

Sustainable Development Goals (SDG)

Henkel's Contribution and Activities

At Henkel, we are committed to leadership in sustainability – and this commitment is anchored in our company values. We are actively supporting the achievement of the Sustainable Development Goals (SDGs): The 17 goals represent a significant step forward in understanding the challenges and opportunities that need to be addressed in order to drive progress toward sustainable development.

Due to our long history of commitment to sustainable development, as well as our broad product portfolio and presence in diverse markets, we can make a contribution to the 17 SDGs.

The following pages demonstrate how we contribute to achieving the SDGs through our commitment to sustainability. The topics presented here show the breadth of our contributions, which are drawn from our business activities as well as from our social engagement. In addition, please note that the following serve as examples and it is not meant to be an all-encompassing list.



Below you find a list of selected examples of Henkel's engagement to contribute to the SDGs (as of June 2020).

Goal 1: End poverty in all its forms everywhere



- **Partnership with Plastic Bank**

We have teamed up with the Plastic Bank, a social enterprise which aims to stop ocean plastic and provide 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. Since the start of the collaboration, Plastic Bank has opened several collection points for plastic waste in Haiti with the help of Henkel. The local population can return collected plastic to the collection centers and exchange it for money, goods or services. This creates value from waste before it can enter waterways or the sea.

- **Training program “Shaping Futures”**

This unique training program Shaping Futures from Schwarzkopf Professional is a worldwide social initiative dedicated to teaching disadvantaged youngsters the craft of hairdressing so they can forge a brighter future for themselves. Since 2010, Schwarzkopf Professional and non-profit organizations have offered young people the opportunity to obtain training in basic hairdressing techniques to establish livelihoods.

- **Corporate volunteering**

Our employees support social projects through our initiative “MIT Volunteering” (Make an Impact on Tomorrow). Since the foundation of “MIT Volunteering” in 1998, we have supported the voluntary activities of Henkel employees and pensioners in 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. This also includes projects for refugees, such as volunteering in shelters, supporting integration projects, learning partnerships, and in-kind donations.

- **Social engagement**

We aim to improve quality of life for 10 million people worldwide by 2020 through our social engagement activities. Our Fritz Henkel Stiftung foundation supports the four pillars of our corporate citizenship program: Volunteering, social partnerships, brand engagement and emergency aid.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture



- **Support for smallholder farmers**

We have set a clear target of increasing the supply of sustainable palm kernel oil available on the market by a volume equal to our demand in 2020. We aim to achieve this through collaborative projects for sustainable palm oil that work directly with small farmers to certify their crops and increase productivity on their plantations.

- **Brand initiative #enjoytogether**

Henkel is the first German consumer goods company to enter into an international partnership with UNICEF as part of its global nutrition programs: Henkel's Somat and Pril brands support UNICEF in its efforts to improve children's nutrition to promote healthy development. The partnership is part of the brand initiative #enjoytogether, which combines the communication of the brands Somat and Pril in partnerships and collaborations with social influencers.

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Goal 3: Ensure healthy lives and promote well-being for all at all ages



- **Health, safety and vitality**

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 and general health risks that could lead to illness. The broad range of health services offered at our sites has two aims: promoting our employees' physical health, and maintaining their mental vitality (through stress management and similar measures).
- **Product safety**

Consumer safety has always been of paramount importance to Henkel. We only offer products that are safe and compatible with human health. When formulating our products we only use ingredients that comply with all relevant legal regulations and that have been thoroughly tested for compatibility with health.
- **Improving labor standards & workplace safety**

We aim to improve working conditions for one million workers within our supply chains by working with partners throughout the value chain to conduct training programs and joint projects. We also have a long-term objective of "zero accidents", and aim to reduce our worldwide occupational accident rate by 40 percent by the end of 2020 (base year 2010).
- **Human rights and social standards**

In 1994, Henkel's Mission and Principles emphasized that respecting the social values and standards of the countries we operate in is an integral part of our company policy. In 2000, we introduced the Henkel Code of Conduct including a clear and proactive statement on supporting human rights.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



- **Social education activities**

Several of our social activities focus on education. Examples are: Our Henkel Sustainability Ambassador Program engages employees in conveying the importance of sustainability to others, such as school children or even customers. Our Shaping Futures initiative enables disadvantaged youngsters to discover if hairdressing could be a career for them, and our partnership with Teach First Deutschland sends university graduates to work within schools with disadvantaged students.

- **Social progress**

We want to promote social engagement by inspiring and training all employees in sustainability.

- **Training and professional development**

We strive to provide continuing further education for all of our employees, and learning during day-to-day work and through job rotations plays a central role at Henkel.

- **Say Yes! to the Future initiative**

Sales representatives from all businesses and around the world receive training on sustainability that apply to sales, going beyond the content of Henkel's Sustainability Ambassador program. They then apply this knowledge in joint projects with our trade partners – in logistics, for example, or by promoting sustainable purchasing decisions.

- **Forscherwelt**

Henkel's Forscherwelt (Researchers' World) project takes elementary school children on scientific adventures, showing how much fun research can be through age-appropriate lessons and experiments. The project is available in multiple countries worldwide.

- **Smallholder projects promote sustainable production**

Together with the development organization Solidaridad, Henkel is currently involved in seven initiatives to support sustainable palm oil as part of smallholder projects. With these partnerships, we annually support the production of more sustainable palm oil and palm kernel oil than we use in our products as a raw material. The training and continuing education of smallholders forms an important part of the collaboration.

Goal 5: Achieve gender equality and empower all women and girls



- **Million Chances initiative**

The Million Chances initiative was launched in 2016 to support women and girls in building a successful future for themselves. Since then, the Schwarzkopf Million Chances initiative has been pursuing its goal of helping girls and women overcome challenges, while also giving them confidence and prospects for their future. The initiative supports aid projects worldwide, often in cooperation with independent organizations such as Plan International Deutschland e.V. in China, Colombia and Egypt.

- **Social progress**

We want to promote social engagement by inspiring and training all employees in sustainability.

- **Empowering women**

Our goal is to continually increase the share of female representation at all levels of the organization. For this, it is critical that we create the required framework conditions that permit our employees to balance the planning of their career and their personal life. We also have various mentoring programs for women in our business units and functions worldwide. For example, an internal mentoring program called "Women into Science and Engineering" was created in the Adhesive Technologies business unit. The objective of this program is to connect women at various levels of management with executives in the technology and engineering sectors worldwide to enable the exchange of skills, knowledge and expertise. In this way, we promote their personal and professional development.

Goal 6: Ensure availability and sustainable management of water and sanitation for all



- **Initiatives for consumers and customers**

Henkel focuses on reducing water consumption during production and use of our products and on avoiding wastewater. The initiative “Be smarter. Save water” is one example. Its goal is to create 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 the product packaging and a related website.

- **Water target**

We have set a clear target of using 30 percent less water per ton of product by 2020 (base year 2010).

- **Product stewardship**

The composition of our products is designed to have the least possible impact on the environment, as many of our products pass into wastewater after use.

- **Volunteering project**

Our initiative “MIT Volunteering” (Make an Impact on Tomorrow) promotes personal initiative and voluntary social engagement, like the construction of a drinking water well in Burkina Faso.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all



- **Climate-positive by 2040**

We want to become climate-positive by 2040 by replacing the remaining fuels at our sites with CO₂-free alternatives. In line with our vision, the sites will become climate-positive when surplus CO₂-free energy that Henkel does not need for its own purposes is supplied to third parties. In addition to our activities at our own sites, we want to leverage our influence on areas of our value chain that are particularly relevant to CO₂ emissions.

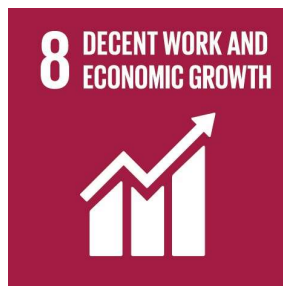
- **CO₂ reduction and energy targets**

- We have set a clear target to reduce our CO₂ emissions per ton of product by 2020 by 30 percent (base year 2010).
- We want to source 50 percent of the electricity we use in production from renewable resources by 2020 and 100 percent in 2030.
- We aim at a 75 percent carbon footprint reduction of our production by 2030 (base year 2010)

- **New production facility with holistic concept including the use of renewable energies**

When building new plants, we aim to integrate our ambitions related to efficiency and renewable energy as early as in the design phase. For example, we were able to integrate high standards for sustainability into our new Adhesive Technologies production facility for aerospace applications in Montornès el Vallès, Spain, which opened in 2019. Thanks to a holistic concept including the use of renewable energies and smart technologies for equipment and infrastructure, it is the first production building in Spain with the golden DGNB certification from the German Sustainable Building Council.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



- **“More with Less” strategic framework**

Our sustainability strategy is built around the concept of creating more value – for our customers and consumers, for the communities we operate in, and for our company – while reducing our environmental footprint at the same time. Our 20-year goal for 2030 is to triple the value we create for the footprint made by our operations, products and services.

- **Support for smallholder farmers**

We aim to increase the availability of sustainable palm (kernel) oil on the market through collaborative projects that enable small farmers to certify their crops as sustainable, increase productivity and improve their livelihoods. By 2017, we had already confirmed partnerships that increased the supply of sustainable palm oil and palm kernel oil on the global market by a volume equal to our total expected demand for these materials.

- **Codes and Standards**

As early as 1994, Henkel’s Mission and Principles document emphasized that respecting social values and standards 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.

- **Innovation**

We have set a clear target that each new product must make a contribution to sustainability. In line with this, we systematically assess products throughout our innovation process.

- **Responsible Sourcing**

We expect our suppliers and business partners to conduct themselves in a manner consistent with our sustainability requirements. In selecting and working with our business partners, we also consider their performance in regard to safety, health, environment, social standards and fair business practices. In 2011, Henkel and five other companies in the chemical industry established the initiative “Together for Sustainability – The Chemical Initiative for Sustainable Supply Chains” (TfS). The TfS initiative aims to harmonize the increasingly complex supply chain management processes with regard to sustainability and to optimize the dialog among worldwide business partners.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



- **Industry 4.0**
How digitalization transforms production and logistics. Henkel is making use of these new possibilities to become faster, better and more sustainable.
- **Logistics footprint reduction**
We aim to reduce our logistics emissions by around 5 percent by the end of 2020 (base year 2015). We systematically record the CO₂ emissions of our logistics operations.
- **Waste target**
Henkel is committed to fostering a circular economy. This includes driving innovation in packaging solutions for our consumers and industrial customers, as well as engaging and collaborating with partners from across the entire value chain. At the same time, we aim to reduce production waste and promote a circular economy in our operations. We have set a clear target of achieving 30 percent less waste per ton of product by 2020 (base year 2010). We have also defined an additional target to cut the volume of production waste that goes to landfill.

Goal 10: Reduce inequality within and among countries



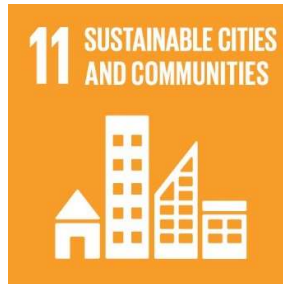
- **Diversity & Inclusion**

The diversity of our employees, with their individual differences and perspectives, is essential to our strength and innovative capabilities. Consequently, Henkel has been focusing on the subject of diversity and inclusion for more than ten years. We want to create an inclusive working environment in which every employee is valued and individual performance is recognized. With numerous programs, training courses and workshops, we strengthen understanding of diversity and appreciative behavior. We want to create an inclusive working environment that fosters all dimensions of diversity in order to develop the full potential of our employees. We pursue a holistic approach, which includes individual personal characteristics as well as experience, knowledge, and skills.

- **Integration program**

We foster a culture of inclusion that focuses on the skills and individual talents of 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.

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable



- **Intelligent material replacement in construction industry**

Technologies from Henkel also enable our customers to explore innovative new designs that offer sustainability-related benefits. Our adhesives open up the opportunity for our customers in the construction industry to use wooden panels instead of concrete. The technology is used in Cross-Laminated Timber (CLT) – a construction material made of three or more layers of wood. Using CLT can replace concrete, which uses more energy and emits more CO₂ when it is made.
- **Welcome Home program**

Our Welcome Home program, which aims to provide a safe home for families and children in need, entered its fourth year. Through this initiative, employees from the Adhesives for Consumers, Craftsmen and Construction business area join together with aid organizations to help renovate and build safe places to live. By raising funds, donating products and providing teams of volunteers, Welcome Home provides a foundation on which people can build a better life.
- **Building homes, rebuilding lives**

Together with Habitat for Humanity, teams of Henkel employees have been building houses for families in need since 2014. For instance, as part of one-week "Building Trips," Henkel employees helped build multi-family houses for people in need in North Macedonia. Henkel also supports these activities with donations in kind, for example with building materials.

Goal 12: Ensure sustainable consumption and production patterns



- **Help customers reduce emissions**

We aim to help our customers and consumers save 50 million metric tons of CO₂ over the five-year period up to 2020 and have developed a CO₂-saving portfolio. 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.

- **Henkel footprint calculator**

We 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. The Henkel footprint calculator helps individuals to calculate their CO₂ footprint.

- **Sustainable packaging and circular economy**

At Henkel, we recognize our responsibility related to packaging. We're committed to promoting sustainability and bring this commitment to life through a set of ambitious targets. Our strategy is built around the circular economy concept and focuses on including materials from sustainable sources and using a smart design to close the loop – for the benefit of people and the planet. Our efforts to achieve these targets are brought to life through strong collaboration with partners from across industries to drive innovation in packaging development. Alongside this, we partner with different organizations which work on the improvement of recycling infrastructure, particularly in developing countries, where appropriate systems for recycling packaging materials are often not in place.

- **"More with Less" strategic framework**

Our sustainability strategy is built around the concept of creating more value – for our customers and consumers, for the communities we operate in, and for our company – while reducing our environmental footprint at the same time. Our 20-year goal for 2030 is to triple the value we create for the footprint made by our operations, products and services.

Goal 13: Take urgent action to combat climate change and its impacts



- **Climate-positive by 2040**

We want to become climate-positive by 2040 by replacing the remaining fuels at our sites with CO₂-free alternatives. In line with our vision, the sites will become climate-positive when surplus CO₂-free energy that Henkel does not need for its own purposes is supplied to third parties. In addition to our activities at our own sites, we want to leverage our influence on areas of our value chain that are particularly relevant to CO₂ emissions.

- **CO₂ reduction and energy targets**

- We have set a clear target to reduce our CO₂ emissions per ton of product by 2020 by 30 percent (base year 2010).
- We want to source 50 percent of the electricity we use in production from renewable resources by 2020 and 100 percent in 2030.
- We aim at a 75 percent carbon footprint reduction of our production by 2030 (base year 2010)

- **CO₂ emissions target approved by Science Based Targets initiative**

Henkel's CO₂ emissions reduction targets were approved by the Science Based Targets initiative (SBTi) as consistent with levels required to meet the goals of the Paris Climate Agreement. The Science Based Targets initiative by UN Global Compact, World Resources Institute and Carbon Disclosure Project (CDP) aims at encouraging companies to set such targets. The SBTi approved that the targets covering greenhouse gas emissions from Henkel's operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5 degrees Celsius, the most ambitious goal of the Paris Climate Agreement. In addition, Henkel's target for the emissions from its value chain (scope 3) meet the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.

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Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development



- **Partnership with Plastic Bank**

We have teamed up with the Plastic Bank, a social enterprise which aims to stop ocean plastic and provide 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. Since the start of the collaboration, Plastic Bank has opened several collection points for plastic waste in Haiti with the help of Henkel. The local population can return collected plastic to the collection centers and exchange it for money, goods or services. This creates value from waste before it can enter waterways or the sea.

- **Product stewardship**

The composition of our products is designed to have the least possible impact on the environment, as many of our products pass into wastewater after use.

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



- **Sustainable palm oil and zero net deforestation**

We strive to ensure that all of the materials related to palm oil and palm kernel oil that we buy and use in our products are produced through sustainable practices. Our goals for 2020 include, for example, ensuring that these oils do not contribute to the deforestation of primary or secondary rain forests with significant ecological value. These include peat lands and other high-carbon stock areas. Alongside environmental considerations, we place a strong focus on the rights of people who work in the palm oil industry or live in communities directly impacted by its activities. We want to drive visible progress toward sustainable palm oil and palm kernel oil and make a positive contribution to both the environment and the people affected.

- **Responsible Sourcing**

We expect our suppliers and business partners to conduct themselves in a manner consistent with our sustainability requirements. In selecting and working with our business partners, we also consider their performance in regard to safety, health, environment, social standards and fair business practices. In 2011, Henkel and five other companies in the chemical industry established the initiative "Together for Sustainability – The Chemical Initiative for Sustainable Supply Chains" (TfS). The TfS initiative aims to harmonize the increasingly complex supply chain management processes with regard to sustainability and to optimize the dialog among worldwide business partners.

- **Paper and cardboard**

The most widely used packaging materials made from renewable raw materials are paper and cardboard. We aim to use 100 percent recycled paper and cardboard material or, where necessary, fresh fiber originating from sustainable forestry, to contribute to zero net deforestation by 2020. This is also part of our commitment to the Consumer Goods Forum initiative against worldwide deforestation and for the protection of biodiversity.

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



- **Codes and standards**

Based on our corporate purpose, 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.

- **Governance & Compliance**

We are 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.

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development



- **Initiatives and Partnerships**

Henkel participates in a large number of initiatives on the local, national and international level, so that we can play an active part in shaping sustainable development in collaboration and through a mutual exchange with other stakeholders.

- **Stakeholder dialog**

Understanding the social demands that stakeholders of all kinds place on our company is a key component of our sustainability management. That is why we promote dialog with all stakeholders, including our customers, consumers, suppliers, employees, shareholders, local communities, government agencies, associations and non-governmental organizations, and politicians and academia.

- **UN Global Compact**

Henkel joined the UN Global Compact in 2003.

- **Collaboration and Partnerships (selection)**

World Business Council for Sustainable Development (WBCSD), Responsible Care, Plastic Bank, Roundtable on Sustainable Palm Oil (RSPO), Alliance to End Plastic Waste, Solidaridad, Together for Sustainability (TfS)