

Social Standards



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Foreword

The aim of the Henkel Social Standards is to define for our employees, customers, suppliers, investors and the communities in which we operate the ethical and social values we respect and our commitment to uphold human rights. These derive from our key corporate value: "We value, challenge and reward our people". The Standards apply to Henkel's business operations worldwide and shall be supplemented according to the local legal requirements in order to legally safeguard their applicability.

Henkel supports the United Nations' Universal Declaration of Human Rights and a number of globally recognized declarations for multinational enterprises. The promotion of these Social Standards internally and throughout all of Henkel's business locations constitutes a natural extension of our Vision and Values, our Code of Conduct, our Purchasing Standards and our SHE Standards. These too are in force and enforced at all Henkel

locations and likewise apply to Henkel's business operations worldwide. Together, these Codes and Standards form the basis for the implementation of the United Nations Global Compact initiative to which Henkel committed in 2003.

In these Social Standards, Henkel has integrated central requirements derived from different public standards, e.g. the United Nations Global Compact, the OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises etc.

Henkel is committed to strict adherence to international labor standards as a minimum, and local statutes where these are more exacting. Henkel uses these Standards as a framework for decision-making and constructive engagement within its sphere of influence, while respecting local legal requirements as well as the responsibility of governments to protect human rights.

Henkel Management Board

Note: This document was prepared and distributed electronically and is therefore valid without signature!

1. Implementation Procedure

- These principles are binding upon Henkel's business operations worldwide and shall be supplemented with respect to the local legal requirements in order to legally safeguard their applicability.
- Compliance with these principles is intrinsic to the leadership role. Management shall therefore take appropriate measures to implement these principles and shall fulfill their responsibilities accordingly.
- Henkel's employees are to be made aware of these principles in an appropriate form and shall have access to the Corporate Standards.
- External hotlines have been set up, through which employees can anonymously report major infringements of our Codes and Standards. They should be used in particular where incidents cannot be cleared up directly with the employee concerned or a supervisor. The hotlines are run by independent companies.
- Any complaint brought to a supervisor's or manager's attention in this way shall not result in adverse consequences for the complainant.
- In addition, the managers and specialists in the Human Resources department or the Corporate Compliance Office may provide advice in cases of doubt.
- Corporate Internal Audit includes these principles in its audit criteria for the assessments of Social Standards.

2. Working Hours, Wages and Vacation Entitlement

Goal

To respect the rights and entitlements of employees and provide fair working conditions.

Requirements

Henkel respects the right to rest and recuperation and provides its employees with fair compensation and benefits.

- The maximum **work time** of a normal work week shall usually not exceed 48 hours, unless otherwise permissible by law. Exceptions to this rule apply only where both of the following conditions exist: (I) National law allows work time exceeding this limit; and (II) a freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods. All overtime work undertaken shall not exceed 12 hours per week. At least one day off shall be granted per seven-day working period.
- **Remuneration and benefits** shall be based on job performance in a non-discriminatory manner, taking into account local standards and cost of living. Compensation shall be reviewed on a regular basis.
- **Remuneration** shall be paid as agreed and without undue delay. Deductions from remuneration shall be clearly stated.
- Adequate **vacation entitlement** and maternity leave shall be provided, taking into account local statutory requirements.

3. Discrimination

Goal

Zero tolerance of discrimination.

Requirements

Equal treatment of its employees is a fundamental principle of Henkel's corporate policy.

- Discrimination relating to, but not limited to, race, color, gender, sexual orientation, religion, political affiliation, trade union membership, disability, nationality, social origin or age shall not be tolerated.
- Discrimination based on the above criteria in hiring, remuneration, access to training, promotion, termination or retirement is unacceptable. HR processes ensuring the absence of discrimination shall be put in place and appropriately documented.
- All forms of harassment shall not be tolerated.

4. Child Labor and Forced Labor

Goal

Zero tolerance of child labor and forced labor.

Requirements

Henkel follows a clear “zero tolerance for child labor and forced labor” policy worldwide.

- Employment of children under 15 years of age (“child”) shall not be accepted.
- A young worker is over the age of a child, as defined above, and under the age of 18. Exceptions to this definition apply only where applicable law provides for stricter regulations. Where young workers fall under compulsory education laws, they may work only outside of school hours.
- Any young worker’s school, work and transportation time shall not exceed a combined total of 10 hours per day and in no case shall young workers work more than 8 hours a day. They may not work during night hours.
- Young workers shall not be engaged in hazardous work which by its nature or type has or leads to adverse effects on the young workers’ safety, health and moral development.
- Extraction of labor from any person under the menace of any penalty and for which the said person has not offered himself voluntarily will not be tolerated.

5. Conflicts of Interest and Corruption

Goal

To ensure fair business relationships, prevent conflicts of interest and combat corruption.

Requirements

Details are specified in Henkel’s Code of Conduct.

6. Freedom of Association and Collective Bargaining

Goal

To respect the rights of employees and freedom of association.

Requirements

Henkel is committed to an open and constructive dialogue with its employees and their representatives. Employees are free to join organizations of their choice to represent them. At locations where there are no representatives, or the employees’ right to elect employee representatives is restricted by law, Henkel ensures an appropriate social dialogue between employees and management.

- Local regulations and statutes notwithstanding, the rights of employees to be represented by freely elected employee representatives shall be respected.
- The right to collective bargaining shall be respected and exercise thereof shall not result in any sanctioning of employees.
- Elected employee representatives shall be provided with necessary information and facilities, and shall have adequate access to their clients.
- Employee representatives shall not be subjected to discrimination.

7. Health and Safety

Goal

To ensure the health and safety of employees, contractors and visitors.

Requirements

Details are specified in Henkel's SHE Standards.

8. Social Impacts and Assessment

Goal

To identify, analyze and assess relevant social impacts – including deleterious effects on human rights and basic employee rights, and also cases of corruption – and ensure that, where necessary, appropriate measures for remediation are duly initiated.

Requirements

Henkel is responsible for identifying and assessing the social impacts of its business decisions.

- Activities, products and processes which have or can have significant social impacts shall be identified and assessed including potential human rights risks. In the event of changes in material circumstances, such assessments shall be appropriately reviewed.
- When appraising new operations or new projects, potential human rights risks shall be included within the associated risk assessments and taken into account in relevant decision-making procedures.
- Indications of discernible impact shall be documented and made available to the relevant decision-makers in order to avoid or minimize impairment.

9. Suppliers and Service Providers

Goal

To ensure that our standards are made transparent to our suppliers and service providers, and that such vendors meet our ethical expectations.

Requirements

Henkel suppliers and service providers are evaluated with respect to their abilities to meet Henkel's Corporate Standards and ethical expectations, which includes striving for internationally accepted labor standards and a zero tolerance policy towards the application of child labor.

Note: These "Henkel Social Standards" represent fundamental principles to which Henkel commits. This document shall however not be misinterpreted as providing an independent basis for assertion of contractual rights against Henkel.

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