that progress toward net-zero GHG emissions in industry will be enabled by the adoption of new production processes using zero-GHG or reduced-GHG electricity, hydrogen, fuels, and CO₂ management. We also made progress on our Scope 2 agenda in 2022, achieving some key milestones on our roadmap to 100 percent renewable sources by 2030.

Implementation of climate protection measures at our sites

Increasing energy efficiency

Our business units continuously strive to increase energy efficiency at our sites. For example, we have been deploying new boilers, air compressors, and scrubbers equipped with smart variable speed drives at our production

sites in Australia since 2022. Passive infrared motion detectors were also installed to save electricity. Our site in Ferentino, Italy, focused its efforts on optimizing the operation of the spray-drying tower and the inverter tower fans, which feature a controlled system that allows consumption to be monitored and consumes only the energy necessary for operation. The project has led to a significant reduction in methane consumption in addition to the reduction in electricity consumption. Measures were also introduced to recover heat from the spray-drying tower by using a heat exchanger to recover energy from the exhaust air to increase the temperature of burner's air intake. This reduces gas consumption and CO₂ emissions.

Direct emissions (Scope 1)

Heat generated from fossil fuels is currently used in most of our industrial processes, and we aim to replace these with renewable sources by 2030. Our decarbonization strategy is based on a mix of renewable energy options and a clearly defined hierarchy of solutions. Energy efficiency is always the top priority, followed by balancing the use of gases with a lower climate impact, such as biomethane, the procurement of biomass and biofuels, and the electrification of heat generation, provided that there is sufficient economically procurable renewable electricity available.

Three Henkel sites in Germany reached important milestones on the path to carbon-neutral production in 2022: Laundry & Home Care production in Düsseldorf and the Beauty Care production sites in Wassertrüdingen and Viersen were converted to 100 percent carbon-neutral energy. Since July 2021, in balance sheet terms we have been using only green electricity and biogas for the production of liquid products and dishwasher tabs in



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Düsseldorf. By switching to sustainable fuels (biogas) for the energy-intensive manufacturing process of the powder products, the production of detergents and cleaning agents at the Holthausen site has now achieved carbon-neutrality. The central warehouse at the site is also operated on a carbon-neutral basis. Henkel Beauty Care's largest production site in Germany, in Wassertrüdingen, also runs exclusively on carbon-neutral energy for the production of hair and body care products. Measures taken to achieve this goal included the installation of a 17,000-square-meter photovoltaic system on the roof of the production facility and a neighboring field in 2021. This site uses both green electricity and biogas.

Indirect emissions from purchased energy (Scope 2)

By the end of 2022, we have transitioned 23 countries completely to 100 percent renewable electricity. We have also increased the share of our purchased electricity derived from renewable sources to 70 percent. We also have concrete plans to accelerate our respective sourcing and continue to fully convert further countries to green power.

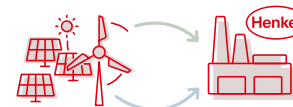
We are focusing on a combination of the following three models to move to 100 percent renewable electricity by 2030: Production at our site, direct purchase and virtual coverage (see "Did you know?" info box).

One example of the on-site generation of renewable energy is the company-wide VOLTA project, which promotes the installation of solar panels at all our sites where photovoltaic generation is feasible. To date, we have launched more than 80 sub-projects in 35 countries and have already completed 20 projects with installed capacity of 9.7 MWp. This corresponds to savings of around 9,760 metric tons of CO₂ annually.

Henkel Australia has begun using electricity generated entirely from renewable energy sources at its Adhesive Technologies sites in Seven Hills, New South Wales, and Kilsyth, Victoria. These sites serve a wide range of companies in industrial sectors such as flexible packaging, wood engineering, food and beverages, steel, paper, mining, and maintenance and repair. The

DID YOU KNOW?

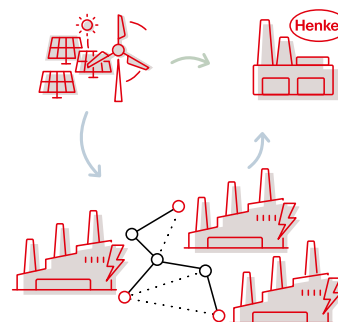
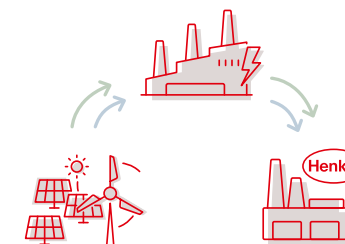
Three models of conversion to renewable energy



On-site production:

This model involves generating green power at our sites through wind turbines, solar cells or other technologies. The infrastructure is either funded by Henkel itself or paid for by collaboration with external partners.

Direct purchase:
For this model, we purchase green power straight from the grid of a local energy utility company, or as part of a long-term Power Purchase Agreement (PPA).



Virtual coverage:

Alternatively, we cover the demand for green power virtually. For example, by entering into long-term PPAs that feed green power from sites into the supply grid in an amount that is equal to the amount consumed. Certificates (RECs) are another example of a virtual solution.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

sites are expected to cut their carbon emissions by more than 50 percent year-on-year thanks to over 2,000 rooftop solar panels and renewable energy contracts.

The 10-year virtual power purchase agreement (VPPA) concluded with IGNIS in 2022 is an example of strategic cooperation with energy utilities. This agreement will ensure the supply of around 200 GWh per year of renewable energy to our European sites. This power is generated by two photovoltaic plants in the Spanish regions of Castilla y León and Andalusia. The project will begin in 2024 and will replace many of our existing European green power initiatives.

Engagement along our value chain

In addition to our activities at our own sites, we aim to leverage our influence on areas of our value chain that are particularly relevant to CO₂ emissions. We determine this data using the recognized methods of the [Greenhouse Gas \(GHG\) Protocol](#).

Analysis shows that the product use phase has the greatest impact on our CO₂ footprint, especially in consumer business. Our products are used millions of times a day in households and industrial processes. Accordingly, our goal is to work with our customers, consumers and suppliers to save 100 million metric tons of CO₂ over the ten-year period from 2016 to 2025. To achieve this, we have developed a **→ CO₂ savings portfolio** that can be used as a basis for quantifying the exact contributions made by products to reducing emissions.

Many of the raw materials we use are “organic” chemical compounds, i.e. those based on carbon, for example the surfactants in detergents and shampoos, resins in adhesives and plastics for packaging. These release CO₂ when they are biodegraded or burned. We therefore plan to gradually replace the fossil carbon in our raw materials and packaging with renewable carbon as we move toward a resource-efficient, climate-neutral future. In particular, the focus is on the use of carbon from plants or parts of plants as part of the renewable biosphere. Carbon from the air and from waste materials such as plastics can also be utilized as a source in the future.

For carbon from renewable sources, it is particularly important to select and evaluate these sources responsibly, and in doing so, to consider potential competition for land (such as forests or cropland) and associated emissions calculations. Often, biomass is not processed in a segregated process, but is incorporated into established production processes that also process fossil raw materials, in line with the principle of mass balance. As such, in 2022, we began purchasing chemical raw materials (up to 110,000 metric tons per year) produced by BASF under the biomass balance approach for use in most consumer products manufactured in Europe in the Laundry & Home Care and Beauty Care divisions. This requires the establishment of closed control chains from the renewable raw materials to the end product. These have been certified accordingly.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET**CLIMATE**

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Strategic direction for reducing Scope 3 emissions

Key value chain targets include our science-based target of reducing the footprint of the raw materials and packaging we use per ton of product by 30 percent by 2030 compared to the 2017 base year. One component of this is our → **packaging strategy**, as CO₂ emissions can be reduced by using recycled material, for example. As with our target for production, our target for value chain emissions (Scope 3) also meets SBTi's criteria for ambitious value chain targets, which means it is in line with best practice. In 2022, we achieved a reduction in CO₂ emissions of 15 percent per ton of product (compared to 2017).

Building on our current SBTi targets for 2030 and our ambition to achieve a climate-positive balance in our production by 2030, we will incorporate the "SBTi Corporate Net-Zero Standard" to set a pathway for reducing our Scope 3 emissions. This standard includes guidance, criteria, and recommendations for companies to set science-based net-zero targets in line with the Paris Agreement's 1.5-degree target. This is why we have analyzed our entire Scope 3 portfolio in detail to understand the dimensions, metrics and measures needed to steer our emissions toward this goal. We have also launched projects and expert initiatives to assess effective drivers and opportunities within the scope categories and explore the development potential of our climate targets. We will include the findings in the 2023 report.

Our progress toward the goal of achieving a climate-positive balance in our production by 2030 puts us in a very good position for a possible net-zero target, which will require ambitious Scope 1 and 2 targets. We are therefore focusing on the following two key questions for our emissions in the value chain (Scope 3): Have we identified the right set of levers and partners to support a net-zero goal? And what timeframe should we consider? The key drivers of our net-zero emissions pathway are the significant progress we have made in our production and our strong partnerships along the value chain.

Since more than 90 percent of our total emissions that need to be covered under a net-zero target in accordance with the "SBTi Corporate Net-Zero Standard" originate from Scope 3, we want to cooperate and innovate with our partners to influence behavior along the entire value chain. The biggest challenges to our targeted net-zero target path are that our Scope 3 emissions are outside our direct control or sphere of influence and are difficult to measure. To date, we have limited access to emissions data from all of our suppliers and we see collecting high-quality data on the nature and extent of emissions as a challenge. Work is still being carried out on certain initiatives that address how to capture and report the benefits of emissions reductions from investments in dynamic supply chains, such as feedstock materials offset by biomass, which may lead to questions about how emissions are attributed. This is something we are working on together with partners, while also working to achieve greater → **transparency**.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The contribution of our products and technologies to climate change mitigation

Together with our customers, consumers and suppliers, we aim to achieve reductions in CO₂ emissions. This includes emissions from the raw materials we use. We also want to help customers and consumers reduce CO₂ emissions that are generated when they use our products (Scope 3 emissions). Our expertise in materials and our scientific knowledge allow us to develop products that deliver circularity and emissions savings so that our customers can achieve their sustainability goals.

Making products more climate-friendly in the use phase

In addition, we want our products and technologies to help avoid CO₂ emissions from being generated (hereafter referred to as Scope 4 emissions). Through our brands and technologies, we make, among other things, products that are used and applied in ways that are directly linked to the use of energy, such as detergents, shower gels, or hotmelt adhesives. We want to contribute to improving the efficient use of energy with innovations that cut energy consumption and the related CO₂ footprint.

On top of this, we use targeted communications activities to encourage responsible-minded behavior when end consumers use our products. The **Be smarter. Save water.** initiative, launched by Beauty Care in 2016, aims to raise consumer awareness about the responsible use of water as an important resource. Using less hot water also reduces CO₂ emissions. More than 135,000 metric tons of CO₂ emissions could be saved each year if consumers of our products shortened their shower times by an average of 15 percent. The initiative includes information provided on the product packaging and a related website.

Lower water temperatures when washing clothes also help to reduce energy use and CO₂ emissions. Through continuous research and development partnerships, as well as significant investments in new formulations, we enable our consumers to achieve excellent washing results when using increasingly concentrated dosages at lower temperatures – or even when washing laundry in cold water. We raise awareness of the need to save energy by placing the “be sustainable – wash cold” logo on our laundry detergent packaging to draw consumers’ attention to this topic. The potential for savings is enormous: If consumers were to use cold water for every wash with one of our all-purpose laundry detergents, about 6.1 million metric tons of CO₂ emissions could be avoided every year. We also recommend full loads of laundry and the use of the eco program to our consumers, both on the packaging and online. The same applies to washing dishes: For Somat, which is used in the dishwasher, we include a note on the packaging stating that it is effective even in the eco/short program. Since 2022, Pril, which is used for hand washing, has had a cold-active formula. This is another way consumers can save energy.

New product developments

Our Adhesive Technologies business unit continuously optimizes its technologies and solutions to promote resource conservation in our customers’ applications. Our low-temperature adhesives in the Technomelt Supra COOL range, for instance, require a lower processing temperature, meaning that in addition to higher process efficiency, customers can also achieve energy savings of up to 40 percent. Additional technologies of this type can also be found in our CO₂-saving portfolio.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The concentrated formula of the solid shower and hair care products of the Nature Box brand makes them as economical as two liquid products (250 ml), with lower weight and volume. This results in lower CO₂ emissions during transport. The packaging is also made from FSC-certified paper and is fully recyclable. In addition, the cold-pressed oils in the formulation have not been refined or further processed, so less energy is required in the production process. We also relaunched our hair shampoo brand Schauma in 2022. The new formula reduces the carbon footprint by 26 percent; it is also vegan. In addition, the PET bottles are now made of at least 98 percent recycled plastic, the PE bottles are made of 50 percent recycled plastic, and caps are made of 25 percent recycled plastic.

Another innovation launched by Henkel is Persil Power Bars, which offer proven Persil washing power and at the same time save 97 percent of the plastic used in packaging compared with liquid Persil Gel. The nearly plastic-free packaging and the particularly compact, solid shape contribute to this. The shell is biodegradable and dissolves in water at washing temperatures as low as 20 degrees Celsius. This means that they produce their full effect even at low washing temperatures.

Henkel's CO₂-savings portfolio

In relation to the leverage points we have identified along our value chain, we have set a target of saving 100 million metric tons of CO₂ together with our customers, consumers and suppliers over the ten-year period from 2016 to 2025. We have developed a CO₂-savings portfolio¹ for this purpose. The evaluation of the contributions in this portfolio is based on a company-wide, standardized process that sets out the criteria for the selection of the products and the calculation of CO₂ emissions. In the following pages, we have summarized some examples of our products and technologies in six groups. These products all contribute to **→ energy and material efficiency**. With regard to the products sold between 2016 and 2022, we enabled our customers and consumers to reduce CO₂ emissions by more than 78 million metric tons. In the future, we want to evaluate additional applications and further expand the portfolio of products that contribute to CO₂ savings in the use phase.

¹ Further information can be found in the [methodology document for Scope 4](#).



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Contributions to energy efficiency

Energy-saving building facades

Our thermal insulation composite systems for building facades help to cut energy consumption by reducing the loss of heat. In addition, our “cool roof” coatings, which reflect 87 percent more sunlight than conventional roof coatings, reduce the consumption of energy because fewer air conditioning units are needed. The products sold in 2022 enabled our customers to save around 3.4 million metric tons of CO₂ emissions.

More efficient renewable energy

Our electro-conductive adhesives enable manufacturers of photovoltaic modules to increase the efficiency of solar panels. More solar cells can be installed in each module, and the loss of conductivity within the module can be reduced. This enables the modules to generate more renewable energy. The products that we sold in 2022 helped our customers to save around 0.9 million metric tons of CO₂ emissions.

Consuming less hot water

We help consumers by providing products that can reduce energy consumption for warming up water, which cuts the related CO₂ emissions. With our Laundry & Home Care products Colour Catcher laundry sheets and Somat dishwasher cleaner, customers can reduce the number of washing cycles. In addition, leave-in conditioners and dry shampoos from Beauty Care do not require warm water for rinsing. The products sold in 2022 enabled consumers to save around 0.1 million metric tons of CO₂ emissions.

Contributions to material efficiency

Repair and renovation

Our industrial coating products enable our customers to protect machinery like pumps against wear and tear, and extend their lifetime. Machinery of this kind is often operated continuously, which can cause abrasion and corrosion – leading to production downtime. With our coatings, customers are able to increase operational efficiency by reducing energy consumption or making it possible to use the machine for longer. The products sold in 2022 enabled our customers to save around 0.6 million metric tons of CO₂ emissions.

Intelligent material replacement

Our adhesive solutions make it easy to sustainably replace emission-intensive materials. An example of this is our Loctite® Threadlocker. Even a small quantity of this product matches the performance of conventional steel washers for securing screws. This saves a significant amount of steel, which is an emission-intensive material. Another example is our Liofol Purbond HB adhesives, which are used to manufacture wood composites and replace CO₂-intensive concrete construction materials. The products sold in 2022 enabled our customers to save around 0.6 million metric tons of CO₂ emissions.

Lightweight vehicle designs

We support our industrial customers with solutions for lightweight automotive designs. This includes pretreatments for metal surfaces that make it possible to combine steel and aluminum, as well as liquid soundproofing and 3D reinforcement technologies. These solutions all contribute to weight reduction in the chassis and increase fuel efficiency. The solutions sold in 2022 saved around 4.6 million metric tons of CO₂ emissions for our customers.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET**CLIMATE**

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Low-emissions logistics – Optimizing transport and logistics processes

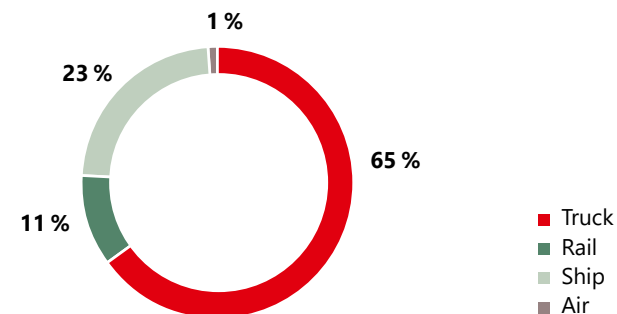
Our responsibility along the entire value chain also includes optimizing our transport and logistics processes in terms of environmental compatibility and resource efficiency. Our approach to reducing our logistics footprint starts in the product development stage. This is why we are optimizing our products and the related packaging in terms of weight and volume, whenever it is possible to do so without compromising performance, convenience or stability. More concentrated products reduce the transport weight, thereby reducing CO₂ emissions.

Overall, it is our goal to reduce the emissions from transporting our products by 15 percent by 2025 compared to the base year 2015. We focused intensively on revising the emissions reduction program in 2022.

In 2022, for example, Henkel's global logistics teams implemented a project to analyze the carbon footprint of logistics against a net-zero target path. With the support of external partners, the Way2Green project was launched in July 2022. The goal of the project was to create 18 individual country roadmaps to achieve further CO₂ reductions by 2030 – an important milestone in achieving a potential net-zero target. The roadmaps relate to the logistics emissions of the top nine countries of the Adhesive

Share of mode of transport by tonne-kilometer

Gross shipment weights



As of: 12/31/2022

Technologies business unit and the top nine countries of the Laundry & Home Care and Beauty Care business units, which each account for more than three quarters of the business units' logistics emissions. Based on 15 predefined mitigation measures, the 18 countries developed their draft roadmaps in 2022. A key finding of the project, which ran until the end of 2022, was that a combination of measures is needed to achieve significant emissions reductions. Each country has taken a different approach to providing their best estimates for 2030, and significant effort and resources will be needed to drive change in the future. The country roadmaps will be used to advance various sustainability projects in 2023 and beyond.



The key levers

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

■ Optimizing the capacity utilization of all modes of transportation

Henkel is constantly striving to increase truck capacity utilization. Fuller trucks mean fewer trucks on the road, which has a positive impact on CO₂ emissions. One example can be found in loads from the Kruševac site in Serbia. Trucks bound from Serbia to France and Poland are loaded with a combination of palletized and non-palletized products. Removing some of the pallets during the loading process allows more products to be loaded into the trucks. The resulting higher truck capacity utilization reduces the number of truckloads by about 680, saving about 0.7 million kilometers per year.

■ Reducing the use of air freight and expanding ocean freight

Air freight is one of the most emission-intensive types of freight transport. Ocean freight, on the other hand, is often the least intensive. However, air and sea freight are different traffic flows and cannot necessarily be substituted for each other. Some goods, such as perishable or time-sensitive goods, must be transported by air and cannot be transported by ship. Better planning and moving away from a just-in-time approach, however, can make it possible to reduce unplanned air freight and thereby reduce emissions. Our air freight share increased slightly by 0.5 percent this year compared with the previous year. Our teams intend to do everything possible to further reduce air freight volumes under the difficult circumstances of raw material availability and supply shortages as a result of the global pandemic.

■ Using alternative drive trains

Alternative types of drive trains are also part of our approach to optimizing transport and logistics with a view to protecting the climate. We are testing the operational capability of vehicles with alternative drive systems such as battery-powered electric vehicles. When we adopt the use of electric vehicles, we only consider the activities related to their use to be emission-free if the electricity used to charge those vehicles comes from renewable sources, as can be seen in the recently introduced electric vehicles for supplying our adhesives customers in Brazil. Solar panels at the distribution center are used to recharge the batteries, resulting in true zero emissions. We are also planning to start using two hydrogen-powered trucks in Düsseldorf, Germany, so that we can gather information on the performance and reliability of the technology. In 2022, the onsite logistics fleet also adopted double-deck trailers to maximize truck capacity utilization.

■ Expanding intermodal transportation

Intermodal transportation means the use of more than one means of transportation. At Henkel, this means more of our transports are being switched from road to rail. This process begins with a truck carrying the goods to the nearest rail loading terminal. From there, the goods cover longer distances by train, before a second truck collects the goods at the destination terminal and delivers them to the customer. This allows us to make use of the lower CO₂ footprint of rail transport compared to road transport, since a train emits about one-third of the CO₂ of a truck when transporting the same weight of goods. For this reason, intermodal transport has become a key driver for CO₂ reduction in logistics at Henkel.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

We further intensified our efforts in this regard in 2022. For example, further loads of laundry detergents and household cleaners that are manufactured at our site in Kruševac, Serbia, are now transported to Düsseldorf by rail via Vienna, Austria, and Oradea, Romania, instead of being transported on trucks.

There are many circumstances in which trucks cannot be replaced by alternative modes of transportation, but truck emissions and power-trains can be improved. In Germany, we are testing LNG trucks on the route from Düsseldorf to Bönen.

▪ Digital tools for improved logistics

Our transport management system systematically captures the CO₂ emissions of our logistics operations and makes our transport planning and implementation even more efficient across all business units and countries. Increased truck capacity utilization and optimized routes are particularly helpful in reducing transport kilometers, cutting fuel consumption and reducing CO₂ emissions. Our progress is illustrated with a digital tool that calculates the environmental impact of transport for all modes of transport based on the DIN EN 16258 standard. Inputs include actual distances based on GPS data, country-specific emission factors, and data from the respective modes of transportation. The combined application of both IT solutions enables us to foster transparency and data comparability across the entire industry, and helps us to track progress toward our emissions reduction target. Since 2021, we have calculated our logistics emissions using a new methodology developed by our service provider ETW. By recalculating the previous year's figures, we have a method that allows us to reliably track progress towards achieving our targets.

▪ Future mobility

Beyond the use of advanced digital tools, alternative propulsion types also form part of our approach to optimizing transport and logistics. We are testing the operational capability of vehicles powered by alternative propulsion systems at our sites. At our headquarters in Düsseldorf, we have, for example, incorporated more than 40 electric vehicles into the internal fleet since 2012 to replace conventional vehicles with internal combustion engines. In 2021, we also converted the first in-house vans to purely electric vehicles. We have built a corresponding infrastructure with over 120 charging stations in and around the industrial park, ten of them in cooperation with the utility company Stadtwerke Düsseldorf. Our vehicle policy for electric and hybrid cars also gives our employees in Germany the option of driving an electric or hybrid vehicle as a company car. In 2019, the first hydrogen-powered vehicle was added to the internal fleet at our Düsseldorf plant, and a hydrogen filling station was installed. To promote hydrogen mobility, Henkel has been actively engaged over the past few years in various initiatives and research projects, such as "Modellregion Wasserstoffmobilität NRW Düssel.Rhein.Wupper." In the context of future mobility, we also seek to reduce transport-related emissions by generating a holistic, modern and sustainable concept to foster our staff's mobility.



CIRCULAR ECONOMY

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Decoupling economic growth from the consumption of finite natural and fossil resources and developing a **circular economy** are key approaches to sustainable value creation and climate protection.

Eliminating, reducing and – where this is not possible – recycling packaging materials, especially for our consumer goods, is the best way to minimize waste and the related negative environmental effects. Our goal is to reduce the amount of packaging material we use to a minimum – without compromising the quality, performance or safety of our products – and to provide consumers with all the information they need for safe use and proper disposal. With a few exceptions, today our **packaging** has been developed to provide the level of performance consumers expect, while minimizing the use of resources. In addition, our packaging can be disposed of in existing collection and recycling systems.

At the same time, resource consumption can be reduced if materials are kept within the cycles of the economy for as long as possible. As a result, our mission is to include materials from sustainable sources and to design packaging so that it can be reused as raw materials for new products in order to close the material loop. Our packaging developers work closely with suppliers, packaging material manufacturers, recyclers and reproducers to meet the requirements of functional packaging.



“We promote circularity by using circular raw materials, closing material loops in our production and developing innovative solutions that enable sustainable product design, reuse and recycling.”

MARK DORN

Member of the Management Board
Adhesive Technologies

HIGHLIGHTS

- Innovative product and packaging solutions help reduce the ecological footprint
- Henkel supports collection and recycling infrastructure in Europe, India, North America and Egypt
- Wide range of information for consumers to encourage correct recycling
- Progress made on waste reduction at production sites together with partners

87%

of packaging designed for recycling or reusability¹

82%

of production sites dispose no production waste to landfills

Around 5,100 t

Social Plastic® collected in 2022

¹ Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

In our Adhesive Technologies business unit, we also pursue the approach of using our high-quality, innovative packaging adhesives to support other companies in their implementation of a circular economy. To accomplish this, we are focusing on innovative solutions that facilitate recycling and on the separation of materials to make it possible to repair, reuse and refurbish products and product parts.

Henkel is also pursuing a variety of approaches to implement closed-loop recycling in its own production processes. In this area, we emphasize the separate collection of all recyclable waste streams at our sites.

Material loops in packaging

Our ambitions & targets for packaging

- 100 percent of Henkel's packaging is designed and developed to optimize recyclability or reusability by 2025.¹
- We aim to reduce the amount of virgin plastics from fossil sources in our consumer products by 50 percent by 2025. We will achieve this by increasing the proportion of recycled plastic to more than 30 percent and reducing the volume of virgin plastic.
- We want to continuously help ensure that all packaging waste is properly disposed of and recycled, thereby preventing it from entering the environment. In order to achieve this, we are supporting waste collection and recycling initiatives. We are investing in innovative solutions and technologies that support improved infrastructure and consumer information to drive the recycling process.

Alongside this, we aim for 100 percent of the paper fibers in our paper packaging and cardboard to be made of recycled material or, where virgin fiber is required, to come from fresh fiber originating from certified, sustainable forestry. We also intend to discontinue the use of polyvinyl chloride (PVC) and other potentially harmful substances that are suspected of harming the environment and endangering health. Today, we only use PVC in a few exceptional cases (0.05 percent of our global packaging volumes) for which we have not yet found a workable alternative. We continue to work toward our goal of fully removing PVC from our packaging materials.

Three-pillar packaging strategy

Our strategy to promote the [circular economy](#) for packaging is centered around three pillars:

1. Intelligent packaging design and reduction of packaging material

Sustainable packaging solutions are the best way to create an efficient and cost-effective circular economy. Innovative design is essential in replacing virgin raw materials with recycled or renewable alternatives wherever possible, which enables the use of more sustainable or renewable material. We also continuously test new product solutions that have an impact on packaging. This effort involves, for example, offering concentrates or switching from a liquid product to a compact powder format to reduce the size of the packaging.

Our experts rethink packaging concepts and assess further ways of developing reusable and refillable solutions that place a stronger focus on durability. They are also optimizing repackaging and transport packaging

¹ Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.



Our packaging ambitions and targets for 2025

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

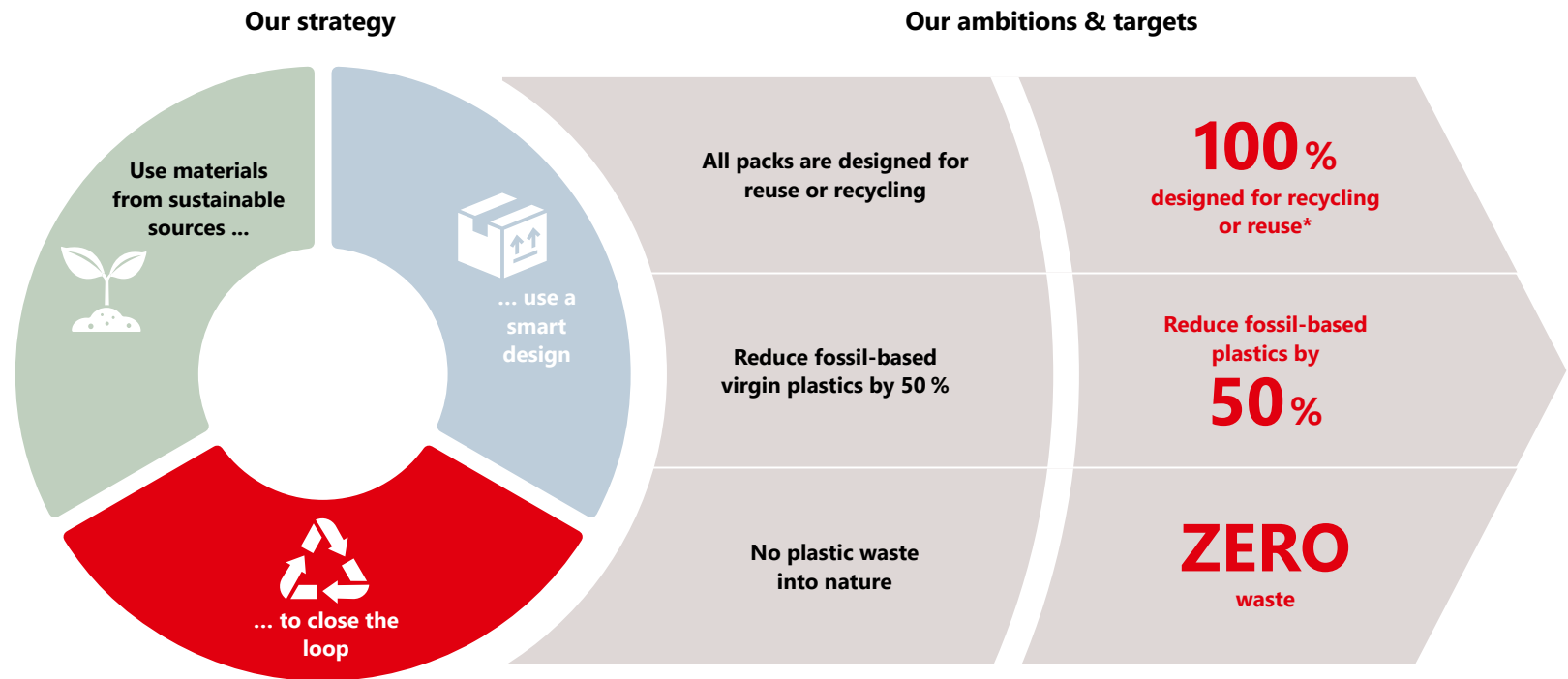
TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS



* Excluding products where ingredients or residue may affect recyclability or pollute recycling streams.

and related logistics. Our aim is that by 2025, 100 percent of Henkel's packaging will have all of the necessary properties to enter a recycling process or be reusable. At the end of 2022, this share was around 87 percent.¹ We base our understanding of recyclable or reusable on the guidelines issued by the European PET Bottle Platform (EPBP) industry initiative, RecyClass from Plastics Recyclers Europe, the Golden Design Rules published by the Consumer Goods Forum, and the Ellen MacArthur Foundation's "design for recyclability guidelines." This includes avoiding problematic materials and refraining from the use of new plastics in B2B

packaging, among other things. These criteria are applied both in the development of new plastic packaging and in the redesign of existing packaging solutions. The paper industry is currently developing guidelines (4Evergreen Alliance) to provide users of paper-based packaging with clear guidance to ensure the sustainable use and maximum possible reuse of paper fibers. By consistently applying these types of design principles to support recycling, we aim to overcome the barriers to recycling that are specific to each category of packaging – such as flexible multi-material packaging, shrink-wrapping, black plastic packaging – and find alternatives

¹ The reported value for Design for Recycling reflects the technical recycling capability of the packaging, but not the recyclability. The parameters for recyclability are that 60 percent of the population has access to a collection system and 30 percent is mechanically recycled. Plastic recyclability is based on a detailed assessment, while the assessment for glass, paper and metal is based on an expert evaluation.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

that can also be recycled and which are based on secondary raw materials that can be reused as raw materials for new products.

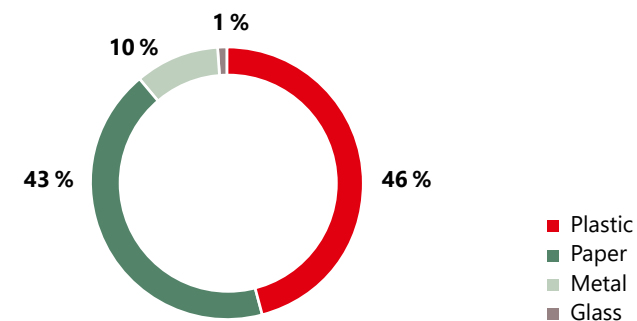
In order to quickly and reliably determine the recyclability of new packaging, starting from the product development phase, Henkel has developed the software tool EasyD4R®, which is currently being revised to reflect all new and polymer-specific requirements. As part of an initiative across functions and business units for greater transparency of sustainability-related data and the expansion of digital solutions, a “Design for Recycling” tool is also being introduced.

2. Use of material from sustainable sources

Henkel constantly works on increasing the share of recycled content in its packaging. One example of this is the relaunch of Schwarzkopf Professional Bonacure. The new packaging for Bonacure products is made from 97 percent recycled plastic and is fully recyclable. A new development has saved 72 percent of the plastic weight in the lids. At the end of 2022, the total share of recycled plastic content for all plastic packaging of our consumer products was around 16 percent.

We also aim to use packaging made from sustainable raw materials. For example, all of our **N.A.E.** brand tubes are made from plant-based materials produced from ethanol from sugar cane, a raw material that is renewable in just one year. This makes them an alternative to conventional plastic tubes with identical properties. Our bio-based tubes are recyclable, sustainably sourced and reduce the carbon footprint of our N.A.E. products. We use 98 percent recycled PET bottle bodies for our N.A.E. liquid hand soaps.

Henkel packaging: “Footprint”*



* Around 665,701 metric tons (estimated; based on spending on packaging materials). The packaging quantity shown does not include the packaging of products from contract manufacturers and trade products.

As of: 12/31/2022

The most widely used packaging materials made from renewable raw materials are paper and cardboard. It is our goal to obtain 100 percent of the paper and cardboard that we use in our packaging from recycled material or, where virgin fiber is required, from certified sustainable forestry sources. A 2020 survey showed that our suppliers used 69 percent recycled material in 2020. We are currently developing a revised survey to track our suppliers with regard to their use of sustainable paper fibers and recycled paper fibers.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

3. Closing the loop together

We partner with organizations from along the packaging value chain to drive progress in the infrastructure for recycling. Our ambition under the framework of Extended Producer Responsibility (EPR) is to ensure that there is no unregulated disposal of packaging waste.

DID YOU KNOW?

“Extended Producer Responsibility” (EPR)

“Extended Producer Responsibility” is an environmental policy that extends the manufacturer’s responsibility for reducing environmental impacts and product management to cover the entire life cycle of the product, from the selection of materials and design to end-of-life and, in particular, for take-back, recycling and disposal. One goal of extended producer responsibility is a functioning circular economy. Accordingly, products and packaging should enter the material cycle after use and be reused, repaired, reprocessed or recycled. Companies meet these targets by either taking back and reusing their packaging or recycling it. Alternatively, they can partner with a national “packaging recovery organization” which accomplishes the goals on their behalf.

To achieve this environmental goal, we are driving collection and recycling systems that demonstrably support infrastructures that produce measurable collection and recycling volumes using the following means:

- Provide cost-efficient, transparent and reliable solutions;
- Support access to secondary raw materials (recycled material);
- Convenient for consumers to access and provided with clear collection instructions;
- Include the informal sector in collection solutions in markets with under-developed waste recycling infrastructure.

We support 50 packaging collection and recycling systems in Europe, India, North America and Egypt for the collection and recycling of packaging materials. Working in cooperation with our retail partners and collection and recycling system operators, our aim is to help consumers use our products correctly and dispose of empty packaging, for example by placing special recycling symbols or collection notices on packaging.

Henkel is developing and testing new logos for product packaging to promote sustainable purchasing habits and communicate how to recycle properly. The logos indicate the percentage of recycled material or the recyclability of the packaging, and some also help to ensure that the product packaging is recycled properly. Henkel also states the proportion of → **Social Plastic®** in its product packaging. In addition, Henkel is a partner of the ↻ **How2Recycle program** in the United States to strengthen consumer awareness about how packaging cycles can be closed. As part of the program, we create more transparency about different collection and recycling options using an explanatory logo on the product packaging. The program is a project within the scope of the ↻ **Sustainable Packaging Coalition** in the US, an association of industrial companies, research institutes and public authorities that aims to increase the general understanding of sustainability related to packaging and smarter packaging solutions.

Using the slogan ↻ **Be smarter. Recycle.**, the Beauty Care business unit provides information about the correct handling of waste and the recyclability of various types of packaging. In this way, we want to raise consumer awareness of the concept of a ↻ **circular economy**. We are also active in campaigns aimed at changing consumer attitudes, such as the → **Perwoll Rethink Fashion Campaign** and the → **Loctite® 2nd Chance Campaign**, which seek to promote durability and upcycling of clothing and products instead of buying new items.

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☰

🔍

✉

FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
REGENERATIVE PLANET
CLIMATE
CIRCULAR ECONOMY
NATURAL RESOURCES
THRIVING COMMUNITIES
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

Another option for preventing waste is to reuse packaging. We also want to improve the reusability and create new cycles for secondary and tertiary packaging that is typically used for shelf displays or for logistical purposes. Refill systems are also gaining importance. In addition to new product forms and the use of recyclable and recycled plastics in our packaging, we also use refillable packaging.

We are testing a variety of approaches to meet the demand from consumers and distributors for reusable packaging and refills. These refill solutions are designed either as a home solution or for purchasing products from a refill station to fill existing packaging. Under our premium brand **Authentic Beauty Concept**, we are testing refill solutions for the hair salon business. 49 large refill stations were introduced in 13 countries across Western and Eastern Europe. For small salons with less free space, new and more compact refill counters have been developed and are now implemented in 17 countries in Western and Eastern Europe, the Middle East and Africa. In 2022, around 280 additional refill stations went into operation. We also offer refill solutions with refill bags and concentrates in Europe and North America, for example for our Schauma, Fa, Nature Box, Pril and Dial brands.

Packaging examples for more sustainability

Plastic-free outer packaging for Pritt

The outer packaging of Pritt consumer adhesives was redesigned in 2022. The outer packaging is now plastic-free, consists of at least 85 percent recycled paper and is fully recyclable.

Pril bottle body made from 100 percent recycled PET

50 percent of the bottle bodies of Pril washing-up liquid produced in Germany are now made of recycled refuse from the “yellow bag” recycling system in Germany. Recycled drinks bottles are used for the remaining proportion, which means that the bottle bodies are made of 100 percent recycled PET (rPET).

Schauma bottle bodies made from recycled plastic

In addition to Schauma’s shampoo and conditioner bars, which are packaged in a folding recyclable paper box, the opaque bottle bodies are made from 50 percent recycled plastic and the transparent bottle bodies are made from at least 98 percent recycled plastic. The caps are also made from 25 percent recycled plastic and the weight of all bottle bodies has been reduced.

Recycled polyethylene packaging

We use shrink films made from 50 percent recycled polyethylene for outer packaging. Shrink films are collected from retail partners and processed into new plastic granules, which are then used to produce new shrink packaging. This packaging is also 100 percent recyclable. At the same time, they increase the amount of recycled plastic waste and reduce the carbon footprint by 25 percent.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Our contribution to the circularity of industrial products

Our Adhesive Technologies business unit makes it possible to keep high-quality materials in circulation and turn waste into valuable resources. By combining our expertise in materials with our innovative technologies, we provide solutions that play an important role in the transition to a circular economy and are driving a rethink in industrial design and production. Our approach to promoting a circular economy is centered around the following factors.

- **Recyclability:** Our easily recyclable or reusable packaging design solutions deliver recyclability at the end of the value chain. We work with our customers to develop solutions for the innovative redesign of products and packaging, for example, by developing sustainable and safe paper-based food packaging. We also offer adhesives that are optimized for recycling and significantly improve the recycling rate and quality. A case in point is our Loctite® Liofol range of laminating adhesives designed for use in flexible packaging. These adhesives have been recognized by the cross-industry non-profit organization RecyClass as fully compatible with existing recycling processes.
- **Debonding:** A circular value chain depends on recognizing and conserving the value of materials. Debonding makes it possible to repair, reuse and recycle products and product parts, and to separate materials that are not suitable for collective recycling. As such, this is an important lever for extending the useful life of products and recovering the value of materials at the end of a product's life cycle. This is particularly true for products that contain highly valuable raw materials, such as batteries

in electric cars. This is the reason why we have established a strategic partnership with the RWTH Aachen spin-off organization [PEM Motion](#), which involves collaborating to pioneer more sustainable next-generation battery technologies and develop innovative solutions that meet the material requirements of a closed-loop system. At the end of the value chain, our technologies support the separation of materials and components that cannot be recycled or reused collectively.

- **Renewable carbon:** Henkel has been a founding member of the [Renewable Carbon Initiative](#) since 2020. This aims to promote acceleration of the transition from fossil-based to renewable carbon for all organic chemicals and materials. Henkel Adhesive Technologies also aims to pioneer new solutions for adhesives, sealants and functional coatings that replace fossil carbon-based raw materials with renewable materials. This reduces the carbon footprint of our products and supports our customers in reducing their emissions along the value chain. In addition, we contribute to a circular economy by reducing the consumption of resources. We are committed to using recycled materials as a renewable carbon source, both for our product formulas and as part of our product packaging, among other uses. For example, in 2022 we launched a pilot program for the full recycling of our Ceresit CE 50 Eco-buckets. As part of the program, the 100-percent recyclable product packaging is collected, reprocessed and reintroduced into the cycle in collaboration with recycling specialist Akpol and packaging manufacturer Jokey. As a result, around 420 kilograms of recycled material could be used in new packaging containers in the first year alone.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

▪ **Bio-based adhesives:** We have also developed a range of bio-based adhesives. To this end, over the past few years we have been working with our suppliers to advance the concept of mass balance. This is a transparent model for tracking the amount of certified and non-certified material along the entire production process. Because the principle of mass balance enables the use of renewable carbon-based raw materials within existing processes, it is an important step for a gradual transition to the use of renewable resources. In 2022, three production sites of our Adhesive Technologies business unit were fully certified under [ISCC PLUS](#), a globally recognized certification system for mass balance.

Partnerships along the value chain

An important partner on the path to improved recycling of waste and the establishment of a circular economy is the social enterprise [Plastic Bank](#). In 2017, Henkel became the first major global consumer goods company to partner with Plastic Bank. In 2021, Henkel and Plastic Bank started to expand the collection and recycling infrastructure in multiple cities in Egypt. In 2022, there were 14 collection centers operating around Cairo, along the Nile River, and in Red Sea vacation hotspots.

Henkel already uses Social Plastic® in a number of its packaging products. Hair and body care brand Nature Box was the first cosmetics brand to use Social Plastic® as a packaging material for its entire bottle portfolio. All shampoo bottle bodies are made of 100 percent Social Plastic®. In our Laundry & Home Care business unit, the [Pro Nature](#) product range has switched to PET bottle bodies made from 100 percent recycled plastic, up

to 50 percent of which is Social Plastic®. The bottle body of limited edition Pril dishwashing liquid, launched in 2022, is made from 100 percent Social Plastic® and the bottle cap is made from 84 percent recycled material. In 2022, around 5,100 metric tons of Social Plastic® were collected, recycled and reprocessed into new packaging at Henkel, among others. Since the start of the partnership in 2017, more than 8,700 metric tons have been collected in total.

Henkel's experts are engaged in several cross-industry initiatives to drive innovation in packaging development and to find effective solutions that can be developed on a large scale. Our membership in the [New Plastics Economy \(NPEC\)](#), an initiative of the [Ellen MacArthur Foundation](#) that brings together different stakeholders to shape the future of plastics and create momentum for a circular economy, is an important example of our engagement in this area. Other initiatives include the [Alliance to End Plastic Waste \(AEPW\)](#), the [European Plastics Pact](#) and [U.S. Plastics Pact](#), [CEFLEX](#) and [Circular Economy Initiative Deutschland](#). The [Plastic Waste Coalition of Action](#) was formed from the [Consumer Goods Forum \(CGF\)](#) in 2020. In this coalition, Henkel is working with 35 other companies on the basis of Golden Design Rules to develop a more circular approach to the design and processing of plastic packaging in the consumer goods industry. Moreover, in 2022 Henkel was a supporter of the High Ambition Business Coalition of the [UN Treaty on Plastic Pollution](#). Along with more than 80 other global companies, we are engaged in a multi-stakeholder process to develop a global agreement on the sustainable use, recovery and recycling of plastics by 2024, which will be ratified and implemented worldwide.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

We have also teamed up with different organizations that are working on improving recycling infrastructure to enable a circular economy. It is very important to work hand-in-hand with our retail partners to promote a functioning circular economy. This includes membership in the [Recyclate Forum](#).

In 2021, the new [Cospatox Consortium](#) evolved from the Recyclate Forum. It includes distributors, manufacturers, recyclers, packaging producers, and other members. The abbreviation is short for Cosmetics, Packaging and Toxicology. In this project, industrial companies are working together to develop a standard for high-quality plastic recyclates for the packaging of cosmetic products, detergents and cleaning products.

Innovations for the future

- Due to the dye used (carbon), black plastic packaging poses a challenge to the recycling value chain. In 2019, together with its supplier Ampacet, a global masterbatch producer, Henkel began working on an innovative solution for black plastic packaging that is recognized in the automatic sorting process and is fully recyclable. The new packaging material uses an alternative black colorant that is carbon-free, so that bottles can be returned to the value chain after use. The [Cyclos-HTP Institute](#), which specializes in classifying, assessing and certifying the recyclability of packaging and products, has confirmed that Henkel's bottles, in black color and carbon-free, are fully detectable and sortable.

- Two of the most pressing challenges on the journey to a circular economy for packaging are the need to improve the collection and sorting of post-consumer packaging waste and to have sufficient infrastructure in place for collection, sorting and recycling. Since September 2020, Henkel has been one of more than 85 companies and organizations in the new [HolyGrail 2.0](#) initiative, which is a pioneering initiative for digital watermarks for better recycling of packaging. Following the first HolyGrail project, which was led by the [Ellen MacArthur Foundation](#), the next phase, HolyGrail 2.0, was implemented on a much larger scale and scope. This also required the launch of an industrial test facility. Henkel is cooperating in the tests with packaging for its Vernel and Pattex products. The aim is to gain more insight into how digital watermarking technology could improve the sorting of PET bottles with perforated sleeves and PE cartridges for silicone sealant. Over 100,000 packaging samples and a total of 250 different packages were successfully tested in 2021. The recognition rate was more than 97 percent.

Investments for a circular economy

The topic of the circular economy is becoming increasingly relevant for investors and the financial markets. In January 2019, Henkel invested in the [Circularity European Growth Fund I LP](#), an impact fund managed by Circularity Capital. This investment of 5 million pounds sterling enables Henkel to drive its venturing activities forward while also supporting the development of a circular economy.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Henkel also invested in the recycling startup [Saperatec](#) in 2019, which develops wet-mechanical recycling processes for multilayer composites. At the Dessau site in Germany, the company is building its first recycling plant for composite packaging made of plastic, aluminum and paper. The plant will start operations in 2023 with an annual capacity of 18,000 metric tons. The prototype for the new packaging consists of a two-layer design made entirely of polyethylene (PE), with the inner sealing layer being composed of more than 50 percent recycled “low-density” polyethylene (LDPE) from beverage carton waste. The outer layer is printed with a surface coverage of less than 50 percent and laminated with a Henkel adhesive that has been optimized for recyclability. Overall, the packaging will contain at least 35 percent “post-consumer” recycled LDPE, which is consistent with the recommendations of the EU Directive on non-food packaging. The separation of the thin-layer composites is carried out in a hot-wash process with a water-based, solvent-free separation fluid that is reused more than 30 times. All process chemicals comply with European regulations for food contact materials without specific migration limits.

In April 2022, Henkel Adhesive Technologies invested in the Emerald Technology Ventures Sustainable Packaging Innovation Fund. With a focus on finding sustainable, low-carbon packaging solutions, Henkel will have access to innovative startups and alternative packaging initiatives as a Limited Partner. The aim is to support packaging solutions with a reduced carbon footprint, improved recyclability and increased product safety.

In July 2020, Henkel became the first company in the world to issue a [Plastic Waste Reduction Bond](#). The bond is a private placement with the Japanese insurance companies Dai-ichi Life and Dai-ichi Frontier Life as anchor investors. The proceeds will be invested in projects participating in Henkel’s activities to reduce plastic waste.

Reducing production waste

We aim to promote circularity in our operations. In doing so, we strive to reduce waste from production and to recycle, refill or reuse production waste that cannot be prevented and to reduce the volume of waste that goes to landfills. We support this process by systematically identifying production waste streams and creating new circular systems where possible.

We are focusing on increasing recycling at our sites and working closely with our partners in the value chain – suppliers, customers, and recycling and disposal companies. Our initiatives are centered around three key areas:

- Reducing material consumption and waste generation.
- Reusing materials.
- Recycling materials.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

In line with our goal of reducing our environmental footprint, we intend to reduce the total volume of waste¹ by 50 percent per ton of product by 2025 compared to the base year 2010. We achieved a reduction of 43 percent in 2022. We are also reaffirming our ambition to achieve closed-loop management of waste materials in our production by 2030.

A further goal is to stop disposing of production waste¹ in landfills at all production sites, including for our industrial business, by 2030. Our sites in Chicago (USA), Elgin (USA), La Grange (USA), Mentor (USA), Shantou (China), Kurkumbh (India), Toluca (Mexico) and Richmond MO (USA) were successfully transitioned in 2022. Overall, 82 percent of our production sites had already achieved this target by the end of 2022. This success is based primarily on partnerships with local waste management service providers.

Make waste streams transparent and share best practices

We have been successfully implementing global waste stream analyses for many years. A digital tool is used to document waste flows, types of waste and disposal/recycling paths, which is also the basis for our other measures. We record more than 600 waste streams worldwide in the Laundry & Home Care business unit alone, and we present this information transparently to all relevant stakeholders. We integrate this data into our “digital backbone” so that company managers can analyze and compare data on locations and development over time.

We see this as an essential mechanism for facilitating the exchange of best practices and as a milestone in creating transparency worldwide. This transparency also includes a detailed overview of the entire waste life cycle – from generation to disposal. The Adhesive Technologies business unit also uses a system for the classification, compliance testing, reporting and control of waste streams for its production plants and research centers. This makes it possible to identify differences between sites that generate similar types of waste. We then develop specific improvement actions and share best practices throughout the company.

Raw material packaging accounts for a significant share of the total amount of waste generated at our sites. For this reason, our Adhesive Technologies business unit has launched an initiative to reuse materials. In this way, we are striving to implement circular thinking and reduce packaging waste in cooperation with our suppliers. The initiative will continue in 2023 and will be extended to all regions.

Our manufacturing sites are taking full advantage of technological advances to reduce waste and establish more sustainable business practices, with the aim of achieving a circular economy. One project that significantly reduced yield losses and waste for disposal was the “filter change” project at three sites in the US. This project, which replaced the sock filters in the filter housings with an automated, continuous filtration system, has provided significant benefits to the sites, including improving the ergonomics of day-to-day operations, reducing downtime, eliminating the need for disposable sock filters, and reducing consumables and partly hazardous waste previously slated for disposal by up to 235 metric tons per year.

¹ Base year 2010, without construction and demolition debris.



NATURAL RESOURCES

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Growing consumption and resource scarcity due to an increasing global population and accelerated economic activity are putting more and more pressure on ecosystems. The negative effects are already being felt: according to a report published by [IPBES](#) (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services), human activities are threatening nearly one million species with extinction. Conserving species diversity and biodiversity is important to Henkel, as intact ecosystems and soil biodiversity are essential as a basis for sustainable agriculture and the use of raw materials in production. Our 2021 stakeholder survey results showed that biodiversity is also becoming an increasingly important issue for our partners and other stakeholders.

The Earth's water resources are not only unequally distributed, they are also threatened by climate change as well as increasing pollution and overuse. We recognize the importance of using this resource responsibly, particularly as healthy water ecosystems are key to protecting biodiversity.

Biodiversity and responsible resource management

We follow current efforts to protect biodiversity and deforestation very closely, such as the EU's Deforestation Regulation. We continue to develop our approach in line with the resulting expectations. This also includes dialogue and collaboration with external stakeholders, as well as industry initiatives such as the European brand association [AIM](#). In September

HIGHLIGHTS

- Progress toward our goal of zero net deforestation
- Continuous efforts in the responsible sourcing of palm oil
- Circular water use driven forward at key production sites
- Continued development of our water risk validation process
- Ongoing efforts to raise awareness among our consumers about sustainable product use

89 %

palm (kernel) oil whose responsible sourcing is certified or externally confirmed

-25 %

water consumption per ton of product (vs. 2010)

>100 countries

are involved in the "Be smarter." initiative to inform about topics including responsible water use

2020, we signed up to the [Business for Nature's](#) call to action that urged governments to incorporate nature in their policymaking. And we are working with the development organization [Solidaridad](#) to support smallholder farmers in the palm oil and palm kernel oil sector in projects that promote climate-smart agricultural practices.

Our [→ sustainability strategy](#) aims to protect and restore biodiversity – 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



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

based on renewable raw materials. In 2021, we started to identify the potential impacts on biodiversity of our production sites by identifying and mapping their geographical location and assessing their proximity to important biodiversity areas. This will enable us to develop comprehensive measures and programs. In 2022, we also participated in a research project by the international consultancy [GlobeScan](#), which is designed to better understand challenges in the context of nature and biodiversity, and to identify solutions to protect and restore nature.

Use of nature-based ingredients

Henkel is committed to responsible management of raw materials, and especially the conservation of natural resources and biodiversity. We use ingredients based on renewable raw materials to optimize the overall characteristics of our products, wherever this is compatible with environmental, economic and social considerations. Renewable raw materials are already key ingredients in many of our products, such as detergents, soaps, shampoos, glue sticks and wallpaper adhesives. We are also committed to environmental and social considerations when purchasing renewable raw materials.

Many of our consumer and industrial adhesives are based on nature-based raw materials, such as plant-based oils and their derivatives, as well as tree resin and carbohydrates like starch, sugar and cellulose. Our [Pritt](#) glue stick, for example, is formulated with 97 percent natural ingredients (including water). We also pioneer new solutions for adhesives, sealants and coatings that replace fossil raw materials with materials made from

biomass. For example, we have developed a high-performance hotmelt adhesive made of over 80 percent¹ bio-based materials and with a significantly reduced carbon footprint. We work with our suppliers to ensure sustainable sourcing of natural resources.

Nature-based raw materials are used in all product groups in cosmetics – not only in our soaps, shampoos and shower gels, but also in styling products. We refer to the use of individual nature-based active ingredients or fragrances if these are associated with specific properties – for example, the care properties of shea butter or the soothing effect of aloe vera. We are also working to further increase the proportion of ingredients based on renewable raw materials in our cosmetic products and to use fewer fossil resources, wherever this is possible and appropriate. For example, we have replaced synthetic, non-degradable film-forming agents with potato starch or modified potato starch in our Taft Styling Mousse. This innovative formulation received the 2022 Global Aerosols Award from the European Aerosols Federation (FEA) for excellence in sustainable development. Another example of our responsible use of raw materials is the use of guar and guar derivatives as a key source of plant-based raw materials. Guar is a nourishing ingredient that is used, for example, in hair care products from our natural cosmetics brand [Nature Box](#). Henkel's Nature Box brand supports guar farmers in the desert region of Bikaner in Rajasthan, India. They learn sustainable guar farming methods and receive assistance in planting their own vegetable gardens. Nature Box also supports sustainable palm oil and palm kernel oil production together with Solidaridad.

¹ Based on internal analyses; combination of direct bio-based and certified mass balance transfer raw materials.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Renewable raw materials are historically one of the major sources of ingredients for laundry detergents and household cleaners. For example, soap – which has traditionally been used to wash laundry as well as for personal hygiene – has been made from vegetable or animal oils and fats.

Today, most laundry detergents and household cleaners consist of a large number of ingredients, each with its own special function. Most bulk ingredients of detergents and household cleaners are inorganic and therefore cannot be replaced by ingredients based on renewable raw materials. Surfactants are an important exception. They consist of a lipophilic (fat-loving) part, which is obtained from vegetable or mineral oils, and a hydrophilic (water-loving) part, which is usually based on mineral oil or is inorganic. Surfactants like alkyl polyglycosides that are produced only from renewable raw materials are the exception. To achieve the best washing performance, we use a mixture of different surfactants. In more than half of them, the lipophilic part is based on renewable raw materials. This is the result of Henkel's many years of experience with ingredients based on plant-based oils. 44 percent¹ of the surfactants for Henkel's laundry detergents and household cleaners are now based on renewable raw materials. The remaining share is accounted for by inorganic and mineral-oil-based ingredients.

“Zero net deforestation” as a goal for increased biodiversity

Forests function as carbon sinks and are key to protecting biodiversity. They also provide us with wood and other raw materials. We are committed to sourcing our raw materials sustainably and not through deforestation. Our goal is to prevent the deforestation of primary and secondary forests with significant ecological value. These include peat lands and other

high-carbon stock areas. We are committed to zero net deforestation and also expect our suppliers to support this as part of our [Responsible Sourcing Policy](#).

We have been partnering with the international, non-profit organization [Rainforest Alliance](#) since 2021 to minimize nature-related risks in our value chain. The goal is to continue to develop our due diligence approach to preventing deforestation, as well as to draft a comprehensive policy in this area.

We are also partners of the [Tropical Forest Alliance](#), a multi-stakeholder partnership platform hosted by the [World Economic Forum \(WEF\)](#). Their primary goal is to promote deforestation-free supply chains for the production of palm oil and palm kernel oil, beef, soy, paper and pulp.

Reducing paper consumption, ending deforestation

Demand for paper products is increasing worldwide. The latest study by the [World Wildlife Funds \(WWF\)](#) concludes that global consumption of wood, at 4.3 to 5 billion cubic meters annually, is higher than the amount that can be sustainably harvested from forests.

If wood is sourced and produced in an unsustainable manner, it can lead to deforestation in areas of high ecological value. We aim to source 100 percent of the paper and board material used in our packaging as recycled material or – where the use of virgin fiber is required – from sustainably managed forestries. All suppliers of paper-based packaging materials must confirm that they are compliant with our procurement guidelines as part of our onboarding process. We expect them to support our goal of zero net deforestation.

¹ Calculation based on data from 2021.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

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 measures to minimize risk.

In 2020, we conducted a comprehensive survey of our main suppliers in the corrugated board and printed paper sector. This approach provided transparency on the business conduct of those tier one suppliers surveyed, which represent 93 percent of our spend in this area. According to the survey information, we determined that our suppliers use 69 percent recycled material. Around 86 percent of the suppliers use at least one or more certification systems. In this context [FSC \(Forest Stewardship Council\)](#) was the most frequently presented certificate in 2020, followed by those of the [PEFC \(Programme for the Endorsement of Forest Certification\)](#) and the [SFI \(Sustainable Forestry Initiative\)](#). In 2022, the survey was initiated again with an expanded questionnaire, the results of which will be published in 2023.

Responsible use of palm oil and palm kernel oil

Palm oil, palm kernel oil and their derivatives are two of the most important renewable raw materials we use to manufacture ingredients for our laundry detergents, household cleaners and cosmetic products. We use less than 0.2 percent of the palm oil and palm kernel oil produced worldwide. In particular, we use palm kernel oil as the basis for surfactants. Palm oil is the most widely used vegetable oil in the world and comes from a highly efficient crop: for the same yield, oil palm requires around four times

less land than rapeseed and as much as eight times less than soybeans. Unfortunately, palm oil cultivation, when done unsustainably, is often associated with large-scale deforestation of rainforests.

DID YOU KNOW?

From raw material to Henkel product: palm oil

Palm-oil- and palm-kernel-oil-based ingredients are a powerful example of how we actively promote sustainability in our supply chain. Palm oil is the most widely used vegetable oil and cannot easily be replaced by other vegetable oils. This is because to produce the same amount of oil, oil palms require around four times less land than rapeseed and as much as eight times less than soybeans. Palm oil, especially palm kernel oil and its derivatives, are important renewable raw materials needed to produce surfactants that we use in our detergents, household cleaners and cosmetic products.

For this reason, our goal is to ensure that the ingredients for our products are made from [sustainable palm oil and palm kernel oil](#). With this in mind, we work with the companies from which we source our raw materials and with other partners to exert influence on the palm oil supply chain, from smallholder farmers to consumers. With this approach, we seek to further develop our supply chains to ensure full NDPE (No Deforestation, No Peat, No Exploitation) compliance, and to ensure that the palm oils and palm kernel oils used as the basis for the production of our ingredients are not associated with the deforestation of primary or secondary rainforests. Our palm oil strategy through 2025 comprises three areas:



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

1. Cover 100 percent of our demand with oils whose responsible sourcing is certified or externally confirmed: We plan to continue to expand the certification of our raw materials in accordance with [RSPO's \("Roundtable on Sustainable Palm Oil"\) Mass Balance model](#). We are also aiming at certification according to the RSPO's Segregation model for the portion of palm oil and palm kernel oil that is directly sourced. We have achieved considerable progress in this area in recent years with a wide range of measures. In fiscal year 2022, we were able to source 89 percent of our total demand for palm oil, palm kernel oil and its derivatives as certified raw materials in line with the [RSPO's](#) Mass Balance supply chain model. Derivatives account for the majority of the palm-based materials used by Henkel. The decrease from fiscal year 2021 (93 percent) was primarily due to the impact of our Russian portfolio, for which certified supplies were no longer available beginning in the second half of 2022. We still encounter a lack of availability of RSPO-certified raw materials in some of the markets where we operate and for a number of selected derivatives of palm kernel oil-based ingredients used in small quantities. In these circumstances, we maintain an intensive dialogue with our suppliers to look for solutions or we rely on the import of raw materials. We are confident that we will make further progress in the years ahead, yet we must acknowledge that full transition of our global supply chains to sustainable palm oil and palm kernel oil remains challenging.

2. Establish full traceability and transparency of the palm oil and palm kernel oil used in our products: From our activities, we have learned that there is a need for further optimization with regard to transparency and traceability, especially for palm-kernel-oil-based derivatives, and that cross-industry initiatives are necessary to make the achievement of the zero net deforestation target verifiable. In 2022, we increased the traceability rate to the mill from 84 to 89 percent and the traceability rate to the plantation from 42 to 50 percent compared to the previous year by engaging with our suppliers to map our joint palm-based supply chain.¹ We did this with the support of an external sustainability consultancy. As part of our supplier management activities, we collaborate intensively with our strategic suppliers to ensure the procurement of sustainable raw materials. We use the Sustainable Palm Index (SPI) to assess the progress of our suppliers with respect to their level of supply chain knowledge, sustainable sourcing practices and compliance with the NDPE Principles. We once again used the SPI to create a compliance profile of our major suppliers of palm-oil-based raw materials in 2022. This tool helps us to identify potential improvements and define action plans together with our suppliers.

3. Improve the livelihoods of smallholder farmers and protection of nature: We are building on the success of our collaborative projects with smallholder farmers and will continue strengthening our commitment to integrate raw materials delivered by these smallholder farmers into our supply chain. Greater consideration is also given to ecological aspects while supporting climate-friendly agriculture and a positive impact on biodiversity. To date, around 38,500 smallholder farmers have been reached on some 347,000 hectares under cultivation.

¹ The survey was conducted in 2022 based on the supplier data for 2021.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Support for smallholder farmers

Smallholder farmers produce about 40 percent of the world's palm oil, yet their productivity and the quality of their products are much lower compared to large plantations. They often lack access to technical knowledge and financial services that are crucial to improving their production. Some farmers are also concerned that access to the palm oil market will be limited if their harvests do not meet the criteria set out by the RSPO. This is because many major buyers of palm oil have committed to buying only oil products that are certified as sustainable. In collaboration with the development organization [Solidaridad](#), Henkel is addressing these challenges.

We have partnered with Solidaridad on initiatives in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria since 2013. The focus was on training in best practice approaches, including climate-friendly agriculture, along with exerting an influence on policy and involving stakeholders. Many of our projects were successfully completed in 2020 and 2021. In 2022, we were engaged in projects in Colombia, Honduras, Indonesia and Nigeria. Building on the very good collaboration with Solidaridad, we have developed specific plans for the next few years to expand the commitment further.

Our project in Colombia aims to establish a fully traceable palm oil supply chain for the production of our Dial brand soap in North America. We source certified sustainable palm oil directly from small and medium-sized suppliers in the Bolivar region as part of this process. Satellite and digital

information resources are used to monitor progress and compliance with zero net deforestation and responsible sourcing commitments. The project has so far assessed 486 farmers for compliance with the RSPO, and 520 farmers have been assessed for deforestation over an area of around 6,700 hectares.

We also participate in Solidaridad's ["National Initiatives for Sustainable and Climate-Smart Oil Palm Smallholders" \(NI-SCOPS\)](#) in Nigeria and Indonesia. Our engagement in Indonesia is primarily with smallholder farmers in the province of West Kalimantan, with whom we work to increase the production of sustainable, deforestation-free palm oil and to meet certification requirements. For example, we help farmers near forest areas introduce polyculture and avoid further land-use change and biodiversity loss. The initiative aims to improve the livelihoods of smallholder farmers by advocating for smallholder farmers to be rewarded for their investment in sustainable practices by integrating them into the global market for sustainable palm oil.

Other initiatives for sustainable palm oil and palm kernel oil

We support the physical transformation toward the use of certified products in the industry and the shift in the market toward certified sustainable palm oil products. A multi-stakeholder approach is at the core of our initiative for sustainable management of palm oil and palm kernel oil. Through partnerships, projects and dialogue, we engage with key players and are expanding our contribution to sustainable practices in the palm oil industry.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Henkel is a committed founding member of the [Forum for Sustainable Palm Oil \(FONAP\)](#) in Germany and is a member of several of its working groups. This collaboration between companies, NGOs, associations and political bodies is pursuing the goal of significantly increasing the proportion of sustainably produced palm oil, while also improving existing standards and certifications. We are also actively involved in the Roundtable on Sustainable Palm Oil ([RSPO](#)). The RSPO standard increasingly includes compliance with human rights along the entire supply chain, in addition to environmental aspects. In May 2022, our Global Supply Chain organization was again successfully certified in line with the RSPO's supply chain standard.

Henkel, along with other leading consumer goods manufacturers and companies in the oleochemical industry, is a member of the cross-industry [Action for Sustainable Derivatives \(ASD\)](#) initiative. The primary objective of the initiative is to generate more transparency in the complex value chain of palm oil and palm kernel oil derivatives. One of several initiatives we joined in 2022 was the effort by ASD to develop an enhanced monitoring approach for the proactive detection and tracking of abuses and non-compliance with zero net deforestation requirements.

Careful use of water as an important resource

At Henkel, water plays an important 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 the use phase.

For this reason, reducing water usage during the production and use of our products is important for us. In order to identify suitable approaches for improvement, we have worked closely with various stakeholders. For example, we are investigating our impact on water along the value chain. This includes examining the water footprint of raw materials, our production processes and the consumption of water during the use of our products, as well as the treatment of wastewater. In our new [water position](#), we further outline our approach to engaging in responsible water stewardship.

Our ambition: Circular management of water at relevant production sites

When we joined the CEO Water Mandate, an initiative of the UN Global Compact, in 2021, one of our commitments was to undertake a comprehensive assessment of our water use, which would form the basis for further developing our water conservation and wastewater treatment targets. One of the key findings of the analysis was that with the further development of our sustainability strategy in 2021, we set the ambition to achieve circular management of water at all relevant production sites by 2030. For this purpose, we plan to make targeted investments in technologies. We are



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

also planning to broaden how we incorporate water into our business decisions, especially in production processes. For this reason, we held water risk workshops in 2022 together with our internal experts and external partners to clearly identify our most important watersheds and production sites and define our measures for these locations.

To this end, we have established a three-step water stewardship process that begins with a comprehensive water risk analysis of our sites, assesses local water use, and is then used to identify which sites are relevant to our ambition.

Phase 1: In the first phase, we conducted a water risk and consumption analysis at our production sites.

We have been reporting our water consumption in hydrologically stressed¹ areas since 2020 and have reaffirmed our ambition to focus on saving water in regions where water is in short supply.

In addition, in order to identify production sites in regions with elevated water risks, we carried out detailed investigations at a global level again in 2022 using the [World Resource Institute's \(WRI\) Aqueduct™ tool](#) and the [WWF's Water Risk Filter screening tool](#). It was especially important to identify locations and watersheds with elevated risk and

significant water consumption. To this end, we have taken into account all qualitative, quantitative and regulatory risks that are relevant for us, as well as projected risks at our production sites.

We chose the composite index approach for our water risk assessment. This is a method in which multiple variables are aggregated into an overall score to translate hydrological data into intuitive water risk indicators. The fundamental risk groups were physical risk – quantity, physical risk – quality, and regulatory risk – reputational risk. The expected increase in risk when projected to 2030 was also considered.

Water consumption at these sites was also analyzed using our consumption data. The water consumption indicator based on annual water consumption was used to select relevant sites.

For the identified sites that had both a high risk index and a high water consumption index, our ambition is to establish circular water use by 2030.

Phase 2: The second phase involved defining the relevant metrics for the sites, which we will test and evaluate at pilot sites in 2023. We identified the following as the three key control variables for attaining high levels of circular management.

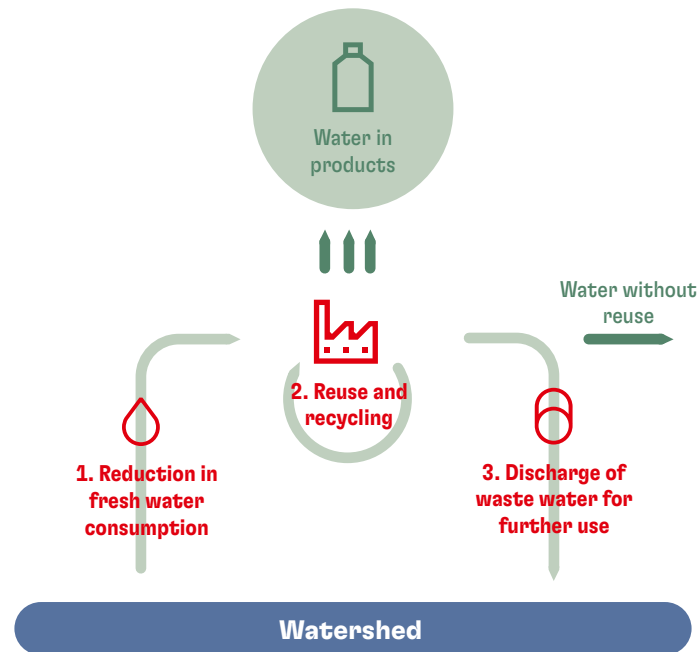
¹ see e.g. GRI 303-5.



DID YOU KNOW?

Circular water use at our production sites

To achieve circular water use at our key production sites, our focus is on regenerative water use through minimizing water consumption as well as the impact on the reservoirs from which we draw water and into which we return water.



1. Reducing fresh water consumption

Our goal is to use 35 percent less water per ton of product by 2025 (base year 2010). By the end of 2022, Henkel had saved 25 percent. This commitment to efficiency provides a suitable starting point for further development. In order to achieve our goal, each production site carefully examines all the ways it can reduce water consumption and avoid wastewater. We draw a large part of our water from local supply networks. We also use water from a wide variety of sources around the world, such as rainwater or groundwater, to reflect local conditions.

For example, to save water, our Laundry & Home Care business unit uses online metering systems and our Digital Backbone to identify optimization potential and increased water consumption. The Adhesive Technologies business unit's Cannon Falls, USA, site launched a cooling system in 2022 that will save an estimated 18,000 cubic meters of water per year in the coming years. The new cooling system replaced individual units that required fresh water with a central, continuously circulating system of water and glycol mixture. In addition to this system upgrade, the plant was converted from a thermal oxidizer to a regenerative thermal oxidizer, which offers higher efficiency and lower gas consumption. This results in estimated annual gas savings of approximately 1,100 MWh. These changes are also expected to have a significant positive climate impact due to lower emissions.

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

2. Reuse and recycling

Water efficiency means using less water, as well as increasing the reuse of water. With our approach to pursuing a circular economy, we aim to view wastewater as a resource rather than as something to be disposed of. In hydrologically stressed areas, our focus is on conserving water, maximizing its use by minimizing losses and reclaiming rainwater or water from other sources. For this purpose, for example, we continuously review and optimize the amount of water needed to clean production lines.

When we reused wastewater from the water treatment plant in Tesisitan, Mexico, as wash water for tanks (first cycle) and for sanitary facilities (second cycle), we were able to reduce consumption per ton of product by more than 20 percent. Following on from the success in Tesisitan, we launched an identical project in Belenes, Mexico, where the benefits will be seen in 2023.

Circulating cooling water also offers a key advantage in water-scarce areas. In Ibadan, Nigeria, the reuse of cooling water in the process (along with other initiatives) has reduced water consumption per ton of product by more than 13 percent. The water reclamation project at the adhesives production facility in Warren, USA, has resulted in the reuse of up to 25 percent of production water, which was otherwise drawn from municipal water sources, through a newly introduced reverse osmosis system. This has resulted in a reduction in water consumption of 6,700 m³/year, or 40 percent water savings. The high-efficiency water reclamation project has also improved the energy efficiency of the facility, resulting in additional annual savings of 8,600 KWh, shortened process run time, and the addition of recirculating water use at the site.

In the 2021 report, we highlighted that we had launched a pilot project to collect rainwater in Ankara, Turkey, with the aim of saving up to 1,700 cubic meters of water per year. The plan to expand the rainwater collection system was carried out in parallel with roof replacement projects. Conduits for the collection and filtration system will be added to the drainage systems on the roofs. 241 cubic meters of rainwater has been collected from the 185 square meters roofs of the power plant since August 2021. The roof area of our production plants is approximately 8,000 square meters and will also be used for rainwater collection after the conversion. In the future, 8,000 cubic meters of rainwater (depending on weather conditions) will be collected annually to be used at the site.

3. Responsible discharge for subsequent use

In situations where wastewater from industrial applications must be properly discharged in accordance with legal requirements, Henkel carries out pretreatment using modern technologies to remove pollutants. In addition, we are currently planning to issue clear guidelines on the handling of wastewater, which will include the following principles for action: Wastewater should be returned to the watershed from which it was taken as long as the receiving aquifer meets or exceeds water quality requirements. This helps ensure that we do not reduce the quality of wastewater. We align our activities with the requirements for water quality that is good enough for freshwater fish populations. We aim to ensure that any treatment plants that discharge wastewater are operating at or below their capacity.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Phase 3: In the third phase, we aim to advance circular water management at our relevant sites and update our local implementation plans.

We will also engage our suppliers, such as local water companies, in water use and water impact assessments. We seek to share knowledge about sustainable water use, thereby motivating people to adopt these practices, and to report regularly on the progress we have made toward our goals in each watershed. Because polluted watersheds have many stakeholders, we aim to build closer relationships with civil society organizations, especially at the regional and local levels, where we aim to work with agencies to address water sustainability issues and policies. This includes the development of technologies to increase drought resilience and water efficiency.

Our plan also includes better understanding the water and wastewater challenges in the communities where we operate and identifying how we can impact the situation in a positive way. We consider ourselves to be active members of the local community, and we work together with local authorities, groups and initiatives to improve water and sanitation. In 2022, we participated in the Sustainable Development Goal (SDG) Challenge together with students from 16 Dutch universities.

Conserving resources together with our consumers

We want to continuously encourage the responsible use of our products to reduce water consumption. Life cycle analyses have shown that more than 90 percent of the water and energy consumption of our rinse-off products occurs during use. That is why our Beauty Care business unit

leverages its brands to raise awareness among end consumers about sustainable product use. We do this by providing information on the products and on a comprehensive website, and through supporting measures in sales outlets as part of our [“Be smarter.” initiative](#) to explain how consumers can help conserve resources. The focus here is on the topic of water and, in particular, the energy-intensive provision of hot water. The overarching “Be smarter.” initiative, which also addresses the issue of recycling, now encompasses 30 brands and more than 100 countries. We are also developing products that do not require the use of water. Our leave-in conditioners and dry shampoos do not require water for rinsing, for example.

Innovative solutions that help our customers save water

In our Adhesive Technologies business unit, we want to support the conservation of natural resources by developing innovative solutions for adhesives, sealants and functional coatings that help our customers engage in sustainable water management. Our technologies help reduce water consumption in production processes and in the use phase.

One example is our Loctite® Aero infusion resins, which can replace water-intensive production processes in the aerospace industry. Autoclaves, which consume thousands of liters of water per day, are the conventional method for curing composite materials, such as aircraft fuselages and wings. Our infusion technology replaces this step in the process, saving large amounts of water while ensuring the same quality of cure.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

CLIMATE

CIRCULAR ECONOMY

NATURAL RESOURCES

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Preventing water pollution from microplastics

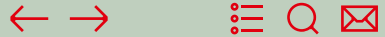
We are committed to ensuring that our consumer products do not cause any  **microplastics** to enter the environment. Microplastics are synthetic polymer microparticles (SPMs) that are solid, insoluble, and non-biodegradable, and that are five millimeters or smaller. These can enter rivers and oceans via wastewater and accumulate there permanently.

Several years ago, we stopped using microbeads in cosmetics, detergents and cleaning products, which were used as exfoliating or abrasive particles in certain products. In addition, we have been dealing more closely with solid synthetic plastics. These solid synthetic plastics are used as opacifiers in consumer products to give them a creamy white appearance.

In our cosmetic products, the switch to opacifiers that have a natural origin or are biodegradable was completed in early 2022. For our other consumer products, we replaced opacifiers with poor biodegradability with a newly developed opacifier with improved biodegradability in the second quarter of 2021. We are always on the search for a fully biodegradable solution that meets our technical requirements.

Certain types of perfume encapsulation are also under discussion because they are considered as microplastics. These encapsulated perfume oils are used in fabric softeners and certain detergents to create long-lasting fragrances with significantly less perfume than would otherwise be required. Our goal was to replace all synthetic perfume encapsulations with biodegradable materials by no later than the end of 2022. In cooperation with our technology partners, we have succeeded in replacing them completely in Europe, and we have also made good progress in other regions of the world. Due to specific product usage and consumer performance expectations in some regions, we still face technical challenges in replacing synthetic perfume encapsulations completely for certain product categories, but we are continuing to work on this.

We are already using biodegradable materials for encapsulation in other areas. For example, the water-soluble shells of our pre-dosed liquid detergent capsules, tabs and bars are biodegradable and made of soluble polyvinyl alcohol. To prevent improper disposal of our plastic product packaging from contributing to ocean pollution, we are striving for a  **circular economy** for plastics.



THRIVING COMMUNITIES

We do everything we can to help people live better lives. Our social responsibility is to promote equity, strengthen diversity and respect human rights. We offer our employees lifelong learning opportunities, and an attractive and healthy working environment. We advocate for social progress and access to education worldwide, and we provide assistance in emergency situations.

- 75 EQUITY
- 89 EDUCATION
- 98 WELLBEING



THRIVING COMMUNITIES

We actively contribute to people being able to lead a better life through our business and brands.

TARGETS AND AMBITIONS

CONTENTS



EQUITY

Strengthen diversity, equity and inclusion, respect human rights and enhance the livelihoods of people.



Gender parity across all management levels (2025)

Improve

the livelihoods of smallholders and protection of nature

- Corporate culture
- Fair working conditions
- Diversity, Equity & Inclusion
- Respecting human rights



EDUCATION

Support lifelong learning and education, and motivate people to take action for sustainability.



Expand our community education programs and volunteering

All

employees to be engaged and empowered to take action for sustainability

Improve

30 million lives globally (2010–2030)

- Employee development
- Social engagement



WELLBEING

Foster health and wellbeing, and help drive social progress.



Shape the future of work for our company and employees

+60 %

safer per million hours worked (2025; vs. 2010)

>90 %

of our employees reached with global health campaigns (each year)

- Health
- Occupational safety
- Future of work

EQUITY

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Reduce inequities and leave nobody behind – that is the key to meaningful social progress. This progress has been seriously challenged in the last few years. Global events have increased exclusion, intensified structural discrimination, and hindered social development in the world around us.

We know that equity is at the heart of the solutions that can move us forward in times of crisis. This guides our agenda for the transformational impact of our actions. Equity is the link between different topics and the driving force behind a wide range of our activities.

Building a sense of belonging for people – with all of our differences – in our society and at our workplace, is critical to fostering creativity and innovation. We all have to listen to different voices, and understand different perspectives and ways of thinking. Our shared path is to build a corporate culture based on trust where employees are encouraged to show initiative, think proactively and be open to sharing new ideas.

We embrace the role that companies can have as key players in reducing adverse impacts and promoting positive effects. This chapter presents the ways we are working to achieve both of these elements, and how we are making equity even more of a priority in shaping our decisions.



“We aim to ensure equal opportunities to realize the full potential of our diversity. Through a number of programs and training courses, we strengthen our employees’ understanding and appreciation of diversity while promoting an inclusive corporate culture.”

SYLVIE NICOL
Member of the Management Board
HR/Infrastructure Services

HIGHLIGHTS

- Diversity, Equity & Inclusion (DEI) driven forward as an integral part of the corporate culture
- Henkel’s recognition as a Diversity Leader 2023 by Statista and the Financial Times
- Understanding of respect for human rights firmly anchored in corporate policy
- Employee participation in the company’s success through a comprehensive share plan

**I am unique.
We are Henkel.**

was the motto of this year’s DEI campaign

39 %
ratio of women in management

28 %
participation rate in the Employee Share Plan



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES**EQUITY**

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Corporate culture of open communication and trust-based collaboration

We are building an environment of trust in our company that is open to ideas and innovations, and that enables decision making. This is only possible with a thriving leadership culture. We are committed to communicating openly with our employees and their representatives, and to pursuing ongoing, constructive dialogue while promoting feedback. Our objective is to inform and involve our employees in a transparent and timely manner. This helps us to meet the challenges and changes in society, the economy and politics, and to continue to develop so that we remain competitive in the future.

With our [Leadership Commitments](#), we want to establish a [corporate culture](#) in which employees show entrepreneurial spirit and initiative, think proactively, put team spirit into practice and take responsibility – no matter whether they lead a team or not. Henkel's dedicated communication platform offers a range of workshops, learning and reflection elements that promote sustainable cultural change at Henkel and help anchor the Leadership Commitments in our behavior.

To support this empowerment and drive innovation in line with the needs of our employees, we continuously review our leadership programs and initiatives. Our portfolio includes a comprehensive Leadership Development Journey centered around the Leadership Commitments, as well as useful reflection tools such as the Iceberg Learning Module. This content supports all employees in living the Leadership Commitments in their day-to-day lives.

The important role of our employee representatives

A key element of our corporate culture is trusted cooperation with employee representative bodies. 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 companies with the trade union. We provide our employee representatives with information regularly and on a timely basis, and give them as much detail as possible about topics such as the corporate strategy. Alternative mechanisms are in place to ensure social dialogue and exchange on 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. This enables us to improve communication with our employees, include their perspectives early on, and jointly shape future-oriented issues. It also helps Henkel to avoid conflicts of interest and strengthens employee identification with the company. Employee representation plays a particularly important role in Europe. In 1995, Henkel was one of the first German companies to voluntarily set up a European Works Council (EWC) to continue the successful cooperation between management and employee representatives at the European level. Through the EWC, Henkel informs the 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.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES**EQUITY**

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

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 pension plans and retirement schemes**, and preventive healthcare.

Dealing with structural changes

Preserving jobs and dealing with necessary structural changes responsibly are important to us. In order to secure Henkel's competitiveness, we continually adapt our structures to market conditions. If jobs are affected by this, we enter into a solution-oriented dialogue with employee representatives before actions are taken. In doing so, we follow all applicable codetermination legislation and apply the required procedures for each action that affects employees. To date, we have been able to manage necessary restructuring measures through socially compatible solutions while reconciling interests. The actions involved range from special semi-retirement models and early retirement, through to support with professional reskilling and refocus.

As of year-end 2022, around 51,200 people were employed at Henkel. As part of the merger of the two business units Beauty Care and Laundry & Home Care into the integrated Consumer Brands business unit, Henkel had announced that around 2,000 jobs around the globe will be affected in the first phase of integration. Related to this, the number of employees in our consumer businesses in fiscal 2022 decreased by around 1,000 compared to the previous year.

During this process, Henkel worked closely with the employee representative organizations in each country to identify socially responsible solutions. A comprehensive action plan was defined to minimize the social impacts on the relevant employees. This included a process throughout the entire Henkel Group to reassign employees wherever possible to suitable jobs outside the newly created Consumer Brands organization. If this proved impossible, the employees were offered assistance through a structured outplacement process. The contract termination offers took the personal situation of each employee into consideration. At all times during the entire change process, our support was based on open exchange with the relevant employees.

Fair working conditions

The appreciation for the work of our global team is an important element of our → **corporate culture**, and enables us to ensure our long-term and sustainable business success. For this reason, it is important to recognize our people's performance through appropriate, competitive remuneration in line with the market. We use performance-based components of compensation in order to reward individual contributions. In contrast to the globally standardized remuneration system for our managers, the compensation systems for our non-managerial employees are based on local requirements and existing collective agreements. There is no systematic difference between the compensation received by women and men. In addition to fixed and performance-based components of pay, our remuneration system also includes benefits in kind and social security components.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Employees with collective agreements

in percent	2018	2019	2020	2021	2022
Share worldwide	47	47	49	50	49
Share in the European Union (EU)	68	68	68	68	70

As of: 12/31/2022

Attractive compensation and further benefits

Our remuneration system has as its foundation an appropriate and competitive level of basic pay, which all employees receive, respectively, in accordance with local market conditions, the demands of the job and the collective agreements in place. In addition to the basic pay, we strive to reward the individual performance of our employees with attractive incentives:

- **For our non-managerial employees**, we use locally adapted compensation components to reward their performance and their contribution to the company's success. Depending on the nature of the job and region, there are various bonus systems for employees, for example in sales and production. These systems cover almost all of our non-managerial employees worldwide.
- **For our managers**, we use short-term variable remuneration components to reward individual contributions to the company's success. The Short Term Incentive (STI), which is paid out annually, takes into account both our short-term financial targets and each person's individual performance. Some of our managers with direct responsibility for sales are compensated through separate bonus arrangements that focus on sales-related targets, instead of through the STI.

- **For top management**, the annual STI is complemented by a Long Term Incentive (LTI) plan covering a period of four years. The objective of the LTI plan is to motivate and retain our top managers, and to help them view their tasks from the perspective of shareholders.
- **For Management Board members**, we also use an annual bonus, as well as a bonus related to the company's long-term success as variable compensation elements. For details, please refer to the description of the compensation system and the 2022 remuneration report. Both documents will be available on our website at www.henkel.com/ir. The performance parameters of the annual variable remuneration (STI) are the financial targets achieved in the relevant fiscal year, the bonus, and the individual performance and targets of the Management Board members, including individually agreed sustainability targets.

We always assess the performance of our employees in the context of our vision and corporate values. We are committed to leadership in sustainability – this is one of our five corporate values. Accordingly, contributions to Henkel's sustainability strategy and to its targets form part of the annual → **performance assessment**, which influences variable compensation. Where specific aspects of our sustainability performance, such as the reduction of energy use and waste volumes, fall within the sphere of influence of the employee concerned and have a clear bearing on business performance (as in the case of site managers), these are included in the individual performance assessment. In addition, almost every manager has to confirm compliance with the **Henkel standards** in writing during their annual review. These include our Code of Corporate Sustainability, the SHE Standards, and Social Standards.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES**EQUITY**

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Our employee share plan

We believe it is important for our employees to share in the success of our business. This improves motivation, as well as the strength of identification with the organization. Since 2001, Henkel has offered a voluntary employee share plan. For every Euro invested by an employee in Henkel preferred shares (employee shares) in 2022 (limited to 4 percent of salary, up to a maximum of 4,992 euros per year), Henkel added 33 eurocents, which was used to purchase additional shares and allocate them to employees (matching shares). Around 13,000 employees in 59 countries purchased Henkel preferred shares under this program in 2022. At year-end, around 16,500 employees held a total of around 3 million shares in the program's securities accounts, representing 1.7 percent of total preferred shares outstanding. The lock-up period for newly acquired shares is three years. If employee shares are sold during the lock-up period, the matching shares are forfeited.

Employee share program

in percent	2018	2019	2020	2021	2022
Participation rate	31.5	30.2	29.6	30.1	27.7

As of: 12/31/2022

Social security services and benefits

Our employees worldwide benefit from a high level of social security provisions. In countries where no state social security system exists or such a system covers only basic needs, we organize our own measures and initiatives to supplement state health and pension insurance provisions. In the USA, for example, we cover our employees almost completely with private health insurance plans. In addition, in many countries where this is usual market practice, Henkel provides company pension provision plans.

In cooperation with the Allianz Insurance Group, we offer all of our employees in Germany the opportunity to have selected preventive health checkups as private patients, with a free choice of doctor and without any employee contribution to the costs. We also offer "Henkel CareFlex," a supplementary company nursing care insurance policy developed jointly with the Industrial Union for Mining, Chemicals and Energy. In this way, approximately 9,000 employees and trainees in Germany have a basic insurance for outpatient, inpatient and semi-inpatient care. The insurance is available without a medical examination and waiting period. In addition to the basic insurance, employees can add the supplementary long-term care insurance, and can add family members and partners. We also offer our employees a choice of leased bicycles as part of a deferred compensation model. There were 1,700 bicycles on active lease in 2022.

Where appropriate, we would like to give our employees the opportunity to individually structure their fringe benefits to suit their personal life situation. In some countries, for example, we offer flexible solutions that allow employees to pick and choose their own fringe benefits and top them up.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Beyond our company and along our value chain

We are committed to extending the principles that apply to our own employees, beyond our direct business operations, and into our value chain. One example of this in action is the goal of improving the livelihoods of smallholders in our palm oil supply chain. Our partnership with the development organization [🔗 Solidaridad](#) focuses on this. Since 2013, we have used this approach to work on initiatives in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria. The objective of the projects is to support the livelihoods of [→ smallholder farmers](#) by adding value to the sale of sustainable produced palm and palm kernel oil, increasing their income and improving their access to markets. In our view, there is a special value in working with our partners to find innovative solutions and projects aimed at improving the working conditions and livelihoods of stakeholders along our value chain.

Diversity, Equity & Inclusion strengthen our culture of belonging

At Henkel, [🔗 Diversity, Equity & Inclusion \(DEI\)](#) are a business imperative and form an integral part of our corporate culture. We aim to foster a culture of belonging and strive for equity to release the full potential of our diversity. We are convinced that a diversified workforce, as well as an open and appreciative corporate culture, are important success factors in a globalized world. Different perspectives, cultures and ways of thinking enable us to meet the needs of our increasingly diverse markets and stakeholders with creative and innovative products, services and solutions. Through a number of programs and training courses, we strengthen the understanding and appreciation of diversity while promoting an inclusive corporate culture.

Diversity at Henkel represents the variety of talents, attitudes, perspectives, strengths, abilities and characteristics of our employees and business partners that make us unique and contribute to creativity, innovation and business success. It is the differences of individuals in our company, such as experience, values, education, gender identity, sexual orientation, origin or religious background, that make us strong and successful. The uniqueness of our 51,000 employees is our strength. We want to create an inclusive working environment in which every employee is valued and individual performance is recognized. On principle, we also fill our job vacancies exclusively according to ability, potential and performance. Inclusive language is also consistently used in our job postings to appeal to and attract diverse talent. We do not tolerate discriminatory behavior when we hire new employees or in our daily interaction with each other. With our Global Diversity & Inclusion policy, we have promised to further strengthen diversity and the related appreciative behavior at Henkel.

A number of partnerships underpin our commitment to DEI in the workplace and throughout society. We support the initiative [🔗 Business for Inclusive Growth \(B4IG\)](#), a global business coalition for inclusive growth that is supported by the Organization for Economic Cooperation and Development (OECD). It aims to pool and strengthen the commitment of private companies to reduce inequality related to opportunity, gender and region. In Germany, we are a founding member of the Diversity Charter and have joined the 4,800 companies and organizations that have signed the Charter to promote recognition, appreciation and integration of diversity in corporate culture. Our commitment to diversity and inclusion has been recognized several times in recent years, including Henkel's recognition as a [🔗 Diversity Leader 2023](#) by Statista and the Financial Times.

← →

☰

🔍

✉

FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
REGENERATIVE PLANET
THRIVING COMMUNITIES
EQUITY
EDUCATION
WELLBEING
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

As in previous years, global and regional campaigns related to diversity, equity and inclusion topics were held at our sites in various regions throughout 2022. Examples include the global DEI campaign “I am unique. We are Henkel.” and our related Diversity Week in May 2022, which included a wide range of panels and learning sessions. To foster our open and appreciative culture, we offer an ongoing series of interactive videos on the topic of unconscious bias. A new interactive eLearning course on the topic of conscious inclusion complements the existing offers and reflects our evolution from providing training on the topic of unconscious bias to offering programs on conscious inclusion. In addition, anti-harassment compliance training is mandatory for all managers. This further contributes to raising awareness on DEI issues, and the protection of minorities and underrepresented groups.

Our diversity dimensions

At Henkel, we pursue a holistic diversity approach. The many dimensions that define us as individuals include our education, family and relationships, strengths and abilities, and personal experiences. While we recognize that all of these individual attributes contribute to our diversity, our strategic initiatives and actions focus on the following core dimensions of diversity:

- **Gender:** Our goal is to continuously increase the ratio of women in the company at all levels, and we have the ambition to achieve gender parity across all management levels by 2025. The percentage of women in management positions was around 38.7 percent in 2022, representing a further increase compared to the previous year. To achieve our ambitious goals, we have further intensified our efforts to promote equity at

all stages of the employee life cycle. For example, we reviewed all job posting templates to ensure gender-neutral language and held training on inclusion for all recruiters.

Women in management

in percent	2018	2019	2020	2021	2022
Henkel	34.4	35.5	36.1	36.7	37.1
Managers	34.7	35.7	36.9	38.1	38.7
Top managers ¹	22.9	24.3	25.2	27.6	29.6

¹ Corporate Senior Vice Presidents, Management Circles I and IIa.
As of: 12/31/2022

We continue to strive to make it easier for women and men to combine their careers with their personal life plans. Our Smart Work concept offers employees worldwide greater flexibility in organizing their working lives. These models include mobile working, part-time and → **flexible working hours** or sabbaticals. We also offer some job sharing and tandem models, and have set ourselves the clear goal of further expanding these programs in 2023. We help families to achieve a work-life balance, for example, through the provision of childcare and our → **social services**. At the Düsseldorf site, there are 240 childcare places in three company daycare centers. Henkel also offers care places for 75 children at the company daycare center in Bratislava, Slovakia. In Germany, Henkel is a partner in the initiative Success Factor Family. Through this program, the Federal Ministry of Family Affairs, together with the central associations of German business and the German Trade Union Federation (DGB), are committed to more family-friendliness in the world of work.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

We also have a number of support programs for women in our business units and functions around the world. Our global, internal, employee-led network RISE promotes gender balance in management positions, for example, through the participation of women in a mentoring program.

The aim of the [🔗 Women into Science and Engineering program \(WISE\)](#), run by the Adhesive Technologies business unit, is to connect women at various management levels with managers in the technology and engineering sector worldwide to enable the sharing of skills and knowledge. Even outside our own company, we are seeking to counter-act the underrepresentation of women in technical professions and driving forward gender diversity in the startup and technology sector. Our digital unit and platform for open innovation and collaboration, Henkel dx Ventures, hosted the [🔗 Xathon](#) ideation hackathon for 100 female founders for the fourth time in 2022.

- **Internationality and origin:** With employees from a total of 124 countries, cultural diversity is a part of everyday working life at our company. 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 challenges of mixed teams, we offer intercultural training and workshops to raise awareness of different value systems and their influence on daily actions. Henkel also encourages international transfers within employees' career paths. Our aim is to leverage the wealth of experience of our international workforce to reflect the markets in which we are represented. One model initiative to promote diverse and international profiles is the "Pipeline Boost Program," which is designed to promote talent diversity when filling top management positions.

Nationalities

	2018	2019	2020	2021	2022
Henkel	120	120	125	124	124
Managers	90	88	93	98	93
At headquarters in Düsseldorf	71	72	73	76	78

As of: 12/31/2022

- **LGBTQ+:** Henkel strives to create 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 on the topic through a range of events and activities. During Pride Month 2022, we participated in five Pride parades around the globe as well as a large number of local events to express our solidarity with the LGBTQ+ community. We hosted a global event on Coming Out Day, during which colleagues from all regions shared their coming out experiences and offered advice to others. We also launched the first Employee Resource Group for transgender colleagues at Henkel and expanded options for non-binary gender identities in our HR systems. Henkel has been a member of [🔗 Out Leadership](#) since 2021. This global LGBTQ+ business network provides insights and information on LGBTQ+ issues, as well as important tools for companies and employees to promote equality. In 2022, we also underscored our commitment to LGBTQ+ rights by signing the [🔗 UN standards of conduct](#) for businesses to address discrimination against LGBTQ+ people.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

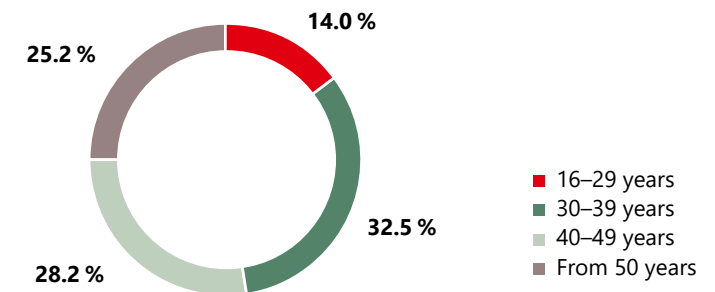
SCOPE AND REFERENCE FRAMEWORK

CREDITS

▪ **People with disabilities:** At Henkel, we strive for an accessible and inclusive work environment that focuses on the skills and individual talents of people with disabilities. In 2022, we partnered with the NGO **Disability:IN** to accelerate our global strategy for disability inclusion. We have benchmarked our maturity in a number of countries against the Global Disability Equality Index to provide a basis for further targeted action. We also marked the International Day of Persons with Disabilities with a series of events to raise awareness of the topic among all employees. These measures include everything from awareness training through to panels on neurodiversity and inspirational talks by people with disabilities. Through targeted programs, including in our emerging markets, we strive to offer everybody the same opportunities while always focusing on a person's individual strengths rather than their limitations. One representative example of this approach is an integration program at our Global Business Solutions Center in Manila, Philippines, which takes a holistic approach to integrating people with disabilities into the world of work.

▪ **Generations:** At Henkel, four generations – Baby Boomers, Gen X, Millennials and Gen Z – work together under the same roof. We encourage → **lifelong learning** across all generations through appropriate training measures. Specifically, we use mentoring and employee networks in different business units and countries to promote knowledge transfer and an exchange of perspectives between experienced and less experienced employees. We also offer employees of all generations a wide range of programs for → **maintaining physical and mental health**. Our social services help to provide support to employees facing challenges at different stages of their lives such as when they take on responsibility for relatives in need of care. With three models for semi-retirement, we want to actively shape the demographic change at Henkel. This enables our employees at all sites in Germany to leave work up to six years early, depending on the semi-retirement model. This is particularly valuable for employees in demanding shift work. At the same time, we encourage the targeted training of qualified young people by having their experienced colleagues in semi-retirement coach them in direct preparation for the tasks in a specific role.

Employees by age group
in % of the total workforce



As of: 12/31/2022



Respecting human rights

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Applying due diligence at all levels

Social and political debate is increasingly focusing on how companies fulfill their responsibility to [respect human rights](#) and exercise the appropriate due diligence. We are witnessing a significant legislative shift around the world, which further reinforces the corporate ambition to respect human rights. One example of this is the entry into force of the German Act on Corporate Due Diligence in Supply Chains. Over and above national and international legislation, the link between business and human rights constitutes an essential part of corporate responsibility and reflects stakeholder expectations, with accompanying demands for greater accountability for actions.

Our commitment to respecting human rights

Henkel has a clear policy of doing business in an ethical and legal manner. This is inseparably linked with our commitment to respecting internationally acknowledged human rights. As early as 1994, Henkel's Mission and Principles document emphasized that respecting social values and standards

DID YOU KNOW?

New regulation on human rights due diligence

The topic of human rights is gaining importance nationally and internationally, both at the societal and legal levels. One example of this is the German Act on Corporate Due Diligence in Supply Chains [Lieferkettensorgfaltspflichtengesetz], which came into force on January 1, 2023. The Act requires companies falling within its scope to conduct adequate human rights and environmental due diligence in their supply chains.

is an integral part of our company policy. Since then, we have developed and adapted a comprehensive set of [codes, standards and processes](#) to provide our employees, customers, suppliers, investors and the communities we operate in with a clear definition of the ethical and social values we uphold – including human rights expectations.

In 2000, we also introduced our Code of Conduct, including a clear and proactive commitment to support human rights: We expect our employees to respect local customs, traditions and social values, and to respect human rights for a free and fulfilling life. We underscored our commitment to human rights when we joined the [United Nations Global Compact](#) in 2003. We still refer to this commitment today as a fundamental element in our Code of Conduct and provide details of it in our Code of Corporate Sustainability, as well as in our SHE Standards and Social Standards.

In addition to auditing and compliance processes designed to ensure compliance with our codes and standards, we also recognize our responsibility for respecting human rights along the value chain through our supplier management system. Our membership in [→ Together for Sustainability – Chemical Supply Chains for a Better World \(TfS\)](#) and our commitment to the Forced Labor Resolution of the [Consumer Goods Forum \(CGF\)](#) support this approach.

We follow ongoing human-rights-related developments very closely at both international and national level, including the National Action Plans for Business and Human Rights, as well as the [UK Modern Slavery Act](#). We continue to develop our approach in line with the resulting expectations. During 2022, we focused intensely on broadening and deepening



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

our approach to human rights due diligence to meet the requirements of the German Act on Corporate Due Diligence in Supply Chains [Lieferkettensorgfaltspflichtengesetz], which came into force on January 1, 2023. As early as 2021, an internal cross-functional core team working across business units was established with overall responsibility for fulfilling our due diligence obligations. In 2022, the engagement of the core team was strengthened, and its structure was formalized, in order to drive the implementation of due diligence. Since its establishment, the core team has updated and produced supplementary guidance to support the implementation of our commitments, and provided global training for internal and external stakeholders, such as suppliers.

In addition, we are in constant dialogue with external stakeholders on human rights issues and actively participate in industry initiatives. Internally, we promote awareness of our obligation to respect human rights by integrating relevant content into eLearning courses and training sessions attended by our employees.

Our approach to respecting human rights

Alongside legal requirements, our codes and standards provide a basis for decision-making and engagement within our sphere of influence world-wide. In this context, we adhere to international labor standards as a minimum, and local statutes where these are more exacting. Our codes and standards also reflect our commitment to the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on

Fundamental Principles and Rights at Work, the Conventions of the International Labour Organization and the UN Global Compact, as well as the expectations set out in the UN Guiding Principles on Business and Human Rights.

The UN Guiding Principles were adopted in 2011 and, through their “Protect, Respect, Remedy” framework, contribute to clarity regarding the different roles that states and companies play in relation to human rights. Within their own sovereign territory, states are responsible for protecting against human rights violations and ensuring access to the full range of human rights. Companies are expected to respect human rights, comply with national legislation, and establish reporting channels and provide access to remedy in the event of human rights violations. These guiding principles include key elements such as principles 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.

In 2022, we worked with an external partner to conduct a comprehensive review of our processes. Building on this foundation, we have been working to further anchor the due diligence approach throughout our operations and the supply chain, with a focus on the rightsholder perspective.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES**EQUITY**

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Approach to human rights due diligence



Principles and policies

Our codes and standards cover a wide range of topics including working hours, occupational health and safety, data protection, non-discrimination, fair working conditions, freedom of association and collective bargaining, and zero tolerance of child and forced labor. We have formulated the [codes and standards](#) according to the expectations relevant to our specific business. We revise the documents on a regular basis to conduct

our business in a way that reflects our commitment to support and respect internationally proclaimed human rights. Our most important documents include: Code of Conduct, which was revised in 2022; Code of Corporate Sustainability; Social Standards; Safety, Health and Environment (SHE) Standards and the Responsible Sourcing Policy. In addition, in 2022 we published a [policy statement](#) outlining our due diligence approach. An [overview](#) of human rights in the context of responsible business practices at Henkel is available on our website.

Risk analysis

Henkel conducts annual and ad hoc risk analyses to identify potential human rights and environmental risks in its own business and in the supply chain. The risk analysis, which is subject to continuous improvements, serves as the basis for defining and prioritizing preventive measures. Where relevant human rights risks are identified, they are prioritized based on the severity of the potential violation and the likelihood of occurrence. To distinguish between an individual case of non-compliance due to a specific incident and a human rights risk that is relevant to the business, we also focus on identifying risk factors that could exacerbate the situation. This could be, for example, a structural lack of protection by the government in question or conditions that could potentially encourage repeated or systemic violations.

As part of our regular risk analysis, which we conduct for our own business, 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. In our global supply chains, for example, we



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

use an early-warning system for sustainability risks. 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 measures.

Risk management measures

The findings of our risk analysis determine the appropriate preventive measures and the monitoring of the respect of human rights at our sites. Preventive measures include documentation and process guidelines such as our codes, standards and guidelines with accompanying training. This is complemented by our Group-wide audit and assessment program, which we use to independently and objectively assess and improve corporate governance and controls. This includes the audits that are part of our supplier management system.

Based on our risk analysis, we have identified two relevant human rights risks in our supply chain at present: raw materials based on palm oil and palm kernel oil, and raw materials from regions associated with military conflicts. We are closely monitoring these two areas with regard to their potential impact on human rights.

In order to reduce risks in the palm oil industry, we have made a commitment to procure our palm-oil-based raw materials in line with the principles and criteria of the [Roundtable on Sustainable Palm Oil \(RSPO\)](#). We also work closely with stakeholders along the value chain, from our suppliers to the RSPO, NGOs and smallholder farmers, to promote sustainable practices and respect for human rights.

To mitigate procurement risk from regions associated with military conflicts, including conflict minerals, we expect our suppliers to source conflict-free materials from responsible suppliers. We require our suppliers to perform due diligence on the origin and supply chain of these types of raw materials, and to provide evidence that they do not procure or process minerals from critical sources.

As a matter of principle, we maintain intensive dialogue with our suppliers to promote sustainable practices and respect for human rights along the value chain. For example, we also work with partners across the entire chemical industry as part of the TfS initiative. More detailed information is available on our [website](#).



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Complaints mechanisms and access to remedy

Henkel employees, as well as workers at our suppliers or other stakeholders, can report breaches of our codes and standards directly to the responsible contact person within our company. Our compliance hotline is operated by an independent external provider and is available globally. In addition, an email can be sent anonymously to the Henkel Compliance Office using a contact form. We have established clear due diligence and compliance processes to identify and assess the potential social and human rights impacts of our business activities (based on the risk analysis). We also ensure that access to remedy is established and accessible, where necessary.

Reporting

We carry out regular audits at our production and administration sites, and at our subcontractors and logistics centers, to verify compliance with our codes and standards. This also includes relevant human rights issues. All audit results, including the review of our SHE and Social Standards, are reported directly to Henkel’s Management Board in the annual report compiled by the Corporate Audit team. In line with the criteria of our risk analysis process, our comprehensive Group-wide audit program in 2022 did not reveal any indications of human rights violations related to Henkel’s business operations. The identified risks related to raw materials are addressed as part of our supply chain management approach.



EDUCATION

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Education is one of the most powerful tools when it comes to enabling positive change. Education enables people to acquire the knowledge and skills to lift themselves out of poverty, level inequalities, and stay healthy.

Education and lifelong learning, as inherent rights and as a means of realizing other rights, are key elements that guide our strategy.

Continuous learning inspires innovation and creativity. Learning and development are critical elements of our daily work, but so is the opportunity to develop through learning outside of our core responsibilities. In contrast to traditional learning methods, we focus on innovative programs that take a holistic, engaged approach to learning, and that place a strong focus on knowledge, skills, and mindset.

This key approach to learning starts with our employees, but goes further, to our customers and the communities we operate in. Our activities are designed to empower people with the skills and competencies needed to develop innovative ideas, sustainable behaviors, and new digital solutions that will allow them to master future challenges and capitalize on opportunities.

HIGHLIGHTS

- Newly developed Sustainability at Heart program for holistic sustainability engagement
- Global Learning Festival on the topic of Sustainability & Change Mindset
- Continued expansion of digital training formats through global and regional learning programs
- Social engagement promoted education in the areas of digitalization, sustainability and innovation
- Fifth Schwarzkopf Million Chances Award presented

>5,800

employees participated in the new Sustainability Pioneer training

2,055

projects were supported as part of our social engagement approach

Around EUR 6 million

emergency aid program for Ukraine

Employee development

We promote the skills and knowledge of our employees to help them achieve their full potential. Regular and open feedback about performance and potential serves as a foundation for their development. This makes it easier to define individual development measures that address both the company's needs and each employee's potential. We focus on → **digital learning opportunities** and the development of digital skills so that we can take full advantage of the opportunities offered by these new technologies.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Individual development planning through regular feedback

To foster the targeted development of our employees, we make use of regular development meetings and individual development plans, which we have established as part of our talent management approach. This helps us to systematically identify and develop talents within the company, and to plan internal succession. In 2021, we began integrating non-managerial employees into these global systems using the same approach, as we believe that each role is central to the business. In 2022, we continued this process in all regions and have now fully integrated around 14,000 non-managerial employees.

Each year, we assess around 26,000 of our employees as part of our globally standardized talent and performance management cycle. This process includes a performance appraisal and an assessment of potential as two separate steps:

1. To evaluate performance, managers and employees agree on an individual role ambition at the beginning of a year. The ambition contributes to the fulfillment of the company's strategic objectives. It is validated again in the middle of the year and a feedback discussion is held. If changes to a role take place, a new ambition is agreed, and the employee's performance is evaluated at the end of the year.
2. The potential assessment is based on an employee self-assessment in which employees are asked to consider their next steps, development and career interests. They are then evaluated by their supervisors. The evaluation is made on the basis of uniform principles and clearly defined criteria such as expected leadership commitment and strategic skills. Supervisors then discuss the assessment results with their employees in personal feedback meetings and, together, they agree on individual development measures. These can include training in the workplace,

such as seminars and workshops, as well as job enlargement, for example by taking on additional management tasks.

Henkel has been using a [digital feedback tool](#) to complement the assessment interviews since 2021. Employees can use this tool to receive recognition and direct feedback from colleagues and superiors alike – at any time. The objective is to promote a day-to-day culture of dynamic and open feedback at Henkel.

Career launch and lifelong learning programs

Henkel helps many young people embark on a successful career. The company offers 25 vocational training and five dual-study programs in Germany. In the 2022 training year, 140 new trainees and students started pursuing a professional qualification at Henkel. A total of 469 people are participating in our vocational training programs at eight German locations.

Lifelong learning is a core element of continuous development at our company. We put great emphasis on learning in our everyday work, as well as through handling a varied range of tasks. Henkel encourages this by offering opportunities to take advantage of new roles both locally and in other countries.

We learn from supervisors, team members, other colleagues and our trainees and students on a daily basis. We have made great strides in the topic of digitalization, with a digital upskilling concept that provides trainees and students with further digital qualifications during their training in a three-year journey. During the pandemic, learning was made easier through additional measures such as instruction in small groups, staggered work schedules, and learning from home. All of our trainees are provided with a laptop and their own tablet device.



Employee development

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

	2018	2019	2020	2021	2022
Internal promotion (managers)	1,262	1,501	1,356	1,504	1,386
International job rotations	319	282	242	241	245
Trainees (Germany) ¹	501	534	519	498	469
Average number of training days ²	1.7	1.8	1.5	2.3	2.2

¹ Initial vocational training includes trainees and Bachelor students.

² Our employees have many different development opportunities. In addition to traditional training courses and in-person seminars, they also include eLearning modules and on-the-job training.

Expansion of digital training opportunities

For several years now, Henkel has been making use of virtual training opportunities in addition to traditional classroom formats to train its employees around the world. To do this, we use a global learning platform that includes eLearning, podcasts and videos along with virtual sharing formats. As all services on the Henkel Learning Hub are cloud-based, they can be accessed at any time – not only in the office environment, but also on the road or at home.

In 2022, we continued to expand our training formats in line with our Purposeful Growth agenda. We developed and digitalized new global and regional learning programs. There was a particular focus on programs relating to health and wellbeing. Through these and other digital formats, our employees were able to learn together even during the time when attendance-based training was limited due to the COVID-19 pandemic. In 2022, the average training time of our employees was around 2.2 days.

We structure the learning content in a way that allows us to react more quickly and individually to new requirements for knowledge within the organization. The Henkel Learning Hub hosts all formal training courses in one place. These include basic knowledge – such as management, process, and software training – as well as content specific to our business units and material related to improving soft skills. Leadership skills represent a key element of the learning content. The main aim is to train new competencies and skills that will provide our managers with the best possible preparation for future challenges. Based on our Leadership Commitments, we want to foster a global, → **value-oriented leadership** standard that takes account of different regional and cultural considerations.

Digital transformation also represents a key element of the learning content. Our **Digital Upskilling** initiative is designed to provide targeted support for employees in expanding their digital skills. It is based on two pillars and an in-depth analysis of the status quo: Anonymous online surveys are used to assess employees' digital skills. This includes both a playful quiz about digital general knowledge (Digital BaseFit) and an analysis of experts' professional and specialist skills (Digital ExpertFit). Based on these efforts, we are continuously developing our digital skills training portfolio and advancing the training of our employees in skills that will be relevant in the future.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

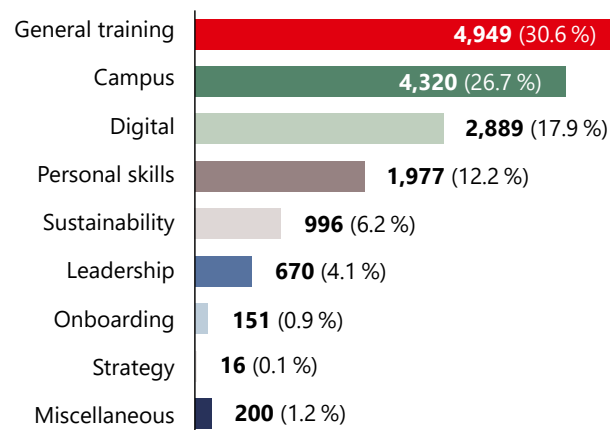
SCOPE AND REFERENCE FRAMEWORK

CREDITS

Digital learning formats also play an important role for us in making training opportunities available flexibly worldwide. Where possible, general in-person training courses are complemented by digital and virtual services. As part of a partnership between Henkel and LinkedIn Learning, all employees with PC access are able to choose from more than 15,000 online courses in seven languages.

The COVID-19 pandemic has significantly accelerated the digital transformation in the world of work, and has greatly reinforced virtual collaboration. In this context, IT security has become more important than ever. Therefore, Henkel has further expanded its Group-wide cyber-awareness campaigns. To increase employee awareness of cyber attacks, the company organized numerous events and presentations on the subject of cyber security, specifically as part of the worldwide Cyber Awareness Month in October 2022.

Training categories



As of: 12/31/2022

Commitment and training for sustainable development

When it comes to implementing our → **sustainability strategy**, it is our people who make the difference – through their dedication, skills and knowledge. Because of this, we want to foster our people's commitment to sustainability. We have expanded our existing training opportunities to include a holistic engagement program, which was rolled out in March 2022. The Sustainability at Heart program builds on our Sustainability Ambassador program, which has trained our dedicated employees worldwide since 2012. Our ambition is to engage and empower all employees to take action on sustainability. The objective is to comprehensively equip our employees with the knowledge, skills and mindset that are central to Henkel's role as a leader in sustainability. We also engage and empower our employees to become actively involved in sustainability in their work environment and in their private lives.

The newly developed program comprises a basic training course, which explains the key terms and concepts as well as the global challenges of sustainability in a business context. It then presents how Henkel meets these challenges and implements sustainability to contribute to transformational change. The Sustainability Pioneer training was developed in collaboration with the IESE Business School and is available to our employees as an eLearning course in six different languages. In 2022, more than 5,800 employees participated in the training. We are also developing a training format based on the content that can also be used for team training. In addition, we offer further in-depth training on specific topics and special sustainability training courses offered by the business units. For example, our climate training, which is available company-wide, provides employees with an understanding of the basics of climate change, the impact on society, and concrete proposals for action in their private and professional lives, all presented in a series of micro-learning chapters. Our training



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

opportunities will be continuously expanded and in 2023 will be supplemented with an interactive format to promote the mindset for generating creative solutions in the area of sustainability.

Sustainability at Heart is designed as a holistic and global program. On this central platform, employees find extensive training opportunities, as well as information about our sustainability strategy, a discussion forum, inspirational examples from inside and outside the company, and opportunities for social engagement. With this knowledge and capability, our employees can make an important contribution to sustainability at our sites, and by engaging with our customers and other partners within our business environment.

A good example of this is our school program, which offers employees the opportunity to visit schools and teach children about sustainable action in their everyday lives. This helps the next generation to understand how to use resources efficiently from an early age. At the same time, the children multiply the impact by imparting their knowledge and enthusiasm to others around them. School visits are an important element of our commitment to reaching schoolchildren through educational initiatives.

The topic of education, with a focus on change mindset and sustainability, was also at the center of Henkel's Global Learning Festival, which was held for the second time in 2022. With the support of more than 80 internal and external experts, the company-wide event centered on our learning culture and its critical role in our growth as individuals and as a company. The festival brought together some 6,000 colleagues from around the world in a variety of virtual events to promote the sharing of knowledge.

In addition, we want to enable our employees to engage in our central volunteer opportunities and make their own contribution to the communities in which we operate. For example, our → **"MIT Volunteering" (Make an Impact on Tomorrow)** initiative is designed to support our employees and pensioners around the world in their volunteer work.

Social engagement

Corporate citizenship firmly anchored in our corporate culture

🔗 **Corporate citizenship** has been an integral part of our 🔗 **corporate culture** ever since the company was established by Fritz Henkel in 1876.

It is also clearly reflected in our corporate purpose. Together with our employees, pensioners, customers, consumers, partners and charitable organizations, we are committed to making a lasting contribution to society worldwide, above and beyond our business activities.

Henkel's commitment is based on three pillars: volunteer engagement by our employees, partnerships with charitable organizations, and emergency aid with focus on natural disasters. Our overarching goal is to reach 30 million people through our social engagement activities by 2030 (base year 2010). We exceeded this in 2022. In the period from 2010 until the end of 2022, we reached more than 30 million people. This was attributable in particular to combating the global COVID-19 pandemic and our engagement in the Ukraine crisis. In the past year, we supported a total of 2,055 projects and reached around four million people. Donations (of cash and products, excluding additional time off work for employees) amounted to about 12.8 million euros during the reporting year.



FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
REGENERATIVE PLANET
THRIVING COMMUNITIES
EQUITY
EDUCATION
WELLBEING
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

Social engagement

	2018	2019	2020	2021	2022
Total number of projects supported	2,032	2,044	2,655	2,047	2,055
Number of people reached	1,285,851	1,324,806	7,362,052	7,029,323	4,147,508
Time off from work for employee-initiated projects (days)	327	301	71	174	442
Total donations in thousands of euros (cash and product donations)	8,304	8,096	29,992	23,815	12,808

Corporate citizenship is our way of “Making society future-fit.” Our activities are designed to empower people through education to obtain the skills and competencies needed to develop innovative ideas, sustainable behaviors, and new digital solutions that will put them in a position to master future challenges and capitalize on opportunities. This is reflected on the one hand in our own initiatives such as the **Forscherwelt (Researchers’ World)**, as well as in our partnerships with non-profit organizations and our volunteer opportunities. For example, we are committed to the further education of **→ smallholder farmers** as part of our commitment to sustainable palm and palm kernel oil, and to maintaining long-standing cooperations with educational institutions.

Our Corporate Standard “Donations, Memberships and Sponsorships” sets out how projects are selected. Corporate citizenship contributes significantly to the Education component in the Thriving Communities dimension of our sustainability framework.

Our three pillars



Voluntary commitment of employees

Since the foundation of the initiative MIT Volunteering (Make an Impact on Tomorrow) in 1998, we have supported the **volunteer work** of Henkel employees and pensioners in more than 17,300 projects and more than 100 countries around the world. At the same time, more and more employees and pensioners are joining forces to implement larger social projects.



Social partnerships

As part of our corporate engagement, we support social initiatives and public institutions together with non-profit organizations at Henkel sites worldwide. Our focus here is to promote education in the areas of digitalization, sustainability and innovation.



Emergency aid

We support people who find themselves in an emergency situation due to crises, conflicts or natural disasters quickly and unbureaucratically and offer immediate aid in cooperation with the Fritz Henkel Stiftung.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Example: Corporate volunteering

In 2022, a key focus of our corporate volunteering program was on activities for Ukraine. The comprehensive aid package included a cooperation with the non-governmental organization (NGO) Habitat for Humanity, which has been our partner since 2014. Our Volunteers at Heart Special Ukraine project demonstrated the unique solidarity of the global Henkel team with our local colleagues and the people of Ukraine. Four Henkel employees spent a month on paid leave in Warsaw, Poland, to support the NGO with refugee assistance, for example by providing accommodation in hotels as a first response and converting unoccupied spaces in the city to make them usable as safe housing for families in need. We coordinated very closely with our partner to ensure that the skills of our team were a perfect fit for the tasks at hand. The demand here was primarily for expertise in the areas of marketing, business, communications, IT and human resources.

During this reporting year, we also directed our well-established building trip commitment to Ukraine. In collaboration with Habitat for Humanity, two teams of Henkel colleagues from all over Europe carried out a construction project to build homes for refugee families in Romania while promoting strength, stability and self-determination. This effort encompasses home construction, remodeling and renovation, access to water and sanitation, training, and preventive health counseling in disaster relief and preparedness. In the eight years since our partnership began, more than 250 Henkel employees have built or renovated houses.

Once again in 2022, more than 100 Henkel employees from various Henkel sites in Germany (Berlin, Bonn) and the US (Connecticut, Ohio) supported the Special Olympics – the world's largest sports movement for people with intellectual disabilities and multiple disabilities. The inclusive motto #TogetherUnbeatable was put into action during the entire event and was evident in sincere appreciation and recognition of athletic performance.

In 2022, Henkel continued its commitment to achieving a sustainable circular economy and preventing plastic waste from entering the environment through Trashfighter, our global employee initiative. As part of this initiative, our global employee initiative, we partnered with the non-profit international environmental protection organization [RhineCleanUp](#) and Blockblocks Cleanup GmbH. These organizations conduct waste cleanup events, especially on riverbanks, but also in other public areas. The aim is to raise awareness of waste in the environment and of the value of recycling.

Example: Social partnerships

Henkel once again supported the non-profit educational institution [ReDI School of Digital Integration](#) in 2022. The partnership aims to provide skills training and support to locals, refugees and migrants who lack access to digital education or a professional network but who are interested in technology. Digital skills training is provided through professional development courses. The organization also offers participants the chance to work with a startup and with the digital industry more broadly. The objective is to help them gain a position in German society and in the labor market.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The non-profit educational initiative Teach First Deutschland encourages and supports young people to achieve more at school. It organizes university graduates to support schools in disadvantaged communities. As additional teachers, they help students to find their own path. Outside Germany, Henkel has been supporting the [Teach for All](#) organization in collaboration with the Fritz Henkel Foundation for ten years in Argentina, Austria, Brazil, Canada, China, Colombia, India, Italy, Kenya, Latvia, Ukraine, the US and Vietnam.

In addition, our brands are also involved in partnerships with social initiatives and public institutions around the world in line with our sustainability strategy:

Schwarzkopf Million Chances initiative

Since 2016, the Schwarzkopf Million Chances initiative has been supporting girls and women in becoming more self-confident and building a successful future for themselves. The initiative supports aid projects worldwide, often in cooperation with independent organizations such as Plan International Deutschland e.V. in Colombia, Egypt and China. In 2022, a total of 15 projects reached around 2,320 girls and women worldwide. Since the initiative was launched, we have been able to provide assistance to a total of around 138,300 people.

The fifth Schwarzkopf Million Chances Award was also presented in 2022, sponsored by the Fritz Henkel Stiftung. Three winners received a prize of 10,000 euros in the categories "Build up," "Move up" and "Start up." "Build up" promotes the education of girls, "Move up" helps women enter the workforce, and "Start up" supports women facing professional or personal challenges. Additionally, a fourth prize was awarded in the anniversary year: The Million Chances Mentor Award went to a person committed to empowering women and solidarity. The prize money from this new award will be donated to the organization of the mentor's choice that promotes equal opportunity, justice and empowerment for girls and women.

The Million Chances initiative also covers our long-term initiative [Shaping Futures](#): Since 2010, Schwarzkopf Professional has been working with non-profit organizations to offer young adults the opportunity to obtain training in basic hairdressing techniques and the basics of setting up a hair salon business so that they can establish livelihoods. The volunteer efforts of hairstylists and employees have made it possible to train over 2,700 young adults in more than 30 countries, including Cambodia, Colombia, India, Lebanon and South Africa.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Pritt “We craft for children” initiative

Since its launch in 1969, the Pritt brand has supported the development of the motor and creative skills of children via handicrafts at school and in everyday life. For many years, Henkel has been committed to numerous educational projects worldwide with its global [🔗 We craft for children](#) initiative, in cooperation with a large number of non-profit organizations. In 2022, Pritt partnered with five non-profit organizations in Germany, Italy, Turkey, Brazil and Mexico that focus on improving learning conditions and the quality of education in schools in crisis and war zones. A total of 50,000 euros was donated to these five non-profits.

Naturkinder initiative by Persil

In 2022, Persil and the drugstore chain Rossmann again worked together to promote environmental awareness among children as part of the “Naturkinder” initiative. Since the initiative was launched in 2013, we have supported more than 168 projects in schools and kindergartens. The initiative provided support for a number of projects, including a water playground, a learning island, a newly designed outdoor space with a quiet place for dreaming and resting, and a mobile research vehicle.

Example: Emergency aid

In 2022, one of the focal points of our emergency aid activities was Ukraine. In partnership with the Fritz Henkel Stiftung, Henkel launched an extensive solidarity program with a total volume of around 6 million euros. The program included activities for affected employees and charitable organizations, such as the International Red Cross. Henkel supported volunteering with up to five days of paid time off for employees willing to help others, initiated the competence-based project Volunteers at Heart

for Ukraine, and supported two team activities as part of the cooperation with Habitat for Humanity → **Corporate volunteering**. In addition, all Henkel business units donated products to the affected communities in Ukraine.

Working together with the Fritz Henkel Stiftung, we have provided funding of more than 100,000 euros to continue supporting the fight against the ongoing global COVID-19 pandemic. Most of this funding went to the NGO Aktion Deutschland Hilft e.V., an alliance of 23 renowned aid organizations. Due to the high number of cases in the region, the humanitarian aid they provided – including medical aid and support for testing and quarantine centers – focused on the Latin American region. Our activities also included product donations such as hygiene, cleaning and personal care products for NGOs such as Aktion Deutschland Hilft e.V. Through paid time off, we also supported the social commitment of our employees worldwide, who helped out at test centers, for example.

At Henkel, we help with reconstruction and relief measures during natural disasters. Hurricanes Fiona and Ian caused catastrophic devastation in North America and Puerto Rico, as did the flooding in Pakistan. In partnership with the Fritz Henkel Stiftung, we provided support in the form of cash and in-kind donations to a number of organizations, including the American and Canadian Red Cross and CARE Pakistan. The comprehensive emergency aid package also included financial support and paid time off for affected employees.



WELLBEING

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Global events like the COVID-19 pandemic have underscored the need to rethink wellbeing, including in the workplace. Wellbeing is becoming increasingly viewed from a holistic perspective that sees the physical, mental and social aspects as inextricably linked – and that is how we understand it at Henkel.

Translating what wellbeing means for an increasingly fast-paced and digital work environment comes with the expectation that we rethink our approach and adapt to these circumstances. An inclusive and collaborative approach is essential to sustaining a culture of wellbeing. Understanding how the physical workplace determines wellbeing is becoming pivotal in a time where the places we work have shifted. Creating an optimal work environment that fosters creativity and supports resilience includes revitalizing our workplaces to better meet the needs of our employees.

Mental health measures continue to be an important consideration in the implementation of our wellbeing strategy. Another key area to drive positive change in this area was understanding the benefits of digital tools as a key to promoting employee wellbeing.

As our understanding of employee wellbeing continues to grow, we remain committed to a holistic approach to integrating wellbeing into our corporate culture.

HIGHLIGHTS

- The Journey to Myself 2022 initiative strengthened the mental health of employees
- Henkel’s World Safety Day campaign implemented across all business units
- The Smart Work concept was further expanded to create a future-oriented working environment
- Promotion of flexible working models as part of the Work-Life Flexibility Charter

>2,650

employees trained as MentalScouts worldwide

Around 9,000

employees and contractors participated in the World Safety Day week of action

MyCareHuB

as a central internal contact point for health programs

Maintain and improve health and wellbeing

We promote the health and vitality of our employees to help create an agile, high-performance organization. To do so, we rely on globally uniform health and safety standards, and provide health and preventive care programs to guard against workplace risks that could lead to illness. The broad range of services offered at our sites has two aims: promoting our employees’ physical health (via seminars for giving up smoking, health checkups, AIDS prevention, etc.), and maintaining their mental vitality (through stress management and similar measures). We pick up on important social trends, such as the demographic change, with our program



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

for maintaining working capacity. In addition to a number of regional and local programs, we have been carrying out a major joint health campaign with all sites every year. The aim here is to reach more than 90 percent of employees globally, which is a key target of our sustainability strategy.

Our approach to global health management

In order to ensure holistic health care at all sites, we work continuously to establish uniform principles. These now include the availability of first responders, the offer of flu shots and participation in the global health campaign, as well as conducting emergency medical drills and occupational health screenings. To monitor these health protection measures, we collect metrics worldwide, which are reported annually by all Henkel sites. In addition, the sites report occupational diseases as soon as they have been officially confirmed by the authorities. The medical infrastructure is also assessed and used as the basis for global and regional coordination measures for the further expansion of our programs.

The Henkel Health Procedure describes the minimum global standards for protecting and promoting health. Regional health managers provide support for management and employees by driving local implementation of internal health standards, policies, programs and regulatory requirements. An annual conference also takes place enabling the physicians of all Henkel sites in Germany to discuss their experiences. Our global and regional health managers hold monthly meetings and weekly updates with the Global Head of Health Management to promote consistent standards and strategy implementation. Since 2022, on-site medical staff report to regional health managers to ensure that uniform standards of care are implemented by local experts at country and site level on an ongoing basis.

Boosting the mental health of our employees

At the end of 2021, our employees around the world participated in the Wellbeing Survey in the areas of crisis management, health needs, wellbeing and workplace concerns. The results of the survey were analyzed at the regional and national levels, and the measures were summarized in action plans. In 2022, the regional health managers coordinated the process and the implementation of the measures, and adapted health management to the needs of local employees. One of the key findings of the survey was that the pandemic has had a negative impact on the health and wellbeing of employees, with mental health highlighted as a key area of concern. As a result, Henkel's sixth global health campaign placed its focus on mental health and self-efficacy.

The Journey to Myself 2022 health campaign featured activities aimed at improving the mental resilience of employees through a series of initiatives. A holistic approach combined the mental, physical and social components of health. More than 2,650 employees worldwide have been trained as MentalScouts who act as ambassadors for this topic within the company. Supporting material for this program includes a workbook for employees designed to help them address and strengthen their own mental health over a six-month period. The workbook has been translated into more than eleven languages and distributed to employees around the world. Global live events and a worldwide Challenge to Myself campaign engaged employees with physical, mental and social health tasks. The winning countries in the competition made a donation to tree planting projects in each region. Using this approach, Journey to Myself 2022 reached more than 90 percent of our employees.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

In addition to the Global Health Campaign, Henkel supports its employees in maintaining their mental resilience by offering advice on the subjects of time-, stress-, and conflict management, as well as coaching as a preventive, development and coping service. In addition, there are tailored care packages for the early medical treatment of health disorders. Our educational platform also offers learning paths on physical and mental health with short learning units. Online training courses are also available globally, offering managers an opportunity to learn how they can contribute to greater motivation and a better working atmosphere combined with higher performance, while at the same time reducing absences due to illness.

We broadened our health management system in 2022 to take greater account of increasingly flexible work requirements. A key element of the → **Smart Work** strategy is a central digital platform for health and well-being. A wide range of programs in this area focus on both physical and mental wellbeing, with an increasing emphasis on prevention and better individual support. For example, we offer services that provide our employees with support in coping with professional and family problems, as well as help in the event of physical or mental illness. The portfolio includes travel and emergency assistance, as well as medical services.

In addition to providing individual psychological and social counseling, our social services at all of our German sites also offer assistance with workplace integration management and the → **work-life balance**, for example in the search for childcare or in the case of relatives in need of care. At all locations in Austria, Germany and Switzerland, we also offer preventive health training aimed at strengthening the individual's own personality, identifying existing resources and teaching helpful coping strategies for dealing with daily challenges at work and in everyday life. In addition, Employee Assistance Programs (EAP) are available to meet the support needs of employees in other countries.

Demography and Work 4.0

We launched a demography program at our headquarters in Düsseldorf in 2013 to promote long-term employability against the backdrop of demographic change. This holistic concept includes a combination of preventive occupational healthcare with a general medical check-up, workability index and employee surveys. This program is complemented by the TOP Check 4 Health assessment for mental stress. In this process, supervisors and employees systematically analyze work flows, work organization and environment, and teamwork and leadership. Where improvement is needed, they also initiate measures to address problems. This also includes specific suggestions and offers for improving and maintaining the health and performance capabilities of participating employees.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

High level of occupational safety

“Zero accidents” as a long-term goal

Occupational safety within the company and along the value chain was a top priority for us even before the COVID-19 pandemic. We remain focused on our long-term objective of zero accidents and want to improve our occupational safety by 60 percent by the end of 2025 compared to 2010. We have anchored this overarching goal as a key performance indicator in our sustainability strategy. In 2022, we recorded 0.7 occupational incidents per million hours worked by our employees. This is an improvement of 42 percent over the base year 2010. In 2022, there were no fatal occupational accidents involving an employee of Henkel or an external company working on behalf of a Henkel company at a Henkel site.

To achieve our goal, we invest in training to raise awareness and increase technical safety standards. We regularly review whether our [Safety, Health and Environment \(SHE\) standards](#) are being strictly adhered to and we are committed to improving occupational safety at our subcontractors and that of other companies’ employees working at our sites.

Regular training courses are held at all sites to ensure that our employees are able to identify and eliminate accident risks. We are increasingly extending the programs already in place in certain areas to cover the entire company. We also conduct global safety campaigns aimed at creating even greater awareness of the most important safety issues among our employees.

Occupational accidents per million hours worked¹

At least one day lost (excluding commuting accidents)	2018	2019	2020	2021	2022
Henkel employees	1.0	0.7	0.6	0.7	0.7
Temporary employees ² who work at Henkel sites and are directly contracted	1.0	0.6	0.7	0.4	0.6

¹ 99 percent of Henkel employees were covered.

² Staff hired through an agency or third party and supervised by Henkel.

Serious occupational accidents (Henkel employees)¹

More than 50 days lost	2018	2019	2020	2021	2022
Accidents during typical production activities	11	8	5	15	8
Accidents while walking or moving around (e.g., stumbling)	9	5	8*	7*	10

¹ 99 percent of Henkel employees were covered.

* Data adjusted.

Measures for improved workplace protection and safety

In 2022, all business units continued their efforts to increase the engagement and participation of our employees in safety programs.

Henkel’s largest-ever World Safety Day campaign was implemented across all business units worldwide in 2022. Close to 9,000 employees and contractors participated in various activities at the end of April. The focus of the campaign was risk identification and mitigation, including the development of risk assessment capabilities. A flexible activity menu was designed to choose from, with gamified training activities around the focus theme. Participants were free to choose from these activities. A virtual quiz event was also held for employees who were not present at the event.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The Adhesive Technologies business unit successfully launched the Plant Manager Safety Academy as part of its key initiative: SHE Engagement, which aims to create collaborative safety practices and knowledge sharing. Two targeted workshops for plant managers were held in 2022. The theme of the workshops was “Committed to safety through Culture” where we equipped and prepared our plant managers to foster an empowered safety culture.

The business units also continued working to improve our corporate standards. One example of this is the Corporate SHE Incident Reporting definitions and procedures. Adhesive Technologies designed and introduced a revised Occupational Risk Assessment procedure with standardized methods and tools. The aim of this was to ensure alignment across the business units by leveraging best practice methods from various regions and bringing them together into one globally aligned procedure. With a view to further mitigating risks associated with forklifts, all of the business units worked with the Corporate SHE department to update the relevant procedure and ensure uniform safety requirements.

To raise the awareness of sales and merchandising employees in the Beauty Care business unit with regard to uncontrolled circumstances and accidents (e.g. tripping), the Global Safety Team produced a handy reference with practical safety information and training instructions to help raise awareness among employees. The “My Safety Pocket Guide” was distributed to the relevant teams around the world to reinforce the safety message.

Future of work

Flexible working prioritized

At Henkel, we measure performance by results and not by presence. This is why we have been promoting flexible working models for many years. Based on a culture of trust, part-time work, flexible working hours, new workplace concepts and mobile working are a natural part of our work. By signing our global [Work-Life Flexibility Charter](#) in 2012, the Management Board has been emphasizing the importance of this topic at Henkel for many years. Our managers are instructed to put opportunities for flexible working into practice and to support them actively.

Part-time employees

in percent	2018	2019	2020	2021	2022
Part-time contracts, global	3	3	3	3	3
Western Europe (including Germany)	9	10	9	9	9
Germany	12	12	12	11	12

Part-time work models are of relevance mainly in Western Europe and especially in Germany. In emerging markets, such as Asia, Eastern Europe, the Middle East, and Latin America, there is significantly less demand for part-time work models.

The COVID-19 pandemic has again highlighted how well virtual collaboration and mobile working work, as well as how important it is to pull together as a team. We leverage these experiences and insights to actively shape and develop our corporate culture and working environment. We want to create the [workplace of the future](#) for our employees. Our



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

EQUITY

EDUCATION

WELLBEING

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

sites and offices will at all times serve as places to collaborate and exchange ideas. At the same time, a future-oriented working environment also offers employees more flexibility and freedom to find an optimal balance between their professional lives and their private lives. That is why Henkel developed the Smart Work concept in 2021.

Smart Work concept with four elements

In a world with ever-growing demands that is becoming increasingly complex and dynamic, operational measures to maintain mental health are becoming more and more important, particularly against the backdrop of the COVID-19 pandemic. Smart Work is a holistic approach to preparing our employees and our organization for the future of work. Smart Work not only covers how we frame mobile versus office work, but also how our offices can better support collaboration among our employees and creativity, how we can improve our health program, and how we can explore the potential of our digital landscape.

We are working with four elements to shape the future of work at Henkel together with all our employees: “Let’s get mobile,” “Let’s get inspired,” “Let’s get healthy” and “Let’s work digitally.”

“Let’s get mobile” is a global mobile working policy allowing eligible employees to work mobile for up to 40 percent of their working time, in alignment with their supervisors and teams. We opted for a percentage because it provides maximum flexibility to eligible employees based on their working arrangements. The mobile working guidance has been launched and actively communicated worldwide since the global rollout of Smart Work in 2021.

Another key element contributing to wellbeing is the design of work-places. “Let’s get inspired” also marks the revision of our global office strategy. Step by step, Henkel is renovating its offices around the globe to make them more inviting and to help improve work efficiency, promote collaboration and creativity, as well as advance sustainability and wellbeing. For example, we are combining office space and activity areas to serve as collaboration and fitness areas, allowing for flexible use of the space. This smart linking of spaces makes them more appealing to employees and helps them achieve their health goals at work. Standardized digital tools and physical equipment are available to enable individually guided practice. “Let’s get healthy” builds on the current health concept by incorporating the aspect of greater flexibility in work requirements and integrating health programs into the digital and physical world of work.

A key element of the Smart Work strategy is a central digital platform for health and wellbeing. The MyCare Hub raises awareness and increases uptake of all local and global health and prevention services as a central platform for health campaigns, ranging from vaccinations to our collaborations with sports and fitness providers, which we have also expanded globally. The next step will be to expand this concept to include a personal mobile health app to help our employees achieve their individual health goals.

Using the slogan “Let’s work digitally,” we are exploring improvements that can be made to the digital workplace and how we can improve virtual collaboration and digital participation for all. In Germany, for example, we have provided all non-managerial employees with an iPad to give production workers access to our digital programs as well.

TRUSTED *PARTNER*

We draw on our value-oriented corporate culture and our scientific and technological expertise to strengthen our performance while maintaining our integrity. We deliver safe and best-in-class product and technology solutions to our customers and consumers. We integrate sustainability in our portfolio and in our business processes, and provide transparent reporting on this to our stakeholders.

106 PERFORMANCE

115 TRANSPARENCY

126 COLLABORATION



TRUSTED PARTNER

We are committed to product quality and safety while ensuring business success through integrity.

TARGETS AND AMBITIONS

CONTENTS



PERFORMANCE

Reliably deliver best-in-class product performance and chemical safety as the foundation of our business success.

Each new product

contributes to sustainability



Provide our customers and consumers with a comprehensive sustainability profile of our products (2025)

Become

3x

more efficient
(2030; vs. 2010)

- Products and technologies
- Product safety



TRANSPARENCY

Integrate sustainability into our business governance with transparent reporting, disclosure and engagement.

100%

transparency and traceability for
palm and palm kernel oil (2025)

- Measurement, assessment and reporting of ESG data
- Sustainable finance
- External assessments



COLLABORATION

Scale sustainability impact with our partners, leading to responsible business practices in our supply chain.

Commit to

100%

responsible sourcing together
with our partners

- Sourcing
- Together for a sustainable supply chain
- Cooperation along the value chain and beyond



PERFORMANCE

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

With our wide-ranging product solutions and technologies, we aim to support the economic, environmental and social transformation and drive it forward together with our partners. This will make it possible for us to contribute effectively to sustainable development both locally and globally, and to shape our business responsibly while increasing our economic success. In order to achieve this, we must offer our customers and consumers reliable, best-in-class product quality and safety.

It is our continuous ambition that each new product contributes to sustainability. We also intend to provide our customers and consumers with a comprehensive sustainability profile of our products by 2025. We aim to measure sustainable transformation with respect to both our product portfolio and our company. Our target for 2030 for the entire company is to triple the value we create for the environmental footprint made by our operations, products and services (compared to the base year 2010). We call this target to become three times more efficient “Factor 3.” The increase in efficiency results from the ratio of sales volume relative to the environmental footprint per production volume. The three dimensions of environmental footprint, CO₂ emissions, waste and water, are equally weighted. In 2022, we increased revenue per sales volume by 30 percent compared to our base year of 2010. This development was strongly influenced by portfolio changes and price increases. In addition, compared to our base year of 2010, we reduced CO₂ emissions by 55 percent per ton of product, used 25 percent less water and generated 43 percent less production waste. On average, we were able to reduce the environmental footprint across these three dimensions by 41 percent. The increase in efficiency totaled 121 percent in 2022.

A high degree of innovativeness is essential for sustainable and efficient transformation, which is why criteria for → **assessing the sustainability** of our products are systematically anchored in our innovation process. In 2022, we employed an average of around 2,700 people in research and development, and invested 543 million euros (adjusted operating profit) in these activities.

It is both our obligation and our commitment to ensure that our products are safe for people and the environment. This reflects our commitment to operating our business in an ethically and legally appropriate manner, which is crucial to fostering and maintaining trust in our products. We conduct comprehensive risk analyses and tests to ensure compliance with external requirements and our internal standards worldwide.

HIGHLIGHTS

- Continuing to drive the sustainable transformation of our product portfolio
- Campaigns to promote sustainable consumption
- New portfolio assessment process supports the sustainable alignment of the Adhesive Technologies business unit
- “Product Brand of the Year” Award for the Love Nature brand
- Further development of alternative test methods

EUR 543 million

for research and development

Around 2,700

employees in research and development

121 %

overall efficiency (vs. 2010)



Products and technologies

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Contribution of our product portfolio to sustainability

Our → **business units** in the consumer goods and the business and industrial customer segments align their brands and technologies with the specific sustainability challenges that are most relevant for their product portfolio, and integrate sustainability more strongly into brand and business strategies.

In our consumer goods business, the Laundry & Home Care and Beauty Care units are developing their ↗ **product portfolios** using resource-efficient technologies, with a particular focus on sustainable packaging solutions and optimized ingredients. They are driving the expansion of sustainable brands, and gradually transforming the entire product portfolio with a holistic approach.

Our Adhesive Technologies business unit is developing solutions that enable our business and industry customers to advance their contribution to sustainability through a combination of technical materials expertise and science-based innovations. With our customized products, we want to help reduce emissions, increase energy and material efficiency, recycle valuable resources and improve safety during the manufacturing and use phases, as well as for end users.

Developments in the consumer goods business of Laundry & Home Care and Beauty Care

Our business units in the consumer goods business continued to drive forward the sustainable transformation of their own product portfolios in 2022. This effort encompasses innovations and additional developments, for example, in the areas of circular economy, sustainable packaging and ingredients.

In 2022, Laundry & Home Care made further progress in promoting a circular economy. We are driving the use of more sustainable packaging solutions across our brands by increasing the proportion of recycled plastic and offering refill packs. The new Pril product range “Strong & Natural” is one example of this, which now includes a refillable pump dispenser. The bottle body is made entirely of recycled plastic and the refill bag reduces plastic usage by 70 percent compared to the pump dispenser. 93 percent of the formula consists of ingredients of natural origin, as well as food-certified colorants and fragrances. We have also maintained our partnership with the social enterprise → **Plastic Bank**. The partnership includes the use of Social Plastic® in product packaging. For example, the bottle body of the limited edition Pril dishwashing product is made from 100 percent Social Plastic® and the bottle cap is made from 84 percent recycled material. This represents a continuation of our commitment from last year.

We are also working on expanding our brands with sustainability claims such as ↗ **Pro Nature** and Love Nature. The Love Nature brand has developed a diversified range of laundry detergents, bathroom and all-purpose cleaners, as well as hand and automatic dishwashing products that offer powerful cleaning performance while meeting high sustainability standards. Love Nature products are certified with the EU Ecolabel and are manufactured without ingredients of animal origin. In 2022, the brand’s sustainable concept also won the → **German Brand Award** as “Product Brand of the Year.” These “Wash Bars” are solid detergent in block form to help users manage doses, and are packaged in a water-soluble, biodegradable shell. The cardboard outer packaging is compact, space-saving and recyclable.

Additional product innovations in our Beauty Care unit also contributed to the sustainable transformation of the product portfolio in 2022. These



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

include new product launches under our Schauma and Dial brands. With our Schauma shampoo, for example, we offer refill solutions as well as bulk packaging. These large bottles are made of 50 percent recycled plastic, and the bottle body and pump are both recyclable. Our Dial cosmetics brand is continuing its commitment to sustainability and the circular economy through the introduction of refill concentrate and partnerships with the organizations [Plastic Bank](#) and [Solidaridad](#), among others. We use refill packaging made from 100 percent Social Plastic® for our cosmetic products, including Dial.

We also use Social Plastic® for the packaging in our hair and body care brand [Nature Box](#). Nature Box was the first consumer goods brand in the world to start using Social Plastic® as a packaging material for all of its bottles in 2020. These liquid products have been supplemented since 2021 by solid conditioners in recyclable packaging made of FSC-certified paper, in addition to solid shampoos and shower care products. Nature Box also combines high standards of production and quality with a long-term sense of responsibility, including cooperation with its international partners. For this reason, we are collaborating with the international development organization Solidaridad and the specialty chemicals company Solvay to support smallholders in the sustainable farming of guar and palm kernel oil, both feedstock materials used to make ingredients found in this product range.

In order to further promote the circular economy, we use aluminum tubes made from 100 percent recycled metal in hair color brands, for example in our brands Igora, Live, Brilliance and Natural & Easy. We plan for this process to be adopted for our entire hair color portfolio. In 2022, we also further extended our product range and expanded our concept for the professional brand [Authentic Beauty Concept](#), and introduced refill stations in hair salons. Both hair stylists and consumers can use these refill stations to refill their favorite products again and again in a suitable bottle.

Developments in the business and industrial customer segment of Adhesive Technologies

The focus of our Adhesive Technologies business unit is on enabling sustainability for our customers as well as on optimizing the footprint of our own operations. To this end, we develop customized technological [solutions](#) in the areas of bonding, sealing and coating. Even though our products typically make up only a small proportion of the end product, they can be a relevant factor that helps our industrial customers and business partners achieve their sustainability goals. We have identified three focus topics in which we want to particularly advance sustainability through our technologies: climate, circularity and safety.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

- Our products help to reduce emissions in production and promote the conservation of resources through the efficient use of energy and materials. This will particularly reinforce the future trends that we expect to shape the sustainable development of our industries. Examples of this include solutions in the area of electromobility that contribute to increased safety and the protection of car batteries. Our  **Sonderhoff** sealing foams also help conserve resources by extending the lifetime of car batteries through easy maintenance and repair.
- Our solutions ensure that valuable resources are kept in the cycle: through using renewable raw materials in production, and by promoting the reuse and recycling of materials at the end of their life cycle. For example, our recycling-optimized adhesives of the  **Loctite® Liofol** range contributed to the development of flexible circular packaging in a collaboration with packaging manufacturer Wentus and recycling specialist Saperatec. The packaging consists of 35 percent post-consumer recycled material obtained from multilayer packaging that is particularly difficult to recycle.
- We attach great importance to continuously optimize the safety and environmental compatibility of our products. We go beyond legal requirements and are committed to avoiding substances of concern – for example, by developing  **Bonderite** metal coatings that provide corrosion protection without the use of hexavalent chromium, while continuing to meet the industry's high standards for product performance.

The sustainable alignment of our portfolio is supported by an  **internal portfolio assessment process** that we use to perform a systematic, science-based analysis of the sustainability contribution of our products along the value chain.

We place a strong focus on collaboration with our stakeholders in order to holistically drive sustainability. Each year, for example, we recognize outstanding supplier performance with awards in the area of sustainability. In 2022, the award went to BASF for its strong commitment to shared sustainability goals. We also aim to work with our industrial customers to promote sustainable change in our industries. We created a special platform for cross-industry exchange and the identification of effective partnerships as part of the  **Innovation & Sustainability Days** in 2022.

We also strive to use our broad market access to put innovative approaches into practice across industries: for example, the use of renewable carbon sources through the mass balance principle. This is a transparent model for tracking the amount of certified and non-certified material along the entire production process.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Promoting sustainable consumption and the responsible use of resources

Our products are used millions of times a day in households and industrial processes. This is why we concentrate on developing products that enable resources such as energy and water to be used efficiently during everyday life. Our aim is to help our customers and consumers save → **CO₂ emissions** through our products and expertise. Through targeted communication, we also strive to encourage responsible-minded behavior while using our products. For instance, the use phase accounts for up to 90 percent of the environmental footprint of many of our consumer goods products. It is essential that companies and also each individual is able to make a contribution to greater sustainability through their behavior.

Through our [Be smarter. Save water.](#) Beauty Care initiative, which was launched back in 2016, we aim to raise consumer awareness about the responsible use of water as an important resource. Using less hot water also results in less CO₂ emissions. The initiative includes information provided on Beauty Care product packaging for various brands, as well as a related [website](#). We are also raising awareness of the need to save energy when washing clothes by placing the “be sustainable – wash cold” logo on our laundry detergent packaging to draw consumers’ attention to this topic. Through continuous research and development partnerships, as well as significant investments in new formulations, we enable our consumers to achieve excellent washing results when using increasingly concentrated dosages at lower temperatures – or even when washing laundry in cold water.

In addition, the #RethinkFashion initiative from our Laundry & Home Care Perwoll brand has been encouraging a more conscious approach to clothing since 2018. This includes proper care to prolong the life of textiles, as well as the upcycling of clothing. Perwoll presented its first exclusive capsule collection at the ABOUT YOU Fashion Week in Milan in 2022. In collaboration with a stylist, around 20 exclusive fashion looks that have been reinterpreted exclusively from vintage and second-hand clothing were created in the “NOT NEW” collection for this year. Perwoll is using this as a way of making a clear statement: It doesn’t always have to be new. The aim is to encourage consumers to think differently and to highlight the value retention of textiles.

We are also addressing the important topic of the circular economy by launching repair and upcycling campaigns in our adhesives business. The aim is to raise public awareness among consumers of the need to give used or broken everyday objects a second chance and to find creative ways to give them new value instead of throwing them away. In 2022, for example, we opened free-to-attend “Loctite® 2nd Chance” shops with our Loctite® brand in the UK in London, Birmingham and Manchester. The [brand website](#) also provides a wide range of information, such as repair instructions and inspiration for consumers to carry out their own projects. In addition, in Germany in the summer of 2022, an event was held by our Pattex brand in downtown Düsseldorf. The event featured live workshops and opportunities to interact with local Pattex experts and DIY influencers to inspire consumers to repair old and used items or add value through upcycling and repurposing. We plan to continue this campaign in other cities next year.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Product safety

Product responsibility as an important lever for sustainability

Our business and industry customers and consumers should be able to rest assured that our products are safe when used as intended. All raw materials and finished products are subjected to numerous assessments and tests to ensure a high level of safety during production, use and disposal. This is based on ensuring compliance with statutory requirements and more extensive [Henkel standards](#).

Our researchers, product developers and [product safety](#) experts assess ingredients according to the latest scientific findings and safety data. They continuously track Henkel products on the market and incorporate the insights gained into the assessments. We follow a risk-based approach in accordance with scientific standards when assessing the consumer safety and environmental compatibility of materials and products. A key step in this assessment process is that, in addition to the safe concentration for using a substance, we also determine the extent to which humans or the environment are exposed to it. Since exceeding the safe concentration for use may result in a risk to humans and/or the environment, we restrict the use of the substance in these cases to relatively low concentrations and/or certain product categories. In individual cases, this can also lead to a substance not being used at all.

Since many of our products, such as detergents and cleaning agents as well as cosmetics and personal care products, pass into wastewater after use, their composition has been designed to minimize the impact on the environment. Wastewater from chemical engineering applications is treated using state-of-the-art technology to remove harmful substances, and is then disposed of properly.

In selecting and using ingredients, we also follow controversial discussions in the general public about the safety of chemical ingredients in products as part of our monitoring. As a rule, we respond by critically reviewing the scientific basis of our assessments with particular care. If this gives rise to reservations about product safety, and if the scientific data and findings cannot dispel these doubts, we either avoid using a substance altogether or restrict its use so that it will still meet our stringent safety criteria.

At the same time, it is becoming increasingly important to enable consumers to learn about the ingredients contained in our products. In line with this, we will enhance global transparency about the substances used and their respective safety. Regular audits are carried out to verify compliance with corporate product safety requirements and procedures. The business units are responsible for the implementation of the respective measures.

Identifying hazards – assessing risks

In assessing the safety of a product, the first step our experts take is to determine whether its ingredients could pose a hazard to people or the environment. An exposure analysis is carried out in a second step to clarify the extent to which people or the environment could be exposed to this substance. This analysis is important as, in most cases, a harmful effect will only occur when the quantity and concentration of the questionable substance reach a certain level. The results of these two steps have to be combined to arrive at a comprehensive risk assessment. It is only by considering this overall picture that our experts can make reliable statements about whether a product will be safe when it is used. A simple example is acetic acid, which represents a potential hazard because it can cause serious harm in high concentrations due to its caustic properties. When used as vinegar in diluted form in our food, however, it does not pose a risk.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Evaluation of the substances used

Regarding substances with certain dangerous properties, we have decided that these shall not be used at all for specific applications. For other substances, we have introduced strict internal constraints and restrictions and, by doing so, we actually go beyond legal requirements. In other cases, we work to further improve health compatibility by developing alternative ingredients. One example of this is the switch from solvent-based to water-based formulations for our consumer and contact adhesives.

Assessment of the products

Once they have evaluated all of the individual ingredients, our experts perform a further safety assessment focusing on the overall formulation of a product. This looks at the properties of the individual ingredients, their concentrations in the product and the conditions under which the product will be used. Products for use on the human body are additionally evaluated dermatologically. The results of these evaluations and assessments then form the basis for defining the required precautionary and protective measures for safe use of the product. These measures are specifically adapted as appropriate, taking account of whether the product is to be used by consumers or industrial professionals, and can range from package design features, through to detailed instructions and warnings, or restrictions regarding use.

Controversially discussed ingredients

Scientists and the general public often take different views regarding the risks that chemical substances might pose. There are many reasons for this. Particularly often, we see that a direct link is made between the

potential hazard a substance may have for humans or the environment and the ensuing risk, without taking into account the extent to which humans or the environment are actually exposed to that substance. It is our view that a differentiation must be made between hazard and risk, and that this is in fact essential to ensure that safety assessments of ingredients reflect reality.

Product safety assessments





FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Product recall process

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 customers and consumers, in 2009 Henkel introduced a corporate standard for potential product crises and product recalls that applies to all sites. This global corporate standard defines binding procedures, clear responsibilities and guidelines for an appropriate and rapid response if deviations and unforeseen events were to occur in connection with our products, despite all of the safety precautions we have taken. Following a fundamental revision of this corporate standard, our internal target groups were informed about new content in 2020 through training sessions and short presentations. A digital training course has also been available in multiple languages since the end of 2020.

Alternative methods

We have a clear **commitment**: We do not test our cosmetic products, our detergents and cleaning products, or our adhesives for industrial customers, consumers and craftspeople on animals. Unfortunately, we cannot claim that animal testing no longer plays any role at all. This is because there are some countries where animal testing is still mandatory to obtain market and/or regulatory approval for products such as cosmetics, detergents and cleaning products, or adhesives. We are working together with the relevant industry associations to convince the authorities to abandon animal testing. Furthermore, we believe being present in these markets and supporting the non-animal testing agenda will ultimately help to gain acceptance for alternatives to animal testing.

We and other manufacturers in our industry cannot rule out the possibility that an ingredient was tested on animals at some point before it was introduced to the market. In particular, this is because we mostly source our ingredients from suppliers, and manufacture very few ingredients ourselves. In this context, it is also important to know that ingredients used in products including detergents, cleaning products and adhesives are chemical substances. This means they must be secured by the respective manufacturer in line with the relevant legal requirements for chemicals, such as the **REACH regulation** in Europe. In some cases, animal testing is still required by law to ensure safety and compatibility for humans and the environment. This is because recognized alternative methods are not yet available for all aspects of testing. We use recognized, alternative testing methods or existing data to demonstrate the safety of our ingredients.

For 40 years now, we have been intensively committed to developing alternative testing methods ourselves. Henkel was one of the companies that founded the **“European Partnership for Alternative Approaches to Animal Testing” (EPAA)** in 2005, together with the European Commission and several industry associations. Since then, this partnership has advanced numerous projects that have successfully promoted alternatives to animal testing and made them usable for conducting safety assessments in line with the REACH regulation.

Wherever possible, questions regarding the skin compatibility of ingredients are now investigated with the help of in-vitro tests. A variety of in-vitro tests have been developed over the past decades by Henkel in cooperation with external partners. They have been proposed for international recognition by the Organization for Economic Cooperation and Development



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

(OECD) as a substitute method for animal testing. For this purpose, Henkel uses skin models produced in its own laboratories under the [Phenion®](#) brand, which earned the Rhineland Innovation Award in 2022. The [epiCS® skin model technology](#), which is officially recognized by the OECD for assessing skin-corrosive potential and has also been used to assess skin-irritant potential since April 2019. In 2022, we also developed open-source cornea models. Our scientists are currently working to ensure that the skin and cornea models can also be used to research other chemical safety issues. You can find more information on the website of the European Commission's [Scientific Committee on Consumer Safety](#).

Additionally, we make our expertise available to legislators through a range of associations to shorten the lengthy processes leading to recognition of an alternative test method and to promote the acceptance of proven alternatives. Computer-aided analysis is also playing an increasingly important role in our testing and assessment strategies.

Innovations for health and safety

We test and assess our raw materials and finished products throughout the entire product lifecycle to make sure they meet the highest standards. It goes without saying that our business and industry customers share our commitment.

This focus will gain even more importance with regard to consumer protection, as a result of the European Union's new Chemicals Strategy for Sustainability, which is part of the Green Deal. Our company is actively involved in the High Level Round Table, represented by our Executive Vice President Human Resources and Chair of Henkel's Sustainability Council, Sylvie Nicol. This group of experts, convened by the European Commission, provides support in achieving the goals of the European sustainability strategy.

In addition to the chemical safety of our products, we also support health and safety along the value chain. For example, there are our innovations in Adhesive Technologies. The Loctite® EA9400 and Loctite® FPC 5060 fire protection solutions, for instance, are contributing to improve the safety of batteries in electric vehicles. The heat shielding effect of the protective coatings delays the spread of a fire in the event of an accident-related ignition of the battery to help the occupants exit the vehicle safely. The solutions also support efficient and cost-effective application processes so that manufacturers can continue to optimize battery production without compromising on safety.



TRANSPARENCY

FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
REGENERATIVE PLANET
THRIVING COMMUNITIES
TRUSTED PARTNER
PERFORMANCE
TRANSPARENCY
COLLABORATION
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

Transparency is essential for assessing responsible action and sustainability performance. This applies both inside and outside the company. Business partners and consumers, as well as investors and the financial market, are increasingly interested in products and solutions that are sustainability-oriented, and they attach more and more importance to understanding the impact of our activities along the value chain. International developments in sustainable finance and legislation are further strengthening the drive for greater transparency.

At the same time, it is crucial for us to be able to assess and manage our own sustainability and to measure the progress that we make toward our targets across the entire company and our value chain. To this end, we are driving digital solutions and drawing on cross-business unit and cross-functional collaboration and external partnerships worldwide. This strengthens our information base and builds necessary confidence in our sustainability performance. Our aspiration is to further integrate sustainability into our business governance, processes and policies while promoting transparent reporting, compliance with disclosure requirements and engagement.

The assessment and recognition of our performance by independent sustainability experts also creates transparency. As investors and customers increasingly focus on ESG, this is also reflected in the importance of these external assessments. Our participation in recognized ratings and rankings and our inclusion in numerous sustainability indices enable us to meet these information requirements.

HIGHLIGHTS

→ Ongoing commitment to sustainable finance with a supplier program linked to sustainability criteria

→ Intensive dialogue with investors at Capital Markets Day 2022

→ Continued progress on our palm oil supply chain transparency program

→ Recognition of our performance in multiple sustainability ratings, rankings and indices

>99 %
of annual sales is covered through product life cycle appraisals

89 %
traceability of palm (kernel) oil back to the mill

50 %
traceability of palm (kernel) oil back to the plantation

Measurement, assessment and reporting of ESG data

We use a variety of methods and tools to assess our progress across the entire company and our value chain. We are continuously developing these methods and tools, which include trend and market analyses, as well as the evaluation of ratings and life-cycle analyses. In addition to the achievement of our → **sustainability targets**, we continuously review our management processes and optimize them where needed. This includes measures in the areas of environmental protection and occupational safety, technical developments and process optimization to reduce



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

resource consumption and costs. These measures are supported and implemented by our business units, our corporate functions and our regional and national companies.

They are also working together on a cross-functional and cross-business unit initiative to increase the transparency of sustainability data in order to further develop the steering and reporting of this data, leverage the expansion of digital solutions, and strengthen the foundation for further developments. We are closely monitoring the evolving understanding and expectations of ESG data both nationally and internationally, and are developing our approach accordingly. This gives us a broader base to meet our markets' growing transparency requirements, drive profitable growth, and better manage our existing portfolio when it comes to sustainability.

Today, our innovation process employs a variety of tools to systematically analyze, measure and evaluate our products. For the product categories, sustainability topics and metrics are considered accordingly in the innovation process. Our researchers have to identify the points in the value chain and the strategic areas in which the product offers concrete advantages. Each product receives a separate sustainability profile based on this data. To make it easier to optimize our products while they are being developed, we integrate the environmental profiles of potential raw ingredients and packaging materials into the information systems of our product and packaging development teams. This allows the footprint of a new formulation to be calculated as early as the development phase.

Footprint across the entire value chain

We use representative life cycle appraisals for all product categories and simplified life cycle appraisals to assess our footprint along the entire value chain. We also assess data covering the raw ingredients and packaging materials we use, as well as relevant transport operations. We cover, among other activities, more than 99 percent of annual sales through full or partial life cycle appraisals of the relevant greenhouse gas emissions. This involves determining the climate-relevant greenhouse gas emissions throughout the value chain of a product – from the extraction or cultivation of Henkel raw materials, through to production, processing, use and disposal of our products. In this way, we ensure validated reporting on the emissions of our products.

In preparing life cycle analyses, we use our own primary data as well as specific data from our suppliers, customers and other partners along the supply chain. We make use of reliable and specific databases for secondary data, such as certain emission factors or average values. To further develop metrics and indicators, we collaborate with external partners on topics such as product carbon footprints and water footprints. We also participate in international initiatives such as the [Sustainability Consortium](#) and the [Consumer Goods Forum's](#) Measurement Group. We also participate in various initiatives, such as [Together for Sustainability](#), [Catena-X](#), [A.I.S.E.](#), the [Eco Beauty Score Consortium](#) and the [Renewable Carbon Initiative](#). The aim is to standardize and harmonize the methodology for calculating product lifecycle appraisals, improve data quality, integrate supplier-specific data and primary data, and drive digital data exchange. For this reason, Henkel participates in pilot projects in the USA and Europe with the aim of driving forward the development of a reliable and internationally harmonized method of determining product life cycle analyses.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Supply chain transparency

As part of our supplier management, we are working to improve the transparency and traceability of our upstream supply chains. We see these as key to ensuring sustainable agricultural practices and fair working conditions, as in the palm oil industry, for example. This is why Henkel is a member of the cross-industry initiative → **Action for Sustainable Derivatives**, founded in 2019, in which companies are working towards the shared goal of generating more transparency in the palm oil value chain.

In 2022, we increased the traceability rate to the mill to 89 percent and the traceability rate to the plantation to 50 percent by engaging with our suppliers to map our joint palm-based supply chain.¹ We did this with the support of an external sustainability consultancy. We are joining forces with pioneering partners to explore digital technologies with the potential to increase traceability and transparency in the palm oil industry. This is how we continue to build on our commitment to sustainable sourcing.

Sustainability assessment by the business units

In collaboration with the European Commission and various stakeholders, the European International Association for Soaps, Detergents and Maintenance Products (Wasch-, Pflege- und Reinigungsmittelverband → **A.I.S.E.**) conducted a multi-year pilot project running until 2019 on the Product Environmental Footprint (PEF) of heavy-duty liquid detergents for machine applications to reduce the overall footprint of products. Henkel was joined in the project by other companies, national industry associations, and the external organizations → **CESIO**, → **Global Standards 1**, → **SGS**, the → **Sustainability Consortium**, the → **Swiss Federal Office for the Environment**, and the → **Technical University of Berlin**. The project resulted in the publication of rules based on product categories and life cycles. This is the first method based on a harmonized and transparent life cycle assessment (LCA) in Europe. However, it is not yet sufficiently mature at

the current stage of development to allow accurate product comparisons, as LCA science is still evolving. For example, some impact assessment methods are not yet ready to be applied to comparative, detailed assessment at the product level or to market communication. However, they are useful for reviewing, prioritizing, and managing the eco-design of products within the company. As an active member of A.I.S.E., we support the association's goal of integrating a harmonized PEF method into the regularly updated product evaluation of the → **"Charter for Sustainable Cleaning,"** which has already been in place since 2006. We also contribute in particular to the working groups on the Green Deal together with our industry partners.

A.I.S.E. also continues to work on the new Ecodesign Regulation for sustainable products. The association is pursuing the review of the Unfair Commercial Practices Directive (UCPD), with a focus on sustainability labels and certification schemes. The A.I.S.E.'s main priority is to ensure a balanced and reliable approach to the future legal framework for sustainability labels (such as the A.I.S.E. Charter for Sustainable Cleaning). A.I.S.E. continues to work with other trade associations such as → **AIM** on aligning sustainability labels as well as other relevant green claims. Today, there are also consumer apps that evaluate products in the non-food sector, particularly when it comes to their ingredients. As part of this effort, in 2021, with the help of cross-departmental innovation teams in Laundry & Home Care, we laid the foundations for developing a country-specific consumer app for France based on the latest scientific research. This internal project has made it possible for us to compare different third-party assessments with our own data. This provides valuable insights for our product development. We initially began with health criteria, but we are also taking into account criteria relating to the environment and product performance. After previously focusing on the French market with the app, the consumer app was rolled out more broadly to Western Europe in 2022. The

¹ The survey was conducted in 2022 based on the supplier data for 2021.



FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
REGENERATIVE PLANET
THRIVING COMMUNITIES
TRUSTED PARTNER
PERFORMANCE
TRANSPARENCY
COLLABORATION
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

next step will be to add other indicators, such as, in the case of the environmental assessment, the values for the carbon footprint. A.I.S.E. is planning to develop suitable evaluation software and to begin with two categories: liquid detergents and spray cleaners for surfaces.

Our Beauty Care business unit has calculated the environmental footprint of more than 200,000 product formulas over the past seven years. Each formula comes with a compact sustainability report that clearly summarizes relevant categories, such as carbon footprint, biodegradability, data on ingredients of natural origin (according to the ISO 16128 standard developed for cosmetic products), as well as their proportion of the overall product formula. There is also a database that provides sustainability data for all relevant raw materials. This makes it possible to compare the sustainability profiles of specific raw materials. At all times, the standardized methodology, the comparability of the reports and the raw material properties provide our developers with easy access to information about how our formulas contribute to sustainability, as well as full transparency about potential optimization approaches for a reduced overall footprint.

To promote sustainable consumption, Henkel partnered with cosmetics companies Unilever, LVMH, L'Oréal and Natura to establish an  **Eco Beauty Score Consortium** in 2021. The goal is to develop an industry-wide system for assessing the environmental impact of cosmetic products to make it easier for consumers to make sustainable shopping decisions. This approach, which is based on the latest research, is designed to take into account the entire product life cycle. We also have plans to create a database of standard cosmetic ingredients and their environmental impact.

At our Adhesive Technologies business unit, we analyze the sustainability contribution of our portfolio based on an internal portfolio assessment process. By integrating this assessment into our strategic management and product development, we are able to sustainably align our portfolio based on the latest scientific findings. The assessment criteria focus on the key topics of climate, circularity, safety and natural resources along the value chain. Based on these criteria, the products evaluated are classified into four categories: While products in the Challenged and Straight Performer categories do not directly contribute to sustainability, Contributors make a positive contribution and Pioneers make an exceptionally positive contribution.

A systematic and fact-based approach means that specific supporting documentation must be available for all products with a contribution that is judged to be significant. We use an internal digital tool to ensure the traceability and transparency of all assessments and documentation. The methodology underlying the portfolio assessment is reviewed every two years so that it can be further developed on the basis of external standards and requirements. We have trained more than 900 employees from our Adhesive Technologies business unit in the implementation of this portfolio assessment process since it was developed. In 2022, in-depth and refresher training sessions were held.



Sustainable finance

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Increasing relevance for investors

Sustainability is a key component of our **strategic agenda for purposeful growth**. This topic is already highly relevant for investors and the global financial markets today, and continues to increase in importance. This means that the proportion of investors who use sustainability criteria as a basis for both their strategic portfolio management and their specific investment decisions is increasing. Institutional investors are increasingly including sustainability in their risk and opportunity management, as they are convinced that sustainable companies are more successful in the long term. This assessment is reflected in high demand from investors for corresponding financial instruments, as demonstrated by Henkel's successful bond issue with sustainability criteria in September 2022.

This development is also being actively promoted by political decision-makers at the global level – with concrete legal requirements that will lead to a significant expansion of mandatory reporting on sustainability aspects for companies, as well as initiatives for greater climate and environmental protection. For example, the European Commission's **"Green Deal"** includes measures for the financial market. In this respect, sustainability is an increasingly critical success factor for competitiveness as an issuer on the capital market. ESG (Environment, Social, Governance) is therefore a key pillar of our financing strategy. In 2022, for example, we added sustainability criteria and a new financial incentive structure to all five regional supplier credit programs while improving the individual ESG profile of our suppliers.



"ESG has become very important as a success factor in the risk and opportunity management of our investors. We implemented innovative sustainable finance solutions at an early stage and continued to develop them in 2022."

MARCO SWOBODA

CFO and Executive Vice President
Finance / Purchasing / Global Business
Solutions

Integrated dialogue with our shareholders

For many years now, we have been engaged in intensive dialogue with our shareholders on the topic of sustainability. As part of our capital market communications, we regularly report on our strategy, goals, and concrete initiatives and progress in this area. Sustainability has been an integral part of our financial reporting in our Annual Report since 2001. It is also a significant topic at our Annual Press Conference as well as Annual General Meeting – not least because it is deeply anchored in Henkel's corporate strategy, culture and values. In addition, we engage with investors, banks and other capital market players in one-on-one meetings as well as at conferences and roadshows. In particular, events with a special focus on ESG offer an important platform for these exchanges. We also provide transparent information about our positions, activities and progress in the



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

area of sustainability by responding to in-depth questionnaires from investors. This also provides us with detailed insights into the interests and requirements of capital market players with regard to relevant ESG criteria. In September 2022, the Capital Markets Day was held in Düsseldorf with the slogan “Win the 20s through Purposeful Growth”. Investors had the opportunity to gain detailed insights into Henkel’s sustainability strategy and other topics.

Sustainable financing

Henkel implemented innovative solutions in the area of sustainable finance at an early stage. We introduced an ESG Framework for Pension Asset Management in 2015 and updated it in 2020 by integrating ESG ratings for active fund managers and ESG index benchmarks for passively managed investments. In 2018, Henkel was the first company in Germany to conclude a syndicated [sustainability-linked loan](#), a credit facility linked to Henkel’s performance in the Sustainalytics, EcoVadis and ISS-oekom sustainability ratings. In July 2020, we also became the first company worldwide to issue a [Plastic Waste Reduction Bond](#). The bond consists of two tranches – 70 million US dollars and 25 million euros – and has a maturity of five years. The proceeds will be exclusively invested in projects participating in Henkel’s activities to reduce plastic waste. This bond underscores our commitment to promoting a circular economy and reducing plastic waste.

We further expanded our commitment to sustainable finance in October 2021, by defining the [Sustainable Finance Framework](#). This [Framework](#) enables the issuance of two types of bonds: sustainability-linked

bonds and green bonds. The financing costs for sustainability-linked bonds are linked to the achievement of sustainability targets, while the proceeds from the issuance of green bonds are used exclusively for sustainable investments. The framework was reviewed by the independent ESG rating agency ISS ESG, which confirmed the environmental added value and the compliance of the framework with the Green Bond and Sustainability-Linked Bond Principles of the International Capital Market Association (ICMA). With this Sustainable Finance Framework, we aim to align our business as well as our financing with our commitments and values by creating a direct link between our [sustainability strategy](#) and our funding strategy. This underscores our commitment to achieving our sustainability targets, as well as our Henkel Finance team’s ongoing commitment to actively supporting our sustainability agenda.

After Henkel successfully issued two [sustainability-linked bonds](#) with a total volume of around 720 million euros under the framework in November 2021, another bond in the amount of 650 million euros with terms linked to sustainability targets followed in September 2022. In another milestone in the area of sustainable finance, in May 2022 Henkel joined together with Deutsche Bank to link the sustainability performance of suppliers with an existing supplier finance program in Europe. All Henkel’s supplier programs in the five regions are now equipped with sustainability criteria.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

EU Taxonomy

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

According to the "Regulation (EU) 2020/852 of the European Parliament and of the Council of June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088," 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 the other environmental objectives. The environmental objectives defined in terms of the Taxonomy Regulation are: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems. In addition, the economic activity must comply with minimum social safeguards and meet the technical screening criteria established 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 the other objectives.

In 2021, the EU Taxonomy Climate Delegated Act introduced the first set of technical screening criteria to determine which activities contribute significantly to achieving two of the environmental objectives set out in the Taxonomy Regulation: climate change mitigation and climate change adaptation. The Delegated Act covers economic activities of about 40 percent of European listed companies in sectors that account for nearly

80 percent of direct greenhouse gas emissions in Europe. These sectors include energy, forestry, manufacturing, transportation and real estate.

As Henkel is obligated to report on its activities under the EU Taxonomy Regulation, each year we review our economic activities, as well as our operating and capital expenditures. In 2022, this followed the intermediate taxonomy eligibility reporting requirements. This year, for the first time, we are reporting on taxonomy eligibility and alignment.

Accounting policy

The reported economic activities relate to the first of the two climate goals – the contribution to climate change mitigation. Therefore, double counting in the classification of economic activities is prevented.

The definition as well as the subsequent determination of the reference values (denominators) for the taxonomy key figures of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are based on the International Financial Reporting Standards (IFRS).

The denominator for turnover is determined in accordance with IFRS 15 "Revenue from Contracts with Customers." For more information on turnover, please refer to the corresponding item "Sales" in the consolidated income statement on page 204 of the [Annual Report 2022](#). For more information on the principles of turnover recognition, please refer to section 24 (pages 308 and 309) of the Annual Report 2022.

The determination of the denominator for the capital expenditure (CapEx) follows IAS 16 "Property, Plant and Equipment" (IAS 16.73(e)(i) and (iii)), IAS 38 "Intangible Assets" (38.118(e)(i)) and IFRS 16 "Leases" (IFRS 16.53(h)). Capital expenditures for 2022 are calculated based on the aggregate of the corresponding lines "Acquisitions," "Additions to existing operations,"



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

and “Additions of right-of-use assets” under property, plant and equipment in the Annual Report 2022 on page 241, as well as “Acquisitions” and “Additions” under intangible assets, page 235 in the Annual Report 2022. For more information on property, plant and equipment, intangible assets and leases, please refer to pages 233 to 245 of the Annual Report 2022.

The denominator of operating expenses (OpEx) 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 310 of our Annual Report 2022). Lease expenses were determined in accordance with IFRS 16 and include expenses for short-term leases and leases of low-value assets (see pages 244 and 245 of our Annual Report 2022). Maintenance and repair costs and costs for building renovation measures are determined and allocated appropriately. Since the OpEx is not relevant for the business model, Henkel does not determine a numerator.

Share of taxonomy-eligible turnover

After a thorough examination involving all of our relevant business units and functions, it became apparent that Henkel’s revenue-generating economic activities are not covered under the EU Taxonomy Climate Delegated Act and are consequently not taxonomy-eligible. Consequently, the share of taxonomy-eligible economic activities accounts for 0 percent of our total turnover. In the future, we will continue to intensively examine whether Henkel’s economic activities are taxonomy-eligible and taxonomy-aligned with the delegated acts yet to be adopted on the remaining four environmental objectives.

Share of taxonomy-eligible operating expenditure

Henkel’s operating expenditure as defined by the EU Taxonomy (1.1.3.) amounts to 692 million euros (OpEx denominator). The expenditures included in the OpEx denominator are insignificant for the business model in relation to Henkel’s total operating expenses. Thus, we report the taxonomy-eligible share as zero.

Share of taxonomy-eligible capital expenditure

Taxonomy-eligible capital expenditures (CapEx) were assessed and classified for the reporting year. Assets or processes that relate to revenue-generating economic activities or are part of a “CapEx plan” (1.1.2.2. a and b) are not currently relevant, as Henkel’s revenue-generating economic activities are not covered by the Climate Delegated Act and are consequently not taxonomy-eligible.

Therefore, only CapEx is relevant, which relates to the purchase of output from taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, as well as to individual building renovation measures (1.1.2.2. c)).

Output is a product or service provided or performed by a third party that generates revenue from the respective activity, such as the acquisition or lease of buildings, cars or a boiler. Here, the alignment criteria (technical screening criteria for significant contribution as well as do-no-significant-harm to the other environmental objectives (DNSH) and minimum social standards) 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 thus also for checking taxonomy alignment. Where relevant for the interpretation of the respective activities, those



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

measures that contribute to the reduction of greenhouse gas emissions have been classified as taxonomy-eligible.

The taxonomy eligibility of investment projects was evaluated in an analysis process via our financial reporting systems and interviews with the responsible project managers.

In this analysis process, Henkel has identified activities that are related to the taxonomy’s climate change mitigation goal. These include vehicles (3.3 and 6.5), infrastructure enabling low-carbon road transport and public transport (6.15), construction and renovation of buildings with measures to increase energy efficiency (7.1 to 7.7), installation of energy-generating equipment (4.20, 4.24, 4.25) and waste management (5.9).

Total additions in the 2022 financial year from intangible assets amounted to 51 million euros, with additions from property, plant and equipment amounting to 549 million euros and from leases to 204 million euros. The additions from acquisitions (excluding goodwill) amounted to 47 million euros in the reporting year.

Based on the assessment of all relevant projects in the area of intangible assets and property, plant and equipment, including leases, corresponding additions from the acquisition of products of taxonomy-eligible economic activities were identified. In total, the taxonomy-eligible CapEx defined under the EU Taxonomy Regulation comprise 226 million euros, i.e. 27 percent of Henkel’s total CapEx in 2022. When allocating vehicles, vehicles purchased or leased from the respective manufacturer were allocated to activity 3.3, while other purchased or leased vehicles were allocated to activity 6.5.

Demonstrating taxonomy alignment of these additions posed significant challenges for both Henkel and its suppliers. The criteria for Taxonomy alignment of the activities had not yet been published or sufficiently specified when the relevant projects were planned, and could not be assessed due to the lack of comprehensive analyses and evidence. This concerned both the criteria for significant contribution to climate change mitigation and the avoidance of significant harm (DNSH) to, for example, adaptation to climate change, transition to a circular economy, or pollution prevention and control. In addition, a significant share of taxonomy-eligible CapEx is allotted to projects outside the EU and suppliers that are not covered by the EU Taxonomy reporting obligation and thus are not required to verify the relevant criteria for their operations.

Therefore, no taxonomy-aligned CapEx could be demonstrated.

The taxonomy indicators are presented in the chapter → **Indicators**.



External assessments

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Assessment and recognition from independent sustainability experts increases transparency and provides important feedback about how effectively we are implementing our sustainability strategy.

Sustainability ratings and indices in 2022

EcoVadis Rating	Henkel was again awarded the Platinum Medal this year by sustainability rating agency EcoVadis . This is the highest assessment category in the rating, placing Henkel in the top 1 percent of the companies assessed.
ISS ESG Rating	Henkel retained its Prime Status from ISS ESG . With the rating B+, Henkel was the best performer in the consumer goods sector.
Sustainalytics Rating	The sustainability rating published by Sustainalytics recognizes Henkel as a global leader in its "Household & Personal Products" sector comparison and has again been classified in the "Low Risk" category.
MSCI Rating	In 2022, Henkel was assigned an MSCI ESG rating of "AAA."
ECPI Index	Henkel is listed in the "ECPI Global Ethical Equity," "ECPI Euro Ethical Equity," "ECPI Euro ESG Equity," "ECPI EMU Ethical Equity" and "ECPI World ESG Equity" indices. According to the screening procedure adopted by ECPI, the 150 market-capitalized companies included in the ECPI Indices constitute the most highly recommended investments in the European market (Euro) and the European Monetary Union (EMU), respectively.
Solactive Corporate Social Responsibility Indices	Henkel is included in the "Solactive Europe Corporate Social Responsibility Index" and the "Solactive Global Corporate Social Responsibility Index." Solactive is a globally operating German index provider.
Euronext V.E Indices	Henkel was again listed in the Euronext Vigeo World 120, Europe 120 and Eurozone 120 sustainability indices. They are issued by the international stock exchange Euronext and the rating agency Vigeo Eiris (V.E) , and include the 120 highest ranking companies.

FTSE4Good Ethical Index	Henkel is once again included in the FTSE4Good ethical index, which was introduced by the Financial Times and the London Stock Exchange in 2001.
Global Challenges Index	Henkel was again one of only 50 companies worldwide to be listed in the Global Challenges Index, which is provided by the Börse Hannover and ISS ESG.
MSCI ACWI ESG Leaders Index	Henkel is again included in the MSCI ACWI ESG Leaders sustainability index, which includes companies with a strong risk and opportunity management approach for environmental, social and governance (ESG) performance.

Other assessments and rankings

Carbon Disclosure Project	Henkel has been participating in the Carbon Disclosure Project (CDP) since 2004 to foster transparency in our markets and for our investors. In 2022, the company achieved an "A-" rating in climate change and a "B" in water. For its commitment to forests, Henkel received an "A-" rating for palm oil and a "B" for wood/paper.
Global 100 Most Sustainable Corporations in the World	Henkel was listed in the "2023 Global 100 Most Sustainable Corporations in the World" (Global 100 Index) of Corporate Knights, a media and investment advisory company. Companies named in the Global 100 index are the top overall sustainability performers in their respective industrial sectors. Henkel was ranked fourth in the "Personal Products" sector.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Awards and customer recognition

External assessments of our sustainability performance also include awards from our customers, as well as awards from local and national environmental, business or governmental organizations. A selection for the year 2022 is presented below.

Love Nature receives award for sustainable brand concept

Love Nature won the  **German Brand Award** and received the highest distinction as "Product Brand of the Year." Love Nature stood out in the "Excellent Brands" category with an exceptional, sustainable brand concept.

Love Nature has set itself the target of persuading as many consumers as possible to change their way of thinking. The brand achieves this, among other things, by offering certified sustainably produced and packaged products, as well as through broad-based, authentic brand communication that raises consumer awareness of the need for greater sustainability in their everyday lives across all channels.

Lean and Green Award for logistics initiative

GS1 Germany presented an award to Henkel for its reduction of CO₂ emissions as part of the "Lean and Green" initiative. Henkel's site logistics operations have reduced CO₂ emissions from transport by more than 20 percent in a single year by implementing various measures at supply distribution warehouses at the Düsseldorf site in Germany. Double-deck trailers are used for maximum utilization of the vehicles, which saves round trips. Measures that have been successfully implemented and certified by TÜV Nord receive awards.

Henkel receives Supplier Sustainability Award

During Schneider Electric's European Supplier Day, Henkel was presented with the company's prestigious  **Sustainability Award**. Henkel and Schneider Electric are both global leaders in sustainability, and have a long-standing and successful business partnership. The award recognizes Henkel's model commitment to climate change mitigation and its involvement in Schneider Electric's Zero Carbon Project, which is designed to halve suppliers' CO₂ emissions by 2025. Henkel was also invited to share its best practices with Zero Carbon Project participants at recent workshops.

Henkel product wins the Global Aerosol Award

Henkel received the  **Global Aerosol Award** from the European Aerosol Federation (FEA) for outstanding achievements in sustainable development. The FEA Global Aerosol Awards recognize ingenuity, creativity and technical excellence in the aerosol industry. The awards are presented annually. Henkel's cosmetic product Taft Styling Mousse was recognized for changing its formulation from purely synthetic, non-degradable film-forming agents to potato starch or modified potato starch, both of which are biodegradable. This was a difficult technical challenge.



COLLABORATION

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Sustainable development requires a commitment to action, as well as cooperation with effective partners. The interlinking of different perspectives is an especially good basis for embracing the complex and globally interlinked context of sustainability. This is how specialized knowledge and resources can be effectively combined to drive transformational change. We understand collaboration to mean adopting responsible business practices and acting sustainably in partnership along the entire value chain.

Accordingly, we use a responsible sourcing approach to take a comprehensive view of sustainability aspects along our supply chains, including cooperation with our suppliers. Just as important is the cooperation with our customers. With our solutions, we aim to create the greatest possible value for our industry customers and business partners and drive sustainability in the focus areas of climate, the circular economy and safety. We also believe it is important to work closely with our retail partners to promote sustainable and resource-efficient consumption.

We are committed to engaging in active dialogue with our stakeholders. We are involved in initiatives worldwide together with industry representatives and civil society players, and participate in political and social discussions. This networking helps us make a more holistic assessment of impacts on the economy, the environment and society, and to develop joint systemic solutions.

HIGHLIGHTS

- New Scope 3 Product Carbon Footprint Calculation Guideline launched in TfS Initiative
- Successful start of cooperation with enzyme supplier Novozymes for more sustainable raw materials
- Competency building and expanding knowledge of buyers and suppliers further promoted, e.g. training on climate protection and labor and human rights
- Inauguration of the Innovation Center Düsseldorf during a customer event on innovation and sustainability

Around 95 %

of our purchasing volume¹ covered by Responsible Sourcing process

Around 14,270

TfS assessments and audits

>2,500

Product Carbon Footprint data points on raw materials collected from suppliers

Sourcing

Responsible sourcing underpins holistic growth

Our responsible sourcing approach focuses on sustainability aspects along our supply chains for the benefit of people and our planet with the aim of driving transformational change together with our partners. Intensive dialogue and close cooperation with our suppliers are essential for achieving sustainable business, process and production practices. Over a decade ago, we established a framework for sustainable procurement in the supply chains of the chemical industry based on cooperation, trust and responsibility.

¹ In the areas of packaging, raw materials, and contract manufacturing.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

100 percent responsible sourcing strategy

Our ongoing ambition is to commit to 100 percent responsible sourcing together with our partners. The key element here is our [🔗 responsible sourcing strategy](#), which places a clear focus on a shared fundamental approach. We are convinced that we can only establish sustainable procurement practices if every single decision-maker in the global supply chains acts in the spirit of sustainability. This requires a fundamental recognition of this responsibility, as well as adopting the right attitude and building skills and knowledge.

Our strategy is based on our comprehensive [→ risk management](#) and [→ compliance](#) approach. The aim here is to gather and provide transparent key figures on the sustainability performance and risks of our suppliers as a basis for fact-based decision-making in sourcing processes and the awarding of contracts. The transparency gained in this area also benefits dialogue and cooperation with our suppliers. With respect to [→ climate action](#), we are contributing to a low-carbon economy within our Purchasing department by driving the reduction of greenhouse gas emissions from fossil sources in our supply chains and implementing appropriate sourcing solutions. We are supporting the [→ transition to a circular economy](#) in sourcing raw materials and packaging from sustainable sources and adopting a circular approach. Our Purchasing department makes an important contribution to social progress by demanding and promoting sustainable business practices and [→ respect for human rights](#) along the entire value chain. In the areas of strategic sustainability

in sourcing mentioned above, a large number of indicators are collected and made available to measure the value contribution as a basis for strategic sourcing decisions.

Henkel currently has business partners from 115 countries. We place the same exacting demands on business partners worldwide. We expect their business conduct to be consistent with our sustainability requirements. In selecting and working with our business partners, we also consider their performance with regard to safety, health, environment, social standards and fair business practices. This is based on our corporate [🔗 Safety, Health and Environment Standards](#). Our corporate purchasing standards continue to apply. The Chief Procurement Officer (CPO) is responsible for all procurement activities and for ensuring responsible supply chain management. He reports directly to the Chief Financial Officer (CFO).

Compliance with the cross-sector Code of Conduct of the [🔗 German Association of Materials Management, Purchasing, and Logistics \(BME\)](#) is mandatory for all of Henkel's suppliers worldwide. The BME Code of Conduct is based on the ten principles of the [🔗 UN Global Compact](#). This Code of Conduct makes international application possible and, in addition to the [🔗 Responsible Sourcing Policy](#), also serves as the basis for contractual relationships with our strategic suppliers. The Responsible Sourcing Policy that is integrated into the purchasing-supplier cycle was revised in 2022 to add specific aspects of supply chain due diligence, and is scheduled for publication in 2023.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Cooperation with strategic suppliers and partners

Our current cooperation with our suppliers centers on the definition and implementation of a common plan for Henkel's sustainability targets for 2025 and beyond. We use different platforms and forums to develop pioneering innovations in the field of sustainable products and technologies together with our suppliers.

In May 2022, Henkel and Deutsche Bank joined forces for the first time in Europe to add sustainability metrics to an existing → **supplier financing program, which is linked to the sustainability performance** of Henkel suppliers. Based on their EcoVadis rating, European suppliers that are already participating in supply chain financing with Deutsche Bank can benefit from better financing terms. Financing rates are gradually lowered as the ESG rating of suppliers continues to improve. In October 2022, the Taulia technology platform, an SAP subsidiary, was also added to the program for North America and part of the Henkel Global Supply Chain (HGSC) with comparable sustainability criteria. The rollout of the new sustainable supplier credit program with Banco Santander in Latin America means that all Henkel programs in the five regions are equipped with sustainability criteria. Other countries will be gradually integrated into these programs as necessary to further increase the coverage of the Henkel supply chain.

Additionally, we will continue to use target agreements as a tool to steer sustainable sourcing solutions with our strategic suppliers. As part of our risk management approach, we are working to continuously improve the transparency of our upstream supply chains with regard to sustainability

risks. To drive climate action across the value chain, we also require selected suppliers in the raw materials and packaging sectors to be transparent about the emissions levels of the product portfolio supplied to Henkel. The suppliers selected for participation in this Climate Commitment Program collectively account for more than 50 percent of our Scope 3.1 footprint. In 2022, we were able to validate more than 2,500 product carbon footprint data points on raw materials collected from suppliers and make it available internally as a primary data source for further use. We expect suppliers to make a contribution to reducing CO₂ emissions along their supply chains in line with our science-based target for Scope 3 greenhouse gas emissions. In addition, we encourage sustainable innovation by engaging in dialogue with suppliers and setting individual targets. This is how we ensure that focus topics such as biodegradability are systematically integrated into Henkel's holistic approach to sustainability.

We established successful cooperation in the area of raw materials, for example, with our enzyme supplier Novozymes. Enzymes are important high-performance ingredients used in our detergents and cleaning agents. Within the framework of a long-term initiative with Novozymes, we have developed new variants for the main solid and liquid enzymes over the past few years, while increasing their concentration by up to 40 percent. This will be implemented in Europe in early 2023 and in North America in mid-2023. According to our supplier's calculation, this enables us to save around 1,000 metric tons of CO₂ per year in the production of liquid enzymes. Beyond this, we are reducing the number of container and drum deliveries, which saves on transport costs while reducing the storage space required for enzymes in Henkel production facilities.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Six-step process as an integral component of our procurement activities

Our six-step Responsible Sourcing Process is a central element of our strategic risk management and compliance approach, which focuses on risk identification and defining appropriate measures to minimize risk. Based on the assessment of our suppliers' sustainability performance, we use the resulting transparency to support our buyers in working with suppliers to continuously improve sustainability performance 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.

The Responsible Sourcing Process is an integral component of our sourcing activities. This process is initiated before the start of any new cooperation. It culminates in a recurring cycle of review, analysis and continuous improvement with existing suppliers. In 2022, we further developed and expanded this as part of our cross-functional and cross-business unit task force on → **human rights due diligence**. Using this six-step process, we cover about 95 percent of our purchasing volume in the areas of packaging, raw materials, and contract manufacturing:

Step 1: Pre-check and risk assessment

This approach to assessing sustainability risks in the supply chain is part of the Group-wide risk management system. We assess risk potential at the regional and country level, as well as at the level of the value chain. In doing so, we concentrate on countries identified by international institutions as being associated with heightened levels of sustainability risks. The assessment includes criteria related to human rights, environment and corruption.

Step 2: Onboarding

The results of the risk assessment are then incorporated into our onboarding process for suppliers. We expect them to acknowledge our supplier code of conduct as well as our Responsible Sourcing Policy. Our onboarding process is anchored in a globally uniform registration system and provides a standardized summary of our sustainability requirements.

Step 3: Initial assessment or audit

At the start of a new business relationship, suppliers are asked to either disclose existing sustainability performance results, or to undergo a self-assessment that provides transparency about their sustainability performance. We do this for the significant share of our external purchasing volume using an assessment methodology developed by [EcoVadis](#). These questionnaires cover expectations in the areas of safety, health, environment, quality, human rights, employee standards and anti-corruption. Moreover, in 2021, we introduced the use of [IntegrityNext](#) for suppliers with lower purchasing volume. This software-as-a-service solution is based on a compact self-assessment questionnaire on sustainability performance and risks. Since the start of the collaboration, we have received around 2,200 self-assessments from our suppliers worldwide.

Selected suppliers undergo initial audits as an alternative to the evaluation of the self-assessment questionnaires. Our supplier base also includes contract manufacturers from which we sourced around 7 percent of our production tonnage in 2022. 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 check supplier compliance with the defined standards. Our audits consist of on-site inspections (e.g., at production sites) and include both factory inspections and discussions with employees at all levels of the hierarchy.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

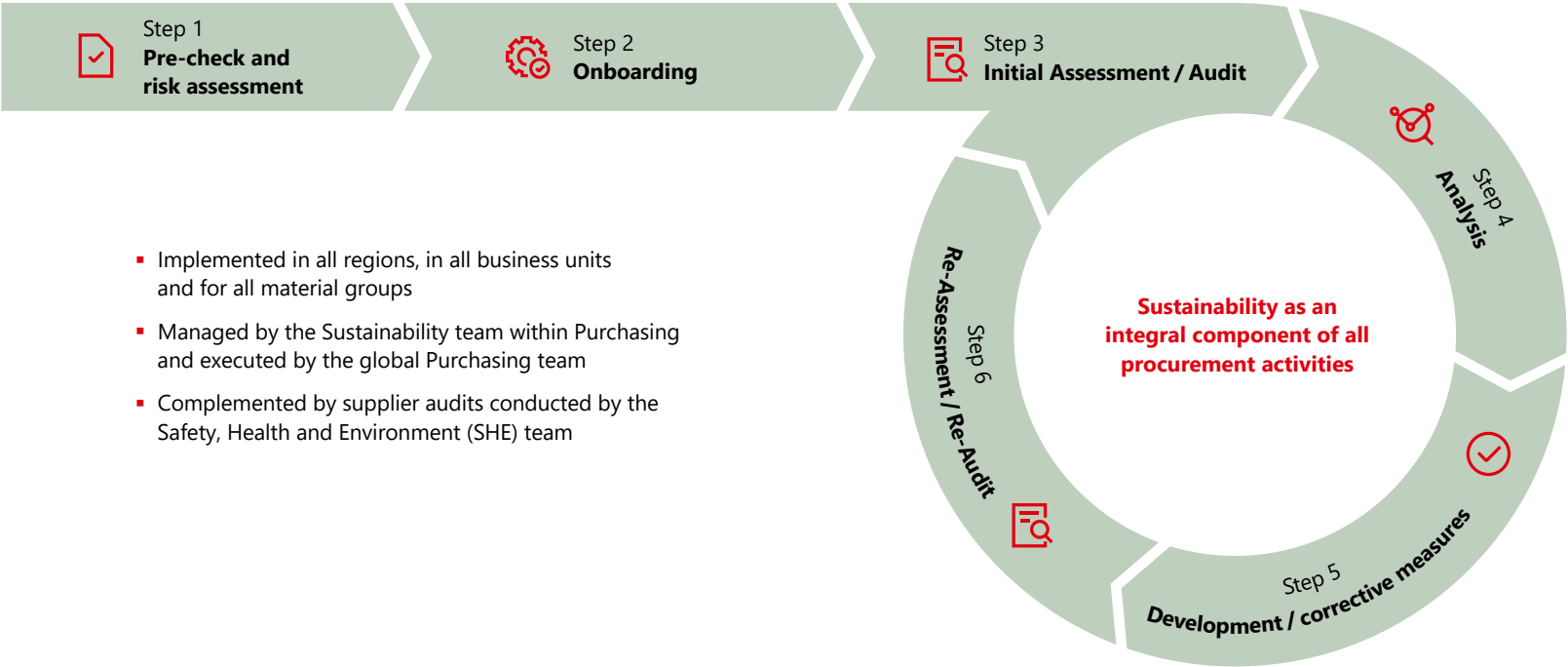
CREDITS

Step 4: Analysis of the performance assessment

External sustainability experts, as well as the supplier owners in our Purchasing team, analyze the results of the audits or the results of the self-assessment questionnaire to identify sustainability deficits and improvement

Responsible Sourcing Process

Six-step supplier management process



- Implemented in all regions, in all business units and for all material groups
- Managed by the Sustainability team within Purchasing and executed by the global Purchasing team
- Complemented by supplier audits conducted by the Safety, Health and Environment (SHE) team

areas. At the same time, the suppliers are assigned to different sustainability risk classes. A standardized process ensures that suppliers implement the corrective actions that have been specified. Repeated serious non-compliance leads to termination of the supplier relationship.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Step 5: Corrective actions and continuous improvement process

Regardless 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 during the period until the re-assessment or re-audit takes place.

Step 6: Re-Assessment / Re-Audit

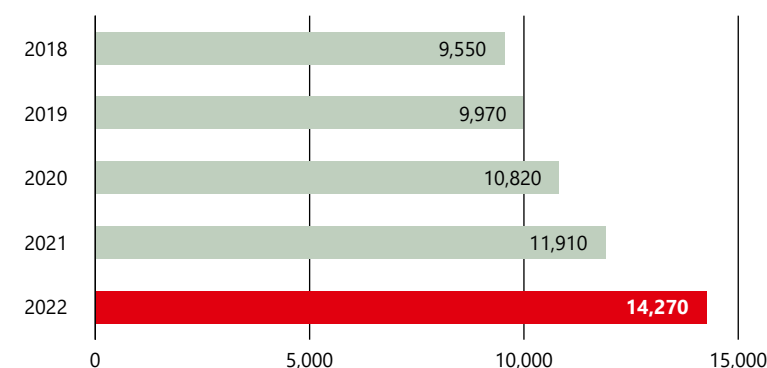
We use recurring re-assessments or re-audits to monitor the performance progress of our suppliers and ensure a continuous improvement cycle consisting of evaluation, analysis and corrective measures. Data on the measured sustainability performance of our suppliers is made available in real time via digital platforms.

Development or termination of the supplier relationship

We work intensively with our suppliers to improve their sustainability performance. The focus is on initiating positive change throughout the value chain, for instance, through training programs and joint projects. During 2022, we did not receive any notifications of an infringement by any of our strategic business partners that would have given cause for terminating our relationship with that supplier.

Together for a sustainable supply chain**A strong partner in the “Together for Sustainability” (TfS) initiative**

In 2011, Henkel and five other companies in the chemical industry introduced the initiative **Together for Sustainability – Chemical Supply Chains for a Better World (TfS)**. It is based on the principles of the **UN Global Compact** and the Responsible Care Initiative of the **International Council of Chemical Associations (ICCA)**. The TfS initiative today consists of 40 members representing total expenditures of more than 400 billion euros. It aims to harmonize increasingly complex supply chain management processes with regard to sustainability and to optimize dialogue among worldwide business partners as well as to use resources more efficiently.

Active TfS assessments and audits*

* rounded



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

In 2022, TfS had a pool of around 14,270 active TfS assessments and audits. In the same year, around 2,800 Henkel suppliers underwent a TfS assessment or audit. 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.

The TfS initiative has grown to include additional member companies and has also established a regional working group in India. The original core elements of the TfS initiative, TfS audits and online assessments, were expanded in 2022 with the addition of two key elements: a [Scope 3 Product Carbon Footprint \(PCF\) calculation guide](#) and a global knowledge and competence development platform for suppliers and TfS member companies, called the [TfS Academy](#).

One significant milestone, achieved in 2022, was the release of the Scope 3 Product Carbon Footprint (PCF) Guideline for the Chemical Industry. TfS members have worked with global NGOs, corporate sustainability experts, chemical industry experts, and organizations such as the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD) over the past two years to ensure compatibility of the TfS PCF Guidelines with global best practices for emissions accounting. Henkel was represented by experts in the PCF working groups. The new guideline consolidates existing PCF calculation approaches with regard to the specifics of the chemical industry and enables business and industrial customers as well as consumers to establish direct comparability and an assessment of the climate impact of products in the future. In 2023, TfS will pilot

an IT platform so that companies and suppliers can share upstream PCFs. The TfS initiative also launched a free, central learning platform, the TfS Academy, for all member companies and their affiliated suppliers in spring 2022. The Academy is a customized learning and development platform focused on sustainability issues in the supply chain. It is designed to provide employees of TfS member companies and their suppliers with continuing education on key sustainability topics.

The TfS Academy offers more than 250 courses on the topics of health and safety, the environment, sustainable procurement, labor and human rights, management, governance and TfS in particular. Special learning paths in the area of labor and human rights, and in other focus areas such as climate protection and the circular economy, help suppliers and employees of TfS member companies to build competence and gain a sense of direction. The learning content in the area of labor and human rights ranges from basic human rights topics and education through to best-practice examples of human rights due diligence in supply chains and how important this topic is, as well as targeted action instructions and recommendations on responsible sourcing strategies to minimize sustainability risks and avoid human rights violations such as forced and child labor.

The learning content has also all been linked to any 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. By the end of 2022, more than 150 learners at Henkel were enrolled in 140 courses at the TfS Academy.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Training and development of suppliers and buyers

During 2022, Henkel continued to focus on building competence and expanding the knowledge of its buyers and suppliers. Henkel experts trained both purchasing experts and suppliers in focus areas like palm oil, greenhouse gas emissions, contract manufacturing and trade products. Experts at TfS, together with representatives of the strategic supplier evaluation partner EcoVadis, were also trained in the implementation of the assessment process. In total, more than 1,900 participants were trained in various webinars in four languages in 2022. At the annual China Petroleum and Chemical Industry Federation (CPCIF) event in 2022, the regional TfS team provided refresher training to suppliers on program content such as audits and assessments, as well as the newly introduced TfS PCF Guideline.

As in previous years, internal Henkel stakeholders and new employees in the Purchasing department were also trained on the contents of our Responsible Sourcing Strategy, with a special focus on the requirements of the Supply Chain Due Diligence Act. Around 430 employees in the Purchasing department underwent extensive human rights due diligence training in 2022, focusing on → **human rights due diligence** in supply chains.

More diversity in the supply chain: Supplier Diversity Program

To drive progress in the areas of diversity, equity and inclusion, our Procurement function is helping to strengthen diversity among our suppliers. As part of this effort, we launched our Supplier Diversity Program in North America to provide certified suppliers interested in doing business with Henkel with more opportunities for collaboration. The program targets, among others, women-owned businesses and those representing minorities such as disabled individuals or veterans. A registration form developed by our Supplier Diversity Team on our North American [website](#) provides a way to connect potential diversity suppliers directly with our purchasing organization. In addition to a number of corporate memberships, including the National Minority Supplier Development Council (NMSDC) and Women-owned or Minority-owned Business Enterprise (WMBE), the Supplier Diversity Team is involved in numerous Supplier Diversity Matchmaker events. In this way, we aim to link high-quality sourcing solutions with an inclusive and dynamic supplier base. We will take advantage of the experience gained from this program in our major North American market to expand our global activities.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Close collaboration with partners

In addition to our work in the TfS initiative, Henkel is a member of **AIM-PROGRESS**, a forum of companies from the consumer goods industry. The objective here is also to encourage member companies to share experiences in the area of sustainable sourcing and utilize synergies. The forum also focuses on holding regional supplier events to improve sustainability performance within the value chain. We are also a founding member of the **→ Action for Sustainable Derivatives (ASD) initiative**. It brings together organizations from along the palm oil derivative supply chain to support efforts to increase transparency and promote compliance with NDPE (No Deforestation, No Peat, No Exploitation) principles to positively transform the palm oil industry.

Cooperation along the value chain and beyond

We are convinced that we can only drive sustainable change by forging strong partnerships along our entire value chain: from the purchase of raw materials and packaging materials all the way through to our company, including production, logistics and use of our products by consumers, as well as reuse in material cycles.

Engagement in the company

When it comes to implementing sustainability, it is our employees who make the difference – through their dedication, skills, knowledge and collaboration. To further support this we introduced **→ Sustainability at Heart** in 2022, a new holistic engagement program that builds on the

previous Sustainability Ambassador program from 2012. As part of the new program, we launched the **→ Sustainability Pioneer training** in 2022, with the aim of continuously driving awareness and a shared understanding of sustainability within the company. To support this goal, we discussed our sustainability strategy, the 2030+ Sustainability Ambition Framework, with our employees at a global sustainability townhall in March 2022.

With business partners from industry and retail

We are working with our business partners from industry and retail to develop sustainable solutions and create strong platforms for discussions about current and future challenges.

In 2022, our Adhesive Technologies business unit strengthened its collaboration with our customers on the topic of sustainability even further by hosting the “Innovation & Sustainability Days.” The business unit’s 2030 sustainability ambition was announced as a new milestone at the exclusive two-day event with global customers, and there was also a lively exchange between representatives of various industries along the value chain. Workshops were held to discuss challenges and solutions for the industry’s most important sustainability issues, with a view to developing concrete partnerships. Participants also had the opportunity to experience the central role that sustainability plays in the product development and innovation of our adhesives, sealants and functional coatings during interactive tours of the **→ Henkel Inspiration Center Düsseldorf**, which opened in 2022.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The Inspiration Center Düsseldorf is intended to further expand our innovative and technological strength in the field of Adhesive Technologies. We have incorporated a modern customer center into the innovative building, where our customers and partners from all over the world can experience the full range of our technologies and solutions. They also collaborate on the development of pioneering solutions and applications with our more than 650 experts from research and development in over 30 laboratories.

Sustainable packaging and the circular economy were also key topics of discussion at many stakeholder dialogue events in 2022. In December 2022, Henkel invited key stakeholders from the packaging and consumer goods industry to the [Sustainability Days 2022](#) for the third year in a row. Featuring a strong platform for exchange and discussion between stakeholders along the entire value chain, this year's event focused on circular commodities and design, footprint measurement techniques, as well as the latest regulatory and reporting developments, in addition to solutions for current and upcoming challenges.

Our priority remains working together with our retail partners to ensure a sustainable future by sharing our expertise and experience and offering sustainability training. In 2022, we organized external Educational Sustainability Retailer Broadcasts on sustainability topics with a sales focus for the first time. These broadcasts promoted dialogue on the topics of the circular economy and raw material transformation, with experts from the respective areas on hand for the live broadcast and a Q&A session with retail partners.

With our partner organizations

To jointly boost synergies and sustainability, we work, for example, with the international development organization → **Solidaridad** and the social enterprise → **Plastic Bank**. The partnership with Solidaridad, which has been maintained for many years, helps us to engage on site in the palm oil supply chain and to play an active role in shaping sustainable development. In collaboration with our partner, our aim is to initiate progress in building a sustainable palm oil economy, improve the livelihoods of small-holders, and promote sustainable farming practices. In collaboration with Plastic Bank, we are also addressing the global challenge of a circular economy. The idea behind Plastic Bank is to reduce plastic waste in nature as well as providing new opportunities for people living in poverty. In 2022, we continued to support Plastic Bank's commitment in Egypt to expand the local recycling infrastructure, which has now grown to 23 collection centers. This joint effort to strengthen waste management infrastructure provided more than 500 people with access to health insurance and financial resources. We also want to help promote material cycles by further processing collected PET plastic waste and ultimately using it in our packaging.

In networks beyond the value chain

We see the cooperation between industry and science as a sustainable approach to incorporating stakeholder perspectives, aligning our actions with their expectations and jointly driving sustainable change. Our aim is to create value through these partnerships by building a pioneering network that combines the academic expertise of our partners with our extensive industry experience. This will help us work together to break ground and drive thought-leadership.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

PERFORMANCE

TRANSPARENCY

COLLABORATION

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

A prime example is our cooperation for the development of next-generation battery technologies with → **PEM Motion** – a spin-off of RWTH Aachen University – which was concluded in 2022. We share a common vision of a safe and sustainable future in e-mobility with this partner. We also worked with students from Dutch universities in 2022 as part of the **SDG Challenge**. Together with Henkel, the students developed a project for the responsible use of water at production sites. This collaboration aimed to incorporate the perspective of the next generation into our activities, and to promote sustainable ideas.

We are also active in cross-industry networks. At the award ceremony and congress of the **German Sustainability Award** in 2022, we once again met with partners and external stakeholders to exchange views on current sustainability issues and strengthen the initiative both financially and in terms of content through our partnership. The German Sustainability Award is an initiative of the Stiftung Deutscher Nachhaltigkeitspreis e. V. in cooperation with the German Federal Government, the German Council for Sustainable Development, economic associations, local government associations, civil society organizations and research institutions.

We also work with external innovators to drive innovative, cutting-edge technologies. These partnerships effectively merge the capabilities of other companies with our expertise to create sustainable value for our customers. Our investments support the growth of startups, for example, while also promoting the development of new business areas at Henkel. By investing in the Australian hardwood technology startup **3RT** in 2022, for example, Henkel strengthened its expertise in sustainable and safe timber construction solutions.



INDICATORS

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The indicators we record throughout the company provide transparency while helping us to identify potential improvements, manage activities and monitor achievements. We show the progress of each of our indicators over a five-year period. In this Sustainability Report, we focus on the publication of our globally relevant core indicators. The figures in the tables within this chapter have been rounded up or down. As a result, the rounded figures in some of the rows in the tables may not add up to the totals as indicated.

Environmental indicators for our production operations

The production-related data for 2022 were determined at all 166 Henkel sites in 56 countries. This means the data represent 100 percent of our production volume. The data were validated centrally for year-end reporting and verified at the sites within the framework of our internal audit program. Any differences discovered or reported at a later date are corrected retroactively in our reporting system. Since our production structures are constantly changing – due to the start-up of new sites or closure of existing sites, for example – the number of sites contributing data changes accordingly. To ensure the comparability of the annual data, we also show their progress as an index relative to the volume of production.

Employee indicators

Occupational accidents are registered using a globally uniform reporting system. 99 percent of Henkel employees were covered in 2022. In line with this, the published employee indicators also cover 99 percent of our employees.

Adjustment of reported indicators

- Acquisitions and divestments:** Initial and historical data are only adjusted in exceptional cases in which disruptive acquisitions or divestments do not permit a meaningful comparison of timelines.
- Updates in methodology:** Initial and historical data are corrected where possible. The resulting changes are highlighted and commented on.
- Updates in data:** Where target-relevant or necessary for clarity, changes are highlighted and explained. Updates of individual or cumulative values are made when greater than 1 percent of the value of the superordinate indicator (for example, total energy consumption), including the subordinate indicators (for example, bought-in energy consumption).



Economic indicators

		2021	2022
FOREWORD	Sales in million euros	20,066	22,397
	Adjusted ¹ operating profit (EBIT) in million euros	2,686	2,319
HIGHLIGHTS 2022	Adjusted ¹ return on sales (EBIT) in percent	13.4	10.4
	Adjusted ¹ earnings per preferred share (EPS) in euros	4.56	3.90
COMPANY PROFILE	Dividend per ordinary share in euros	1.83	1.83 ²
STRATEGY	Dividend per preferred share in euros	1.85	1.85 ²
REGENERATIVE PLANET	¹ Adjusted for one-time charges/gains and restructuring expenses. ² Proposal to shareholders for the Annual General Meeting on April 24, 2023.		

Key financials by region

	in million euros	Western Europe	Eastern Europe	Africa / Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
INDICES	Sales 2022 ¹	6,064	3,474	1,272	5,984	1,548	3,827	228	22,397
SCOPE AND REFERENCE FRAMEWORK	Sales 2021 ¹	5,990	3,114	1,208	5,028	1,211	3,374	142	20,066
CREDITS	Change versus previous year	1.2 %	11.6 %	5.2 %	19.0 %	27.9 %	13.4 %	–	11.6 %
	Organic	2.3 %	22.4 %	7.0 %	8.2 %	17.7 %	6.8 %	–	8.8 %
	Proportion of Group sales 2022	27 %	16 %	6 %	27 %	7 %	17 %	1 %	100 %
	Proportion of Group sales 2021	30 %	16 %	6 %	25 %	6 %	17 %	1 %	100 %
	Operating profit (EBIT) 2022	878	319	– 38	111	106	583	– 149	1,810
	Operating profit (EBIT) 2021	1,544	171	33	27	66	557	– 185	2,213
	Change versus previous year	– 43.2 %	86.4 %	– 216.4 %	307.9 %	60.8 %	4.8 %	–	– 18.2 %
	Adjusted for foreign exchange	– 43.4 %	86.2 %	– 197.6 %	135.1 %	44.4 %	– 1.2 %	–	– 22.9 %
	Return on sales (EBIT margin) 2022	14.5 %	9.2 %	– 3.0 %	1.9 %	6.9 %	15.2 %	–	8.1 %
	Return on sales (EBIT margin) 2021	25.8 %	5.5 %	2.7 %	0.5 %	5.5 %	16.5 %	–	11.0 %

¹ By location of company.



Environmental indicators

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Our operational CO₂ footprint

The following table presents the CO₂ emissions associated with our business activities along the value chain. Henkel's own CO₂ emissions (Scope 1 and Scope 2 from a net viewpoint)¹ are primarily caused by energy generation and consumption. Other sources of CO₂ emissions

are not relevant to our business operations. The same applies to emissions of other greenhouse gases. We present the principal Scope 3 emissions along the entire value chain.

In thousands of metric tons of CO₂ / CO₂ equivalent

	 1. Raw materials	 2. Production	 3. Logistics	 4. Use	 5. Disposal / recycling	
Direct CO₂ emissions (Scope 1)		Energy use at our production sites: 284				284 (0.7 %)
Indirect CO₂ emissions (Scope 2)		Bought-in energy (electricity, steam): 114				114 (0.3 %)
Indirect emissions in CO₂ equivalents (Scope 3)¹	Chemicals²: 8,677 Packing: 1,653 Raw materials transportation: 230	Production waste: 17 Business travel: 55	Transportation of our products³: 612	Use of our products: 25,793	Disposal of our products: 1,687	38,724 (99.0 %)
	10,560 (27.0 %)	470 (1.2 %)	612 (1.6 %)	25,793 (65.9 %)	1,687 (4.3 %)	

Total: around 39,122 thousand metric tons of CO₂ / CO₂ equivalent

¹ For explanations about Scope 1 and 2 from a net viewpoint, see GRI 305 in the → [GRI-Index](#). For Scope 3, see also GRI 305 and the information provided in the → [Scope 3 methodology document](#). As part of our continuous improvement process, and in order to create more transparency, we are working on reviewing and further developing the Scope 3 inventory and the allocation between the areas of the GHG Protocol.

² For explanations about scope and changed calculation method, see GRI 305-3 in the → [GRI-Index](#). The values for 2022 are lower than for 2021 and take into account, among other things, the decline in product sales and the change in the portfolio caused by divestments in Beauty Care. In addition, the values for 2022 take into account increased use of the data made available by suppliers from 2020 to 2022 (instead of the generic emission factors that were previously used), as well as the master data that was changed during the review process.

³ The logistics footprint was calculated by using the tank-to-wheel (TTW) method.



Indicators

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

	Unit	2018	2019	2020	2021	2022
PRODUCTION VOLUMES						
Production volumes	1,000 t	9,057	9,532	9,486	9,425	8,683

The changes shown include the pro rata annual production of our acquisitions.

ENERGY CONSUMPTION**Direct energy consumption**

Coal	1,000 MWh	89	84	82	77	55
Fuel oil	1,000 MWh	103	114	111	111	103
Gas	1,000 MWh	1,473	1,461	1,423	1,420	1,178
Other combustibles	1,000 MWh	20	7	4	4	2
Biofuels	1,000 MWh	0	0	0	41	146
Generated renewable energy ¹	1,000 MWh	3	2	4	7	10

Indirect energy consumption

Bought-in electricity	1,000 MWh	780	769	752	739	720
Share of bought-in renewable electricity	%	11	11	48	68	70
Bought-in steam/heat	1,000 MWh	47	46	46	51	51
Total energy consumption	1,000 MWh	2,515	2,482	2,422	2,450	2,265
Share of renewable energy consumption	%	4	4	15	23	29

¹ "Generated renewable energy" is understood as electricity and thermal energy generated on-site using fuel-free sources such as wind and solar power.

SCOPE 1 AND 2 CARBON DIOXIDE EMISSIONS²

Own emissions ³ (Scope 1)	1,000 t CO ₂	353	351	345	343	284
Emissions from bought-in energy ⁴ (Scope 2)	1,000 t CO ₂	329	315	191	132	114
Total	1,000 t CO ₂	682	665	536	475	398
Emissions from biofuels³	1,000 t CO ₂	0	0	0	8	29

² Emissions from Henkel's leased vehicle fleet were accounted for under Scope 3.

³ The net volume of emissions is shown. Emissions from the generation of energy for sale to third parties are not included in these figures. Energy generation accounts for almost all of the carbon dioxide released as a result of Henkel activities.

⁴ Emissions are calculated using the market-based method in accordance with the Greenhouse Gas (GHG) Protocol.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

	Unit	2018	2019	2020	2021	2022
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SBTI INDICATOR¹: SCOPE 1 AND 2 CARBON DIOXIDE EMISSIONS² PER TON OF PRODUCT

Emissions	1,000 t CO ₂	682	665	536	475	398
Emissions per ton of product	t CO ₂ / t of product	0.076	0.070	0.057	0.050	0.046
Emissions per ton of product (vs. 2017)	%	-1	-9	-26	-34	-40

¹ Regarding "Science Based Targets initiative" (SBTi) see also → p. 38, chapter "Regenerative Planet / Climate / On-site measures."

² Emissions from the generation of energy for sale to third parties are not included in these figures. Emissions are calculated using the market-based method in accordance with the Greenhouse Gas (GHG) Protocol.

SBTI INDICATOR³: SCOPE 3 GHG EMISSIONS FROM PURCHASED GOODS AND SERVICES PER TON OF PRODUCT

Emissions	1,000 t CO ₂ -eq	11,938	11,618	11,766	11,586	10,330⁴
Emissions per ton of product	t CO ₂ -eq / t of product	1.32	1.22	1.24	1.23	1.19
Emissions per ton of product (vs. 2017)	%	-6	-13	-11	-12 ⁵	-15

³ Regarding "Science Based Targets initiative" (SBTi) see also → p. 43, chapter "Regenerative Planet / Climate / Engagement along our value chain."

⁴ The reduction in emissions in 2022 compared to 2021 results, among other things, from the decline in product sales and the change in the portfolio caused by divestments in Beauty Care. In addition, the values for 2022 take into account increased use of the data made available by suppliers from 2020 to 2022 (instead of the generic emission factors that were previously used), as well as the master data that was changed during the review process. This also affects "emissions per ton of product (vs. 2017)" in the line below.

⁵ Change in value 2021 versus 2020 among others due to adjusted calculation methodology.

EMISSIONS OF VOLATILE ORGANIC COMPOUNDS

Emissions of volatile organic compounds	Metric tons**	620	451	519*	520*	548
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WATER CONSUMPTION AND VOLUME OF WASTEWATER

Water consumption	1,000 m ³	8,359	8,324	8,231	8,117	7,769
Volume of wastewater	1,000 m ³	3,544	3,485	3,616	3,378	3,258

Because water is lost by evaporation and water is contained in many of our products, the volume of wastewater is smaller than the volume of water consumed.

COD EMISSIONS TO WASTEWATER

COD emissions to wastewater	Metric tons	8,024	8,333	8,612	8,343	9,594⁶
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Chemical oxygen demand (COD): Measure of the pollution of wastewater with organic substances.

⁶ The change in value in 2022 compared to 2021 results from new production sites and equipment that commenced operation. Acquisitions have an impact on production volumes, and also on the volume of COD emissions.

EMISSIONS OF HEAVY METALS TO WASTEWATER

Zinc	kg**	445	632*	468	590	541
Lead, chromium, copper, nickel	kg**	277	241	248	194	207
Total	kg**	721	873*	716	783	748

Particularly hazardous heavy metals, such as mercury and cadmium, are not relevant in our production.

* Data adjusted.

** Emissions shown are partly based on projections using previous year's values and/or were derived on the basis of a few measured values.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

	Unit	2018	2019	2020	2021	2022
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WASTE FOR RECYCLING AND DISPOSAL**Non-hazardous waste**

Waste for recycling	1,000 metric tons	44	40	36	38	35
Energy recovery	1,000 metric tons	12	12	12	14	15
Incineration	1,000 metric tons	5	5	5	7	6
Landfill ¹	1,000 metric tons	35	27	25	19	15

Hazardous waste

Waste for recycling	1,000 metric tons	6	6	5	6	5
Energy recovery	1,000 metric tons	9	12	13	11	12
Incineration	1,000 metric tons	11	10	7	8	7
Landfill ¹	1,000 metric tons	3	2	3	2	2

Total	1,000 metric tons	125	113	105	107	97
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Construction and demolition waste	1,000 metric tons	43*	23	18	24	34
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We have removed the share of construction and demolition waste from our footprint and shown it separately, as the presence or absence of some larger construction projects have a significant effect on our waste footprint. This has enabled us to show the performance of our sites and our progress more transparently.

¹ The category "Landfill" includes a non-significant amount of waste which is disposed otherwise.

PACKAGING INDICATORS OF OUR PRODUCTS

Share of recycled plastic content for all packaging of our consumer goods products	%	9 ³	11	15	16 ⁴	16
Share of packaging designed for recyclability and reusability ²	%	86	85	89	86	87

² The reported value for design for recycling reflects the technical recycling capability of the packaging, but not the recyclability. Plastic recyclability is based on a detailed assessment, while the assessment for glass, paper and metal is based on an expert evaluation. Change in value from 2021 compared to 2020 results from, among other factors, adjusted calculation methodology.

³ In 2018 the share comprised only European data. Since 2019 global data are reported.

⁴ We have corrected the ratio as part of our data review.

DUST EMISSIONS

Dust emissions	Metric tons**	326*	293*	298*	292	267
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The values include aerosols, since these are difficult to distinguish from dust during measurements.

SULFUR DIOXIDE EMISSIONS

Sulfur dioxide emissions	Metric tons**	80	70	92*	80	83
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NITROGEN OXIDE EMISSIONS

Nitrogen oxide emissions	Metric tons**	414	439	471*	447	360
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* Data adjusted.

** Emissions shown are partly based on projections using previous year's values and/or were derived on the basis of a few measured values.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

	Unit	2018	2019	2020	2021	2022
USE OF CHLORINATED HYDROCARBONS						
Use of chlorinated hydrocarbons	Metric tons	1,320	1,415	1,155	1,201*	1,285

Employee indicators

	Unit	2018	2019	2020	2021	2022
EMPLOYEES (AS OF DECEMBER 31)						
Henkel worldwide ¹	Headcount	53,000	52,450	52,950	52,450	51,200
Structure of workforce						
– Non-managerial employees	%	77.4	77.5	76.5	75.4	74.5
– Managers	%	21.3	21.2	22.1	23.2	24.0
– Top managers ²	%	1.3	1.3	1.4	1.4	1.5
Employee fluctuation worldwide ³	%	7.1	6.6	4.6	7.1	7.8

¹ Permanent staff excluding trainees. Figures have been rounded.

² Corporate Senior Vice Presidents, Management Circles I and IIa.

³ Based on employee resignations.

AGE AND SENIORITY (AS OF DECEMBER 31)

Average seniority in years	Years	10.5	10.6	10.7	10.6	10.7
Average age of employees in years	Years	40.9	41.1	41.2	41.2	41.5
Age structure						
16 – 29	%	16.1	15.3	15.1	14.8	14.0
30 – 39	%	32.7	33.0	32.8	33.0	32.5
40 – 49	%	27.2	27.1	27.3	27.7	28.2
From 50 ⁴	%	24.0	24.6	24.8	24.6	25.2

The age structure at Henkel reflects the diversity of our customers and markets and enables us to satisfy the differing needs of our consumers and markets.

⁴ Since 2022: Changed illustration to indicate age structure more broadly and inclusively.

NATIONALITIES (AS OF DECEMBER 31)

Henkel	Headcount	120	120	125	124	124
Managers	Headcount	90	88	93	98	93
At headquarters in Düsseldorf	Headcount	71	72	73	76	78

The internationality of our workforce reflects our business policy of filling local positions with local employees, and ensuring that we have international teams at our corporate headquarters in Germany.

* Data adjusted.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

	Unit	2018	2019	2020	2021	2022
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PERCENTAGE OF WOMEN (AS OF DECEMBER 31)

Henkel	%	34.4	35.5	36.1	36.7	37.1
Managers	%	34.7	35.7	36.9	38.1	38.7
Top managers ¹	%	22.9	24.3	25.2	27.6	29.6

¹ Corporate Senior Vice Presidents, Management Circles I and IIa.

As a result of our consistently applied diversity strategy, we have continually developed the percentage of women we employ, especially at the different management levels.

PART-TIME EMPLOYEES (AS OF DECEMBER 31)

Part-time contracts, global	%	3	3	3	3	3
Western Europe (including Germany)	%	9	10	9	9	9
Germany	%	12	12	12	11	12

Part-time work models are of relevance mainly in Western Europe and especially in Germany. In emerging markets, such as Asia, Eastern Europe, the Middle East, and Latin America, there is significantly less demand for part-time work models.

PERSONNEL DEVELOPMENT

Internal promotion (managers)	Headcount	1,262	1,501	1,356	1,504	1,386
International job rotations	Headcount	319	282	242	241	245
Trainees (Germany) ²	Headcount	501	534	519	498	469
Average number of training days ³	Headcount	1.7	1.8	1.5	2.3	2.2

² Initial vocational training includes trainees and Bachelor students.

³ Our employees have many different development opportunities. In addition to traditional training courses and in-person seminars, they also include eLearning modules and on-the-job training.

EMPLOYEES WITH COLLECTIVE AGREEMENTS (AS OF 31 DECEMBER)

Share worldwide	%	47	47	49	50	49
Share in the European Union (EU)	%	68	68	68	68	70

EMPLOYEE SHARE PROGRAM (AS OF DECEMBER 31)

Participation rate	%	31.5	30.2	29.6	30.1	27.7
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Around 13,000 employees in 59 countries purchased Henkel preferred shares under this program in 2022. At year-end, some 16,500 employees held a total of around 3 million preferred shares, representing approximately 1.7 percent of total preferred shares outstanding.



Occupational safety

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

99 percent of Henkel employees were covered.

	Unit	2018	2019	2020	2021	2022
OCCUPATIONAL ACCIDENTS						
Henkel employees	Per 1 million hours worked	1.0	0.7	0.6	0.7	0.7
External employees ¹ who work at Henkel sites and are directly contracted	Per 1 million hours worked	1.0	0.6	0.7	0.4	0.6
At least one day lost (excluding commuting accidents)						
¹ Personnel hired through an agency or third party and supervised by Henkel.						

SERIOUS OCCUPATIONAL ACCIDENTS (HENKEL EMPLOYEES)

Accidents during typical production activities	Number	11	8	5	15	8
Accidents while walking or moving around (e.g., stumbling)	Number	9	5	8	7*	10
More than 50 days lost						

Social indicators

	Unit	2018	2019	2020	2021	2022
SOCIAL ENGAGEMENT						
Total number of projects supported	Number	2,032	2,044	2,655	2,047	2,055
Number of people supported	Number	1,285,851	1,324,806	7,362,052	7,029,323	4,147,508
Time off from work for employee-initiated projects	Days	327	301	71	174	442
Donations (financial and product donations, not counting time off)	Thousand euros	8,304	8,096	29,992	23,815	12,808
The total amount of donations in 2020 and 2021 was significantly higher versus the prior years. This is attributable to our contribution to the fight against the global COVID-19 pandemic.						
Due to the special circumstances, employee projects required fewer days off from work in 2020 and 2021 than in the prior years. Generally speaking, employees may request up to five days off from work per year for volunteer activities.						

* Data adjusted.



Percentage of projects supported per United Nations Sustainable Development Goal

in percent

2022

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

SDG 1: No poverty	37.7
SDG 2: Zero hunger	0.4
SDG 3: Good health and well-being	17.0
SDG 4: Quality education	39.2
SDG 5: Gender equality	3.0
SDG 6: Clean water and sanitation	0.7
SDG 7: Affordable and clean energy	0.1
SDG 8: Decent work and economic growth	0.1
SDG 9: Industry, innovation and infrastructure	0.1
SDG 10: Reduced inequalities	0.4
SDG 11: Sustainable cities and communities	0.1
SDG 12: Responsible consumption and production	0.0
SDG 13: Climate action	0.0
SDG 14: Life below water	0.1
SDG 15: Life on land	0.3
SDG 16: Peace, justice and strong institutions	0.6
SDG 17: Partnerships for the goals	0.1

In 2011, we began reporting the percentage of the social projects with which Henkel supports each of the Millennium Development Goals (MDGs), as part of our commitment to the United Nations Global Compact. In 2016, our Sustainability Report reflected our contributions to both the MDGs and the  Sustainable Development Goals (SDGs) – which were introduced to replace the MDGs in September 2015.

Since 2017, we have been reporting the contribution to the SDGs only. A list of the contributions to the MDGs from 2011 to 2016 can be found on page 133 in the 2016 Henkel Sustainability Report. The SDGs do not influence the type of projects proposed under our employee engagement program, but many of our corporate citizenship activities directly contribute to the SDGs.



EU Taxonomy indicators

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2022

Economic Activities (1)	Code(s) (2)	Absolute CapEx (3) (million €)	Proportion of CapEx (4) (%)	Substantial Contribution Criteria (%)						DNSH Criteria (Y/N) (Do No Significant Harm)										
				Climate Mitigation (5)	Climate Adaptation (6)	Water and Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion of CapEx, 2022 (18)	Taxonomy-aligned proportion of CapEx, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
None																				
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1) ¹		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) ²																				
Manufacture of low carbon technologies for transport	3.3	6.7	1																	
Cogeneration of heat/cool and power from bioenergy	4.20	0.1	0																	
Production of heat/cool and power from bioenergy	4.24	2.0	0																	
Production of heat/cool using waste heat	4.25	0.1	0																	
Material recovery on non-hazardous waste	5.9	0.4	0																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	18.5	2																	
Infrastructure enabling low-carbon road transport and public transport	6.15	0.2	0																	
Construction of new buildings	7.1	19.3	1																	
Renovation of existing buildings	7.2	11.3	1																	

¹ The objectives with the numbers 7–10 did not have to be assessed for the 2022 reporting year and are accordingly marked "not applicable."

² The shaded area is omitted because non-financial undertakings do not have to provide any information on non-alignment with the taxonomy of the activities listed under A.2.

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Installation, maintenance and repair of energy efficiency equipment	7.3	4.7	1
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1.0	0
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.5	0
Installation, maintenance and repair of renewable energy technologies	7.6	2.7	0
Acquisition and ownership of buildings	7.7	159.0	19
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		226.4	27
Total (A.1 + A.2)		226.4	27

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of taxonomy non-eligible activities (B)	624.6	73
Total (A + B)	851.0	100

0	n/a	n/a	n/a
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FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022

Economic Activities (1)	Code(s) (2)	Absolute turnover (3) (million €)	Proportion of turnover (4) (%)	Substantial Contribution Criteria (%)						DNSH Criteria (Y/N) (Do No Significant Harm)						Minimum Safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Taxonomy-aligned proportion of turnover, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Mitigation (5)	Climate Adaptation (6)	Water and Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
None																				
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1) ¹		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) ²																				
None																				
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0																	
Total (A.1 + A.2)		0	0																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of taxonomy non-eligible activities (B)		22,397.0	100																	
Total (A + B)		22,397.0	100																	

¹ The objectives with the numbers 7–10 did not have to be assessed for the 2022 reporting year and are accordingly marked “not applicable.”

² The shaded area is omitted because non-financial undertakings do not have to provide any information on non-alignment with the taxonomy of the activities listed under A.2.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022

Economic Activities (1)	Code(s) (2)	Absolute OpEx (3) (million €)	Proportion of OpEx (4) (%)	Substantial Contribution Criteria (%)						DNSH Criteria (Y/N) (Do No Significant Harm)						Minimum Safeguards (17)	Taxonomy-aligned proportion of OpEx, 2022 (18)	Taxonomy-aligned proportion of OpEx, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Mitigation (5)	Climate Adaptation (6)	Water and Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water and Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
None																				
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1) ¹		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) ²																				
None																				
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0												0	n/a	n/a	n/a		
Total (A.1 + A.2)		0	0												0	n/a	n/a	n/a		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of taxonomy non-eligible activities (B)		692.0	100																	
Total (A + B)		692.0	100																	

¹ The objectives with the numbers 7–10 did not have to be assessed for the 2022 reporting year and are accordingly marked “not applicable.”

² The shaded area is omitted because non-financial undertakings do not have to provide any information on non-alignment with the taxonomy of the activities listed under A.2.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Explanatory information on the non-financial statement of Henkel AG & Co. KGaA according to Section 289b German Commercial Code

In addition to the aforementioned information regarding the Group in the separate and combined non-financial group report, the following special aspects or key figures relating to Henkel AG & Co. KGaA are reproduced below.

Business activities

Henkel AG & Co. KGaA is operationally active in the three business units Adhesive Technologies, Beauty Care, and Laundry & Home Care, 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. As of year-end 2022, the number of people employed at Henkel AG & Co. KGaA was around 7,700 employees.

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 both 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. The extent to which the key figures for Henkel AG & Co. KGaA deviate from the Group key figures is presented [and commented on] below:

Key figures for Henkel AG & Co. KGaA

	2022
Production volume (in thousand metric tons)	768
Carbon dioxide emissions (in thousand metric tons) ¹	65
Energy consumption (in thousand megawatt hours)	442
Waste (in thousand metric tons)	37
Water consumption (in thousand cubic meters)	1,690
Occupational accidents affecting Henkel employees (per million hours worked)	0.6
Headcount (as of December 31)	7,673

¹ Emissions are calculated using the market-based method in accordance with the Greenhouse Gas (GHG) Protocol. Emissions from the generation of energy for sale to third parties are not included in these figures.



Operational incidents and environmental violations

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Henkel openly reports operational incidents when the consequences include at least one of the following:

- Endangerment of the neighborhood or the environment.
- Tangible losses of more than 500,000 euros.
- A high level of public reaction.

Furthermore, Henkel transparently reports on environmental violations where the resulting fine exceeds 10,000 euros.

The measures and corrective actions initiated as a result are also disclosed.

Year	Operational incidents	Environmental violations
2022	There were no operational incidents in 2022.	There were no environmental violations in 2022.
2021	There were no operational incidents in 2021.	There were no environmental violations in 2021.
2020	A fire broke out in the shredder plant at the waste disposal center on the Düsseldorf, Germany, site in May 2020. It occurred during the shredding of plastic containers that had been emptied of residual material. The site fire service was alerted by the automatic fire alarm system and by an employee. Together with Düsseldorf's professional fire department, which was also alerted, it extinguished the fire in a short period of time. No personal injuries were sustained. The firefighting water was properly disposed of in consultation with the relevant authorities. Measures initiated: The waste disposal process was examined and employees working in waste-generating operations at the Düsseldorf site were trained in proper waste disposal. In addition, the shredding process was assessed to see how safety could be improved. The resulting recommendation is that any new shredder should be designed with an extinguishing system in mind and implemented as such. In July 2020, a fatal accident involving a temporary employee occurred at our detergent factory in Ibadan, Nigeria. The employee was fatally injured inside a soap mixing machine when he attempted to access it during normal operation. The machine was immediately stopped with the emergency shut-off switch. Family and authorities were notified promptly. The causal analysis revealed a failure of the machine safeguard. Measures initiated: Henkel was in close contact with the family of the victim and cooperated with the Nigerian government in the accident investigation. All machinery at the Nigerian site was checked for safety before operations were resumed. A safety inspection was also conducted on all machines at our sites with similar production areas.	There were no environmental violations in 2020.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Year	Operational incidents	Environmental violations
	Air contamination occurred due to an overpressure incident at our Laundry & Home Care production site in St. Louis, USA, in May 2020. A raw material caused overpressure in the facility's air duct system while a truck was being unloaded. All the processes were shut down and repair work was started promptly. No personal injuries occurred. Measures initiated: After the factory's air ducts had been decontaminated and before operations were resumed, all the containers at the sulfonation facility were inspected for possible damage. In addition, Henkel took preventive measures at all sites worldwide with similar production processes, with the aim of preventing similar incidents in the future. A fire occurred in March 2020 at our adhesives plant in Bopfingen, Germany, during production of a hotmelt adhesive, causing extensive property damage. The building was evacuated once the fire alarm had been set off and the facility had been shut down as an emergency measure. The fire service was able to bring the fire under control after a short period of time. Further damage was prevented by the safety equipment installed. The resulting extinguishing water was properly disposed of in coordination with the responsible authorities. Measures initiated: An investigation team and a crisis management team were formed to establish the cause of the fire, while coordinating the smooth resumption of production at a different site. The damaged building is currently being rebuilt for another use.	
2019	During the production of powder laundry detergent, a fire broke out inside the filtering system in the spray-drying area in our laundry detergent factory in Ibadan, Nigeria, in August 2019. The installed detectors instantly recognized the fire. Respective measures were immediately taken with internal and external support, in accordance with the provisions of the local intervention plan. The fire was brought under control within a short period of time. There was no damage to people or the environment. The fire caused a brief interruption to operations. Measures initiated: After a comprehensive check of all safety-relevant systems at the entire site, additional training and emergency exercises that involved the entire workforce at the plant were carried out. These will also be repeated regularly in the future. The comprehensiveness and suitability of the safety concept was confirmed after an on-site audit by TÜV Nord. A deflagration occurred in our adhesives plant in Kurkumbh, India, in April 2019. Unfortunately, two employees suffered burns as a result of the deflagration. They immediately received emergency medical aid and were then transferred to a hospital where one employee died of his injuries during treatment. Measures initiated: Henkel started assisting the families and relations during the treatment of the employees and continues to support the families. Immediately after the incident, safety reviews were completed at each of our sites with similar production to ensure that operations could continue safely.	There were no environmental violations in 2019.
2018	There were no operational incidents in 2018.	There were no environmental violations in 2018.
2017	In January 2017, there was a product spillage on the site of our adhesives plant in Düsseldorf, Germany. During the production of an adhesive, an aqueous solvent was unintentionally added, triggering the curing process of the adhesive. The resulting adhesive foam activated the pressure relief system, overflowed out of the containment chamber and spilled onto a street within the site. The hardened foam was mechanically removed from the street surface. The incident did not cause any significant interruption to operations and there were no personal injuries or damage to the environment. Measures initiated: The design of the pressure relief system was examined and the alarm function was tested. A measuring device was installed that continuously monitors the solvent to make sure it is free of water.	There were no environmental violations in 2017.



INDICES

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Our sustainability reporting is based on the standards of the “Global Reporting Initiative” (GRI) and uses the option “Reporting with reference to the [GRI Standards](#)”*. The following GRI index indicates how we apply the GRI standards in our reporting. The information is available on the indicated pages of the Sustainability Report and in the audited parts of the Annual Report. Where a disclosure is not completely covered by the disclosures, we have included the relevant data directly in the index or have labeled the gaps as “omissions.” Henkel transparently reports all information and data that are ascertainable and relevant for the Group from a management perspective.

At the same time, we present our progress regarding the principles defined by the [United Nations Global Compact \(UNGC\)](#) as part of our annual Sustainability Report. Henkel has been a signatory to the Global Compact since 2003. The UNGC is a strategic initiative for companies that have aligned their strategies and operations with ten universally recognized principles related to human rights, labor, environment and anti-corruption. The UNGC index shows where to find information relating to the implementation of the respective principles within the Henkel Sustainability Report 2022.

The GRI index and UNGC index are presented together below. The overview lists information relating to the GRI standards and to topics that are relevant for the ten principles of the United Nations Global Compact (UNGC Principles).

The 2022 Sustainability Report is also the separate combined non-financial report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2022 within the meaning of Sections 315b and 315c, in conjunction with 289b to 289e of the German Commercial Code (HGB) and the Regulation (EU) 2020/852 of the European Parliament, and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (in the following EU Taxonomy Regulation). Reporting that goes beyond GRI to meet requirements of the HGB and of the EU Taxonomy Regulation is presented in the index with the title “Information on the non-financial report (NFR).”

For the disclosures marked with a “,” PricewaterhouseCoopers GmbH WPG performed a limited assurance engagement. The **→ independent assurance report** by PricewaterhouseCoopers GmbH WPG can be found in the scope and reference framework section (p. 172-175) of the Sustainability Report 2022.

* Universal Standards 2021 and Topic Standards 2016, unless stated otherwise.



Universal Standards¹

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

General Disclosures

GRI 2-1 Organizational details

Sustainability Report 2022 (p. 176), Credits
 Annual Report 2022 (p. 372), Credits
 Annual Report 2022 (p. 44 – 85), Corporate governance
 Sustainability Report 2022 (p. 06 – 07), Company profile
 Sustainability Report 2022 (p. 137 – 151), Indicators

Henkel AG & Co. KGaA
 Henkelstraße 67
 40589 Düsseldorf
 Germany

GRI 2-2 Entities included in the organization's sustainability reporting

Annual Report 2022 (p. 214 – 215), Consolidated financial statements / Accounting principles and methods applied in preparation of the consolidated financial statements / Scope of consolidation
 Schedule of Shareholdings 2022
 Sustainability Report 2022 (p. 137), Indicators / Adjustment of reported indicators

GRI 2-3 Reporting period, frequency and contact point

Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management
 Sustainability Report 2022 (p. 176), Credits / Contacts

The sustainability report covers the period from January 1 to December 31, 2022.
 The financial report covers the period from January 1 to December 31, 2022.
 The reporting cycle is annual.
 The publication date of this sustainability report is March 7, 2023.

GRI 2-4 Restatements of information

Our sustainability reporting is based on GRI Standards; in 2022 with additional consideration of the GRI Standards 2021 update. To align our reporting with the GRI Standards, we revised our key aspects and structured our GRI index accordingly.

audited UNGC
Principles



¹ GRI Standards 2021



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

		audited	UNGC Principles
GRI 2-5	External assurance Sustainability Report 2022 (p. 154), Indices Sustainability Report 2022 (p. 171), Scope and reference framework / Separate non-financial group report Sustainability Report 2022 (p. 172 – 175), Scope and reference framework / Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting and Sustainability Information External assurance of the Sustainability Report was initiated by the Sustainability Council. The outcome of the assurance engagement will be reported to the Sustainability Council.	✓	
GRI 2-6	Activities, value chain and other business relationships Sustainability Report 2022 (p. 06 – 07), Company profile Annual Report 2022 (p. 119 – 130), Combined management report / Business units Annual Report 2022 (p. 88 – 91), Combined management report / Fundamental principles of the Group / Operational activities Annual Report 2022 (p. 32 – 43), Shares and bonds Annual Report 2022 (p. 40 – 41), Shares and bonds / International shareholder structure / Employee share plan / Henkel bonds Annual Report 2022 (p. 131 – 140), Combined management report / Economic report / Net assets and financial position Sustainability Report 2022 (p. 126 – 136), Trusted Partner / Collaboration Sustainability Report 2022 (p. 126 – 131), Trusted Partner / Collaboration / Sourcing Annual Report 2022 (p. 147 – 149), Combined management report / Economic report / Procurement	✓	
GRI 2-7	Employees Sustainability Report 2022 (p. 07), Company profile / Business model Sustainability Report 2022 (p. 143 – 144), Indicators / Employee indicators Annual Report 2022 (p. 141 – 146), Combined management report / Economic report / Employees Subdivided by contract type, 88 percent of contract relationships were permanent contracts and 12 percent were fixed-term contracts. These figures correspond to an employee share of around 99 percent. The share of fixed-term employment relationships includes employment contracts with interns, trainees and temporary cover. The numbers are published in head count. The data published covers active employees on the last day of the month. Omission (not applicable): As of yet, we do not publish the information by age group, gender and region, as we are working on further developing the reporting structure across these categories. Omission (not applicable): No relevance of non guaranteed hours employees.	✓	6
GRI 2-8	Workers who are not employees Omission (not applicable): As of yet, we do not report on the number of workers who are not employees and whose work is controlled by the organization, due to non-standardized reports received from third parties.	✓	6



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

		audited	UNGC Principles
GRI 2-9 Governance structure and composition	Sustainability Report 2022 (p. 25 – 26), Strategy / Implementation and management / Organization for responsible corporate governance Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management Sustainability Report 2022 (p. 29), Strategy / Implementation and management / Compliance / Organization for compliance with norms, standards and laws Annual Report 2022 (p. 44 – 85), Corporate governance Annual Report 2022 (p. 88 – 91), Combined management report / Fundamental principles of the Group / Operational activities Annual Report 2022 (p. 92 – 101), Combined management report / Fundamental principles of the Group / Strategic framework for purposeful growth	✓	
GRI 2-22 Statement on sustainable development strategy	Sustainability Report 2022 (p. 03), Foreword Sustainability Report 2022 (p. 10 – 32), Strategy Annual Report 2022 (p. 06 – 15), Foreword	✓	
GRI 2-23 Policy commitments	Sustainability Report 2022 (p. 06 – 07), Company profile Sustainability Report 2022 (p. 25 – 32), Strategy / Implementation and management Sustainability Report 2022 (p. 35 – 49), Regenerative planet / Climate Sustainability Report 2022 (p. 50 – 60), Regenerative planet / Circular economy Sustainability Report 2022 (p. 61 – 72), Regenerative planet / Natural resources Sustainability Report 2022 (p. 75 – 88), Thriving communities / Equity Sustainability Report 2022 (p. 89 – 97), Thriving communities / Education Sustainability Report 2022 (p. 98 – 103), Thriving communities / Wellbeing Sustainability Report 2022 (p. 106 – 114), Trusted partner / Performance Sustainability Report 2022 (p. 115 – 123), Trusted partner / Transparency Sustainability Report 2022 (p. 126 – 136), Trusted partner / Collaboration Annual Report 2022 (p. 92 – 101), Combined management report / Fundamental principles of the Group / Strategic framework for purposeful growth Annual Report 2022 (p. 170 – 194), Combined management report / Risks and opportunities report	✓	1 to 10
GRI 2-24 Embedding policy commitments	Sustainability Report 2022 (p. 25 – 32), Strategy / Implementation and management	✓	



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

		audited	UNGC Principles
GRI 2-25	Processes to remediate negative impacts Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management Sustainability Report 2022 (p. 35 – 49), Regenerative planet / Climate Sustainability Report 2022 (p. 50 – 60), Regenerative planet / Circular economy Sustainability Report 2022 (p. 61 – 72), Regenerative planet / Natural resources Sustainability Report 2022 (p. 75 – 88), Thriving communities / Equity Sustainability Report 2022 (p. 89 – 97), Thriving communities / Education Sustainability Report 2022 (p. 98 – 103), Thriving communities / Wellbeing Sustainability Report 2022 (p. 106 – 114), Trusted partner / Performance Sustainability Report 2022 (p. 115 – 123), Trusted partner / Transparency Sustainability Report 2022 (p. 126 – 136), Trusted partner / Collaboration	✓	
GRI 2-27	Compliance with laws and regulations Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management Sustainability Report 2022 (p. 29 – 30), Strategy / Implementation and management / Compliance In 2022, Henkel did not receive any significant fines or non-monetary sanctions for non-compliance with laws and regulations.	✓	7, 8, 9
GRI 2-28	Membership associations Sustainability Report 2022 (p. 31 – 32), Strategy / Implementation and management / Stakeholder management Sustainability Report 2022 (p. 126 – 136), Trusted partner / Collaboration Our description of initiatives, industry associations and other organizations in the chapters “Stakeholder management” and “Collaboration” in our report lists the most important examples in the context of sustainability.	✓	
GRI 2-29	Approach to stakeholder engagement Sustainability Report 2022 (p. 19), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation / Engaging in dialogue with stakeholders to gain new perspectives Sustainability Report 2022 (p. 31 – 32), Strategy / Implementation and management / Stakeholder management Sustainability Report 2022 (p. 126 – 136), Trusted partner / Collaboration For Henkel, everyone who is either directly or indirectly interested in our company or who influences our company is a stakeholder, whether a group or an individual. We are open to dialogue with all of our stakeholders.	✓	
GRI 2-30	Collective bargaining agreements Sustainability Report 2022 (p. 143 – 144), Indicators / Employee indicators Sustainability Report 2022 (p. 75 – 88), Thriving communities / Equity	✓	3



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Material topics**GRI 3-1 Process to determine material topics**

Sustainability Report 2022 (p. 19 – 22), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation

Sustainability Report 2022 (p. 31 – 32), Strategy / Implementation and management / Stakeholder management

audited

UNGC
Principles**GRI 3-2 List of material topics**

Sustainability Report 2022 (p. 19 – 22), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation

Our material aspects are: Climate, Circular economy, Natural resources, Equity, Education, Wellbeing, Performance, Transparency and Collaboration. Compared to the previous reporting period, there have been no changes to the list of material topics.

General reporting boundaries have not changed. Environmental and social indicators are based on the principle of management control. There were no significant changes in our basis data from 2010. Therefore, no modifications were necessary.

**GRI 3-3 Management of material topics**

Sustainability Report 2022 (p. 25 – 32), Strategy / Implementation and management

Sustainability Report 2022 (p. 35 – 49), Regenerative planet / Climate

Sustainability Report 2022 (p. 50 – 60), Regenerative planet / Circular economy

Sustainability Report 2022 (p. 61 – 72), Regenerative planet / Natural resources

Sustainability Report 2022 (p. 75 – 88), Thriving communities / Equity

Sustainability Report 2022 (p. 89 – 97), Thriving communities / Education

Sustainability Report 2022 (p. 98 – 103), Thriving communities / Wellbeing

Sustainability Report 2022 (p. 106 – 114), Trusted partner / Performance

Sustainability Report 2022 (p. 115 – 123), Trusted partner / Transparency

Sustainability Report 2022 (p. 126 – 136), Trusted partner / Collaboration



Topic Standards²

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

audited	UNGC Principles
---------	-----------------

Economic performance**GRI 201-2 Financial implications and other risks and opportunities for the organization's activities due to climate change**

7

Sustainability Report 2022 (p. 06 – 07), Company profile

Sustainability Report 2022 (p. 10 – 32), Strategy

Sustainability Report 2022 (p. 35 – 49), Regenerative planet / Climate

Indirect economic impacts**GRI 203-2 Significant indirect economic impacts**

Sustainability Report 2022 (p. 126 – 131), Trusted partner / Collaboration / Sourcing

Sustainability Report 2022 (p. 89 – 93), Thriving communities / Education / Employee development

Anti-Corruption**GRI 205-2 Communication and training on anti-corruption policies and procedures**

10

Sustainability Report 2022 (p. 29 – 30), Strategy / Implementation and management / Compliance

Combating corruption is one of the key focal areas of our global compliance training: All Henkel managerial employees worldwide are obliged to complete a compliance training via eLearning. In addition, new managerial employees have to complete a compliance onboarding training. Non-managerial employees participate in training depending on their operational areas, e.g. in Purchasing or Sales. All Henkel business partners worldwide receive information on our anti-corruption measures.

GRI 205-3 Confirmed incidents of corruption and actions taken

10

Sustainability Report 2022 (p. 29 – 30), Strategy / Implementation and management / Compliance

Materials**GRI 301-1 Materials used by weight or volume**

7, 8, 9

Sustainability Report 2022 (p. 47 – 49), Regenerative planet / Climate / Engagement along our value chain /

Low-emissions logistics – Optimizing transport and logistics processes

Annual Report 2022 (p. 147 – 149), Combined management report / Economic report / Procurement

² GRI Standards 2016, unless stated otherwise.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Energy**GRI 302-1 Energy consumption within the organization**

Sustainability Report 2022 (p. 139 – 143), Indicators / Environmental indicators

Sustainability Report 2022 (p. 140), Indicators / Environmental indicators / Indicators / Energy consumption

For site-specific reasons, self-generated electricity and thermal energy are resold primarily at our site in Düsseldorf-Holthausen (Germany); the primary energy used for this purpose amounts to 1,038 thousand MWh.

Calculations of energy usage within the organization are based on internal standards that follow recognized external standards (GRI 302-1) with associated methods and assumptions.

Omission (not applicable): Due to the number of different conversion factors (including International Energy Agency), these are not explicitly listed.



7, 8, 9

audited

UNGC
Principles**GRI 302-2 Energy consumption outside of the organization**Sustainability Report 2022 (p. 139), Indicators / Environmental indicators / Our operational CO₂ footprint

For energy consumption outside of the organization, we refer to the understanding of Scope 3 (see [🔗 Document "Henkel GHG Reporting, Scope 3 Methodology"](#)).

The reported Scope 3 categories are also part of the illustration "Our operational CO₂ footprint."



7, 8, 9

GRI 302-3 Energy intensity

Sustainability Report 2022 (p. 140), Indicators / Environmental indicators / Indicators / Production volumes

Sustainability Report 2022 (p. 140), Indicators / Environmental indicators / Indicators / Energy consumption



7, 8, 9

GRI 302-4 Reduction of energy consumption

Sustainability Report 2022 (p. 38 – 42), Regenerative planet / Climate / On-site measures



7, 8, 9

GRI 302-5 Reductions in energy requirements of products and services

Sustainability Report 2022 (p. 107 – 110), Trusted partner / Performance / Products and technologies



7, 8, 9



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Water and effluents³**GRI 303-1 Interactions with water as a shared resource**

Sustainability Report 2022 (p. 67 – 72), Regenerative planet / Natural resources / Careful use of water as an important resource

Sustainability Report 2022 (p. 111 – 114), Trusted partner / Performance / Product safety

Water extraction is categorized as follows: from third parties, surface water, groundwater, seawater, rainwater (for production purposes).

International standards are applied and, depending on the options available at the site, data obtained from measurement, calculation or estimates is used.

We have conducted investigations into water scarcity on a global level to identify those production sites that operate in regions of water stress.

We report the total water consumption (303-5a) as well as the water consumption from regions that are assigned a “high” or “extremely high” rating in the parameter Basic Water Stress (BWS) (303-5b). To do this, we use the Aqueduct™ tool developed by the World Resources Institute (WRI).



7, 8, 9

GRI 303-2 Dealing with the impact of water recirculation

Sustainability Report 2022 (p. 67 – 72), Regenerative planet / Natural resources / Careful use of water as an important resource

Our minimum standards are based on international and national regulations and legislation.

**GRI 303-5 Water consumption**

Sustainability Report 2022 (p. 141), Indicators / Environmental indicators / Indicators / Water consumption and volume of waste water

Our total consumption of water from regions with water stress (high to extremely high risk as defined by WRI) is 2,187 thousand cubic meters of water per year from regions with water stress.

Water storage has no significant impact on wastewater or process water.

Data on water consumption is recorded in line with internal standards. Whenever possible, measurement data is used; otherwise, a well-founded calculation based on general conditions must be available. An estimate is made as a last resort.



(Water consumption from areas with water stress not audited)

audited

UNGC
Principles³ GRI Standards 2018



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Emissions

GRI 305-1 Direct greenhouse gas (GHG) emissions (Scope 1)

Sustainability Report 2022 (p. 139), Indicators / Environmental indicators / Our operational CO₂ footprint (Scope 1)

For the calculation of the Scope 1 carbon dioxide emissions from various energy sources, we apply the factors provided by Öko-Institut e.V. These are mainly based on data from RAINS 7.52. No CO₂ offsets were taken into account when determining the Scope 1 carbon dioxide emissions.

The net volume of GHG emissions (Scope 1) is shown. The gross volume includes electricity additionally generated and sold to third parties. For site-specific reasons, this occurs primarily at our site in Düsseldorf-Holthausen (Germany); gross emissions at Henkel level total 523 thousand metric tons, and biogenic gross emissions at Henkel level total 44 thousand metric tons.

The published Scope 1 emissions include CO₂ emissions from vehicles used at our production sites (e.g. forklifts) to a large degree. CO₂ emissions from vehicle fleets operated outside our sites are excluded. Direct GHG emissions resulting from processes are currently not considered to be significant based on an analysis carried out in Germany.

Omission (not applicable): CO₂ equivalents of other greenhouse gases are of minor importance in our business activities at present and are therefore not reported separately.

audited UNGC Principles

✓ 7, 8, 9



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

GRI 305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Sustainability Report 2022 (p. 41), Regenerative planet / Climate / On-site measures / Implementation of climate protection measures at our sites / Three models of conversion to renewable energy
Sustainability Report 2022 (p. 139), Indicators / Environmental indicators / Our operational CO₂ footprint (Scope 2)

For the calculation of the Scope 2 carbon dioxide emissions from bought-in energy (electricity, steam and district heating), we have been using the market-based method (Scope 2) since 2018. We previously used the location-based method (Scope 2).

Information on CO₂ equivalents has not yet been provided in itemized form, as the data basis required for the calculation has to be expanded.

The CO₂ emissions relate to our production sites that are under our direct operational control. These sites represent our core activities. In the location-based method, country-specific emission factors were used for calculating carbon dioxide emissions; based on this method, a Scope 2 emissions value of 302 thousand metric tons would have been determined for 2022.

For the market-based method (Scope 2), the emissions of purchased electricity from renewable sources that meets internal quality criteria are reported as zero. For the remaining electricity, we calculate contract, provider or region-specific emission factors, depending on the sites for which we have access to the figures.

They are updated each year. In the remaining cases, we use country-specific factors. For European countries, we use residual factors if available. For all other countries, we use the factors that are most recently published by the International Energy Agency (IEA). 75 percent of the entire electricity purchase comes from renewable sources or falls under supplier-specific emission factors.

No CO₂ offsets and no emissions certificate trading were taken into account when determining the Scope 2 carbon dioxide emissions.

GRI 305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)

Sustainability Report 2022 (p. 116), Trusted partner / Transparency / Measurement, assessment and reporting of ESG data / Footprint across the entire value chain
Sustainability Report 2022 (p. 139), Indicators / Environmental indicators / Our operational CO₂ footprint (Scope 3)

🔗 Document "Henkel GHG Reporting, Scope 3 Methodology"

We are in active dialogue with our suppliers in order to achieve our CO₂ reduction target for our purchased goods and services (raw materials / chemicals) and to improve the quality of the data. As part of a project, they report Scope 1, Scope 2 and Scope 3 emissions (or life cycle emissions) for the products they supply. The integration of supplier data will be further increased in the coming years.

GRI 305-4 GHG emissions intensity

Sustainability Report 2022 (p. 139 – 143), Indicators / Environmental indicators

audited

UNGC
Principles

7, 8, 9



7, 8, 9



7, 8, 9



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

		audited	UNGC Principles
GRI 305-5 Reduction of GHG emissions	Sustainability Report 2022 (p. 10 – 32), Strategy / Sustainability strategy Sustainability Report 2022 (p. 38 – 42), Regenerative planet / Climate / On-site measures Sustainability Report 2022 (p. 44 – 46), Regenerative planet / Climate / Engagement along out value chain / The contribution of our products and technologies to climate change mitigation Sustainability Report 2022 (p. 107 – 110), Trusted partner / Performance / Products and technologies Document “Henkel GHG Reporting, Scope 3 Methodology” Document “Henkel GHG Reporting, Scope 4 Methodology”	✓	7, 8, 9
GRI 305-6 Emissions of ozone-depleting substances (ODS)	Sustainability Report 2022 (p. 143), Indicators / Environmental indicators / Indicators / Use of chlorinated hydrocarbons The majority of chlorinated hydrocarbons are used in one region and are subject to an exemption for volatile organic compounds. In addition, dichloromethane is mainly used in another region.		7, 8, 9
GRI 305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Sustainability Report 2022 (p. 139 – 143), Indicators / Environmental indicators The calculation of air emissions (emissions of volatile organic compounds) is performed either by directly measuring emissions or based on location-specific data.	✓ (Use of chlorinated hydrocarbons not audited)	7, 8, 9
Waste⁴			
GRI 306-1 Waste generation and significant waste-related impacts	Sustainability Report 2022 (p. 59 – 60), Regenerative planet / Circular economy / Reducing production waste	✓	7, 8, 9
GRI 306-2 Management of significant waste-related impacts	Sustainability Report 2022 (p. 59 – 60), Regenerative planet / Circular economy / Reducing production waste Waste disposal is carried out in accordance with country-specific requirements. Determination of waste disposal method is based primarily on information provided by disposal service providers. Depending on the options available at the site, data obtained from measurement, calculation or estimates is used.	✓	7, 8, 9
GRI 306-3 Waste generated	Sustainability Report 2022 (p. 142), Indicators / Environmental indicators / Indicators / Waste for recycling and disposal	✓	7, 8, 9

⁴ GRI Standards 2020



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

		audited	UNGC Principles
GRI 306-4 Waste diverted from disposal	Sustainability Report 2022 (p. 142), Indicators / Environmental indicators / Indicators / Waste for recycling and disposal Data on waste that is diverted from disposal is mainly based on information provided by external service providers. Omission (not applicable): Due to the wide range of specific site conditions, there is no classification of on-site and off-site waste diverted from disposal.	✓	7, 8, 9
GRI 306-5 Waste directed to disposal	Sustainability Report 2022 (p. 142), Indicators / Environmental indicators / Indicators / Waste for recycling and disposal Data on waste that is directed to disposal is mainly based on information provided by external service providers. Omission (not applicable): Due to the wide range of specific site conditions, there is no classification of on-site and off-site waste directed to disposal.	✓	7, 8, 9
Supplier environmental assessment			
GRI 308-1 Percentage of new suppliers that were screened using environmental criteria	Sustainability Report 2022 (p. 126 – 131), Trusted Partner / Collaboration / Sourcing Annual Report 2022 (p. 147 – 149), Combined management report / Economic report / Procurement When selecting our suppliers and business partners, we also consider their performance with regard to sustainability criteria, including environmental standards. This is based on our globally applicable corporate purchasing standards, which we defined in 1997 for the first time, as well as our Safety, Health and Environmental Protection standards, which we supplemented with a Sustainable Sourcing Policy in 2015. This was updated in 2018 and is now known as our Responsible Sourcing Policy, which we have systematically integrated into the purchasing process.	✓	7, 8, 9
Employment			
GRI 401-1 Total number and rates of new employee hires and employee turnover by age group, gender, and region	Sustainability Report 2022 (p. 143 – 144), Indicators / Employee indicators The total number of new employees was around 6,990 in 2022. Omission (not applicable): As of yet, we do not publish the information by age group, gender and region, as we are working on further developing the reporting structure across these categories.	✓	6
GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Sustainability Report 2022 (p. 89 – 93), Thriving communities / Education / Employee development Fundamentally, all occupational benefits also apply to part-time and fixed-term employees, except if applicable local regulations in our countries of activity specify otherwise.	✓	6



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Labor / Management relations**GRI 402-1 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements**

In Germany, rules on employee codetermination apply. Locations in other countries are included via the European Works Council.

Notice periods correspond to legal requirements or exceed them. We comply with the applicable national or local notice periods and obligations.

audited

UNGC
Principles**Occupational health and safety⁵****GRI 403-1 Workers representation in formal joint management-worker health and safety committees**

Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management
Sustainability Report 2022 (p. 101 – 102), Thriving communities / Wellbeing / Increased occupational safety

**GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**

Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management

Hazard identification, risk assessment and investigation of incidents are part of the management systems (ISO 14001 and 45001).

**GRI 403-4 Health and safety topics covered in formal agreements with trade unions**

Sustainability Report 2022 (p. 79), Thriving communities / Equity / Fair working conditions / Social security services and benefits

Sustainability Report 2022 (p. 101 – 102), Thriving communities / Wellbeing / Increased occupational safety

**Training and education****GRI 404-1 Average hours of training per year per employee by gender, and by employee category**

Sustainability Report 2022 (p. 143 – 144), Indicators / Employee indicators

Indication of average training commitment per employee, in days.

Omission (not applicable): As of yet, we do not publish the information by gender and employee category. We are working on further developing the reporting structure across these categories.



6

GRI 404-2 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Sustainability Report 2022 (p. 89 – 93), Thriving communities / Education / Employee development



6

⁵ GRI Standards 2018



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

GRI 404-3 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Sustainability Report 2022 (p. 90), Thriving communities / Education / Employee development / Individual development planning through regular feedback

Sustainability Report 2022 (p. 143 – 144), Indicators / Employee indicators

We assess the performance of our managerial employees (around 23.6 percent of our employees) and non-managerial employees (around 26.4 percent of our employees, out of which 6.4 percent are high-potential non-managerial employees), during the Annual People Review cycles.

Other non-managerial employees are assessed in confidential feedback meetings with their superiors. The frequency of these confidential feedback meetings differs depending on team or region.

Omission (not applicable): As of yet, we do not publish the information by gender and employee category. We are working on further developing the reporting structure across these categories.

audited



UNGC Principles

6

Diversity and equal opportunity
GRI 405-1 Diversity of governance bodies and employees

Sustainability Report 2022 (p. 143 – 144), Indicators / Employee indicators

Annual Report 2022 (p. 28 – 29), Management Board

Annual Report 2022 (S. 70 – 72), Corporate governance / Corporate governance statement / Targets for the proportion of women in the first two management levels below the Management Board / Adherence to minimum requirements when composing Management and Supervisory Boards

Annual Report 2022 (p. 72 – 85), Corporate governance / Corporate governance statement / Diversity considerations

Indication of the share of women, the age structure and number of nationalities in the total workforce. Indication of the gender, age and origin of Management Board members: www.henkel.com/company/management-corporate-boards/management-board



6

Freedom of association and collective bargaining
GRI 407-1 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

Henkel does not influence in any way employee decision-making regarding joining a union or participating in collective bargaining. The Henkel Social Standards guarantee the right to exercise freedom of association and collective bargaining.

1, 2, 3,
4, 5, 6



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Supplier social assessment

GRI 414-1 Percentage of new suppliers that were screened using labor practices criteria

Sustainability Report 2022 (p. 126 – 131), Trusted partner / Collaboration / Sourcing
Annual Report 2022 (p. 147 – 149), Combined management report / Economic report / Procurement

When selecting our suppliers and business partners, we also consider their performance with regard to sustainability criteria, including social standards. This is based on our globally applicable corporate purchasing standards, which we defined in 1997 for the first time, as well as our Safety, Health and Environmental Protection standards, which we supplemented with a Sustainable Sourcing Policy in 2015. This was updated in 2018 and is now known as our Responsible Sourcing Policy, which we have systematically integrated into the purchasing process.



audited

UNGC
Principles

Public Policy

GRI 415-1 Total value of political contributions by country and recipient / beneficiary

Donations, whether direct or indirect, to political parties, campaigns, politicians, or candidates for a political office as well as for political campaigns and referendums are not permitted and were therefore not made. Political activities by employees outside of work are also not supported by Henkel directly or indirectly (see [Public Affairs Standard](#)).



10

Customer health and safety

GRI 416-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management
Sustainability Report 2022 (p. 111 – 114), Trusted partner / Performance / Product safety
Sustainability Report 2022 (p. 115 – 123), Trusted partner / Transparency

All of our finished products are subjected to numerous assessments and tests to ensure a high level of safety during production, use and disposal.

Using representative life cycle assessments, we regularly evaluate the raw materials we use across all product categories. In selecting and using ingredients, we also follow controversial discussions in the general public about the safety of chemical ingredients in consumer products. These provide us with opportunities to continually conduct a critical review of the scientific basis of our assessments.

Henkel has been carrying out successful research since the 1980s to develop new methods for testing the safety and compatibility of raw materials and products.





Information on the non-financial report (NFR)

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

The 2022 Sustainability Report is also the separate combined non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2022 within the meaning of Sections 315b, 315c, and 289b to 289e of

the German Commercial Code (HGB) and of the EU Taxonomy Regulation. Reporting that goes beyond the GRI to meet the requirements of the HGB and the EU Taxonomy Regulation is presented in this index.

	audited
Non-financial risks Sustainability Report 2022 (p. 27 – 28), Strategy / Implementation and management / Sustainability management	✓
Framework used Sustainability Report 2022 (p. 19 – 21), Strategy / Relevant topics / Development of strategy, targets and roadmaps for implementation / Identifying material topics Sustainability Report 2022 (p. 171), Scope and reference framework / Separate non-financial group report	✓
Business model Sustainability Report 2022 (p. 07), Company profile / Business model	✓
Reference to explanatory information on non-financial statement (parent company) Sustainability Report 2022 (p. 151), Indicators / Explanatory information on the non-financial statement of Henkel AG & Co. KGaA according to Section 289b German Commercial Code	✓
Total number of projects supported Sustainability Report 2022 (p. 145 – 146), Indicators / Social indicators	✓
Number of people reached Sustainability Report 2022 (p. 145 – 146), Indicators / Social indicators For 2025 respectively 2030, we have set ourselves the goal to contribute to improving the lives of 20 million, respectively 30 million people worldwide (base year 2010). In the period from 2010 until the end of 2022, we reached more than 30 million people.	✓
Time off from work for employee-initiated projects (days) Sustainability Report 2022 (p. 145 – 146), Indicators / Social indicators	✓
Percentage of Mass Balanced certified palm (kernel) oil used in our products Sustainability Report 2022 (p. 64 – 67), Regenerative planet / Natural resources / Biodiversity and responsible resource management / Responsible use of palm oil and palm kernel oil	✓
EU Taxonomy Regulation Sustainability Report 2022 (p. 121 – 123), Trusted partner / Transparency / Sustainable finance / EU Taxonomy Sustainability Report 2022 (p. 147 – 150), Indicators / EU Taxonomy indicators	✓



SCOPE AND REFERENCE FRAMEWORK

FOREWORD
HIGHLIGHTS 2022
COMPANY PROFILE
STRATEGY
REGENERATIVE PLANET
THRIVING COMMUNITIES
TRUSTED PARTNER
INDICATORS
INDICES
SCOPE AND REFERENCE FRAMEWORK
CREDITS

Separate non-financial group report

The 2022 Sustainability Report is also the separate, combined non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2022 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, which is made available to the public by publication on the website.

In its sustainability reporting, Henkel applies the principles and standard disclosures specified in the GRI Standards of the Global Reporting Initiative (GRI) in line with the option “reporting with reference to the GRI Standards”, the Corporate Accounting and Reporting Standard (Scope 1 and 2), and the Corporate Value Chain Standard (Scope 3) of the Greenhouse Gas Protocol Initiative of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

PricewaterhouseCoopers GmbH WPG was engaged by the Management Board of Henkel Management AG to perform an independent limited assurance engagement on selected disclosures of the Sustainability Report in compliance 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). Selected disclosures in the separate, combined non-financial group report were reviewed for the purpose of obtaining limited assurance. The audited contents of the Sustainability Report can be found in the GRI Index.

In addition, the separate, combined non-financial group report for the Henkel Group and Henkel AG & Co. KGaA for fiscal year 2022 was examined 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,” published by the International Auditing and Assurance Standards Board (IAASB) for the purpose of obtaining limited assurance (Limited Assurance Engagement) with respect to the disclosures required by law in accordance with Sections 315b and 315c, in conjunction with 289b to 289e of the German Commercial Code (HGB), as well as the EU Taxonomy Regulation. The GRI Standards of the Global Reporting Initiative (GRI) provided the framework for the creation of the non-financial disclosure. The audited contents can be found in the Notes in the Indices chapter.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting and Sustainability Information¹

To Henkel AG & Co. KGaA, Düsseldorf

We have performed a limited assurance engagement on

- the chapters on sustainability reporting denoted with "✓" in the subsections "Universal Standards" and "Topic Standards" of the section "Indices" in the sustainability report (hereinafter the "Sustainability Disclosures") and
- the chapters of the non-financial report denoted with "✓" in the subsections "Universal Standards", "Topic Standards" and "Information on the non-financial report (NFR)" of the section "Indices" in the sustainability report (hereinafter the "Disclosures on Non-financial Reporting")

of the "Sustainability Report 2022", which is also the combined separate non-financial report, of Henkel AG & Co. KGaA, Düsseldorf, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Sustainability Report"). Our engagement in this context relates solely to the disclosures denoted with the symbol "✓".

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Sustainability Report.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the selection of the Sustainability Disclosures and Disclosures on Non-financial Reporting to be evaluated as well as for the preparation of the Sustainability Disclosures with reference to the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria") and the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Sustainable Finance", subsection "EU Taxonomy" of the Sustainability Report.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting and sustainability reporting as well as making assumptions and estimates about individual sustainability disclosures and non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the "Sustainability Report 2022" and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Sustainability Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Sustainable Finance", subsection "EU Taxonomy" of the Sustainability Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und

vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Sustainability Disclosures denoted with "✓" in the subsections "Universal Standards" and "Topic Standards" in the section "Indices" in the Sustainability Report and the Disclosures on Non-financial Reporting denoted with "✓" in the subsections "Universal Standards", "Topic Standards" and "Information on the non-financial report (NFR)" in the section "Indices" in the Sustainability Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that

- the Sustainability Disclosures denoted with “✓” in the subsections “Universal Standards” and “Topic Standards” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January to 31 December 2022 are not prepared, in all material respects, with reference to the relevant GRI-Criteria,
- or
- the Disclosures on Non-financial Reporting denoted with “✓” in the subsections “Universal Standards”, “Topic Standards” and “Information on the non-financial report (NFR)” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January to 31 December 2022 are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Sustainable Finance”, subsection “EU Taxonomy” of the Sustainability Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of executive directors and relevant employees involved in the preparation of the Sustainability Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Sustainability Report
- Identification of the likely risks of material misstatement of the Sustainability Report
- Analytical procedures on selected disclosures in the Sustainability Report
- Reconciliation of selected disclosures with corresponding data in the consolidated financial statements and in the combined management report
- Evaluation of the presentation of the disclosures
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.



FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that

- the Sustainability Disclosures denoted with “✓” in the subsections “Universal Standards” and “Topic Standards” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January to 31 December 2022 are not prepared, in all material respects, with reference to the relevant GRI-Criteria, or
- the Disclosures on Non-financial Reporting denoted with “✓” in the subsections “Universal Standards”, “Topic Standards” and “Information on the non-financial report (NFR)” of the section “Indices” in the Company’s Sustainability Report for the period from 1 January to 31 December 2022 are not prepared, in all material respects, in accordance with the §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Sustainable Finance”, subsection “EU Taxonomy” of the Sustainability Report.

We do not express an assurance opinion on the external sources of information or expert opinions, mentioned in the Sustainability Report.

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. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 9 February 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer
[German Public Auditor]

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Contacts

FOREWORD

HIGHLIGHTS 2022

COMPANY PROFILE

STRATEGY

REGENERATIVE PLANET

THRIVING COMMUNITIES

TRUSTED PARTNER

INDICATORS

INDICES

SCOPE AND REFERENCE FRAMEWORK

CREDITS

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Credits

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Further publications

Our website offers access to all of the Environment Reports and Sustainability Reports we have published since 1992, which are also available as downloads. There you will also find our Annual Reports, Quarterly Statements and Financial Reports for the Half Year, Vision and Values, Code of Conduct, Code of Corporate Sustainability, SHE Standards, Public Affairs Standard, and our Social Standards.

www.henkel.com/publications

Our financial publications on the internet:

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Our sustainability publications on the internet:

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Henkel app available for iOS and Android:



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