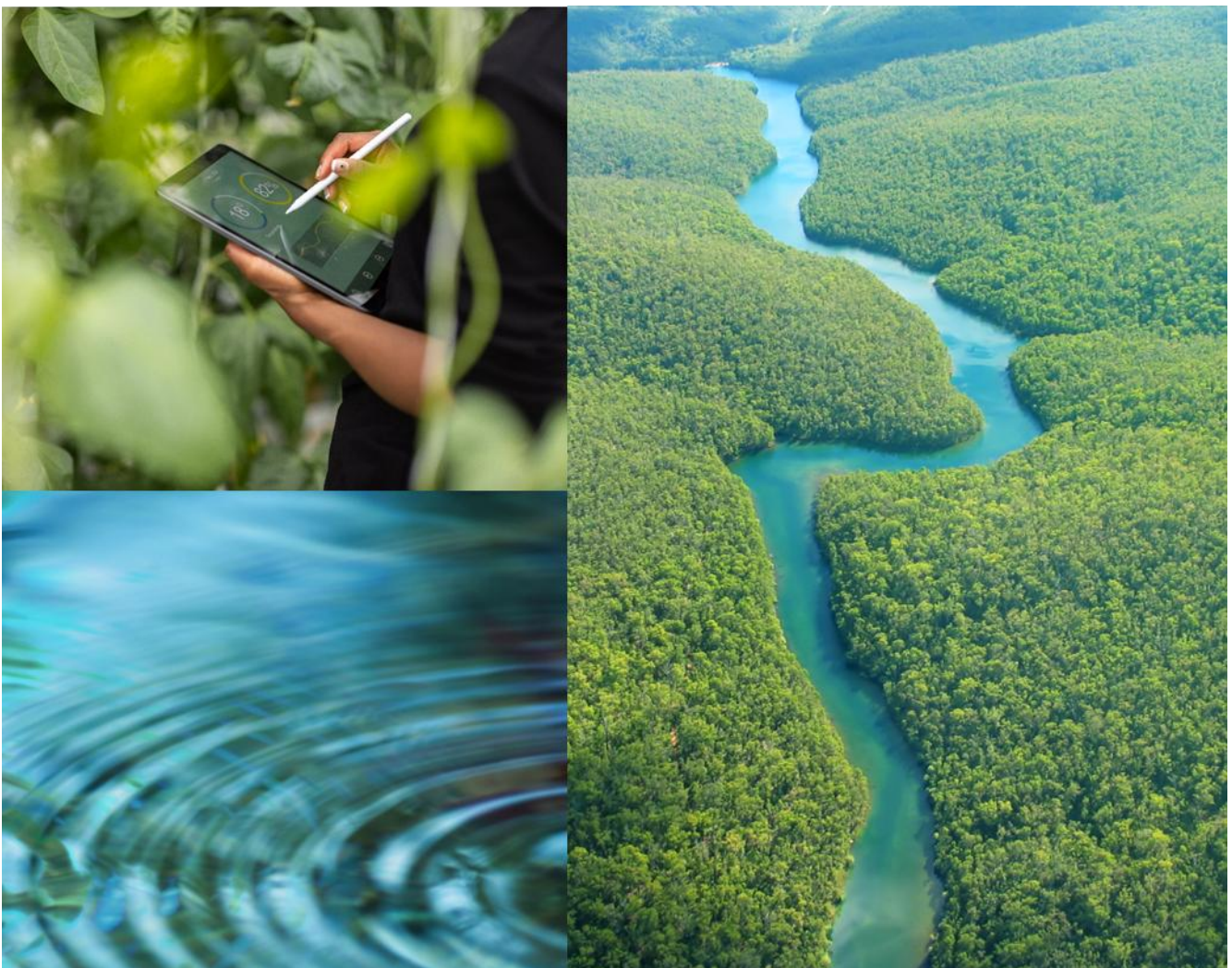


Henkel Water Stewardship Position

Engaging in Water Stewardship in and beyond the Value Chain



1. Executive Summary

Water is a precious resource essential for all life on Earth. It sustains ecosystems, regulates the planet's climate, and supports biodiversity. For society, water is critical for health, sanitation, agriculture, energy production, and industry. Growing populations, pollution, and climate change put pressure on the Earth's freshwater cycle, making water conservation and sustainable management vital for both the environment and human well-being. Accordingly, Henkel aims to enable responsible and circular water use along the value chain as well as to contribute to watershed health. This Water Stewardship position complements Henkel's Nature Policy by laying out Henkel's Water Stewardship approach toward reaching this aim.

2. Background

Water is essential for life and serves as an indispensable resource for ecosystems, humanity and economy. But the hydrological cycle is fragile and under increasing pressure. Anthropogenic changes in land use, overconsumption of freshwater and climate change are disrupting water systems and rainfall patterns. These mutually reinforcing drivers of change are causing imbalances in the water cycle on a global scale.

Within the Planetary Boundary's Framework, this becomes apparent in the transgression of the Freshwater Change Boundary. Freshwater Change in this context refers to the alteration of freshwater cycles, including blue water (surface- and groundwater as in rivers, lakes and aquifers) and green water (plant-available water as soil moisture) – both have exceeded its Planetary Boundary.¹ The Freshwater Change transgression is occurring alongside breaches in other critical boundaries like Climate Change, Biodiversity Loss, and Land-System Change. These interconnected breaches amplify each other, creating a vicious cycle triggering ecological, societal and economic stresses. More frequent and severe water-related disturbances such as droughts, floods, and extreme weather events, lack of access to safe water and sanitation, trade disruptions, food insecurity, disease spread, forced migration and increased conflicts are amongst the consequences. Estimations show that at current pace global water demand will surpass water availability by 40% in 2030.² Additionally, 80% of industrial and agricultural wastewater is discharged untreated, further exacerbating the crisis.³

These interrelations require a systematic governance of water as a global common good, accounting for the dependencies to climate change and ecosystem degradation.

¹ [Planetary boundaries - Stockholm Resilience Centre](#)

² [Global Commission on the Economics of Water, 2024](#)

³ [UN World Water Development Report 2023 | UN-Water](#)

3. Henkel Position

3.1. Relevance for Henkel

Freshwater plays a critical role along Henkel's value chain. In the upstream value chain, water is required for producing feedstocks and raw materials. In Henkel's own operations, water is utilized to run manufacturing processes. In addition, it serves as an ingredient in products. In the downstream value chain, water is required for using products of Henkel Consumer Brands and Adhesives Technologies. Wastewater originating in the end-of-life stage of Henkel products are disposed of via wastewater which is destined to enter hydrological systems and oceans. Additionally, water is central to the well-being of many people in the value chain and surrounded communities. Consequently, Henkel has a multitude of impacts related to water quantity, quality as well as accessibility along the value chain and beyond. Connected to these impacts, several water-related risks arise for Henkel. First, physical risks due to water scarcity, droughts and shifting rainfall patterns can disrupt own operations as well as consumer demand. Additionally, the availability of water-intensive raw materials can become limited, leading to supply chain vulnerabilities. Second, regulatory risks can apply in form of stricter water allocation laws, discharge permits, and pollution regulations. Third, reputational risks due to public scrutiny, especially in water-stressed basins, can lead to loss of consumer or investor trust. All of the above risks imply financial risks due to potentially increased operational, sourcing and compliance costs as well as diminished revenue. Accordingly, active management of respective impacts and risks are essential for Henkel's environmental, social and economic resilience.

The strategic relevance of water for Henkel is mirrored in the Regenerative Planet Pillar of the Sustainability 2030+ Ambition Framework. Acknowledging the need to operate within the Planetary Boundaries, Henkel defined its Freshwater Northstar in the Henkel Nature Policy as "responsible and circular water use along the value chain, as well as contributions to watershed health". This Northstar articulates the vision Henkel is aiming to achieve over the long-term. This Water Stewardship position complements the Nature Policy by laying out Henkel's Water Stewardship approach striving toward the Freshwater Northstar. Henkel's Water Stewardship is closely interlinked with strategies on other Nature-related boundaries such as Biosphere Integrity, Land-System Change or Climate Change. The realization of co-benefits across transgressed boundaries is a key criterion guiding strategy implementation.

3.2. Henkel Water Stewardship Commitments

Henkel is committed to a holistic Water Stewardship going beyond dependency reduction in own operations. At Henkel Water Stewardship is central to increase resilience along and beyond the value chain. It implies minimizing Henkel's water-related impacts and risks by considering its role within a shared water system with the aim of using water in a socially equitable, environmentally sustainable and economically beneficial way.

This holistic approach to Water Stewardship is expressed through the following Henkel commitments along and beyond the value chain – building the foundation for respective mitigation and adaptation activities:

Fundamental to an effective Water Stewardship approach is the evaluation of the water-related impacts and risks that Henkel has along the value chain. Therefore, Henkel commits to regularly assessing its water footprint in terms of water quantity and quality for its own operations as well as to work towards advancing the data transparency for its upstream and downstream value chain to enable a holistic water inventory. Furthermore, water-related risks are analyzed and financially assessed periodically covering physical, reputational, and regulatory aspects.

In own operations, Henkel is committed to reducing freshwater withdrawal through water efficiency as well as reusing and recycling practices at our sites. Additionally, alternative water sources like rainwater are used to reduce freshwater demand. With respect to water quality, Henkel is committed to prevent water pollution which is ensured by respective control measures. Furthermore, (pre-)treatment of wastewater is applied to enhance the water quality of discharged water. This enables the efficient reuse and recycling of wastewater for internal use or by external parties and thus to further reductions in water withdrawal. Chemical safety assessments of ingredients used for production and in products are conducted to ensure safe use of ingredients. Restrictions or bans on polluting substances are adhered to. Furthermore, Henkel is striving to continuously innovate its product designs to optimize the water demand required for production.

In the upstream value chain, Henkel expects suppliers to be aware of their water footprint and to give particular attention to water-scarce areas. Suppliers are expected to minimize their impact on the watersheds in which they operate and to support water conservation by reducing water withdrawal, preventing water pollution, and maintaining or improving groundwater quality where negatively impacted, as far as possible. Suppliers are also expected to comply with applicable local wastewater regulations. Henkel is working toward increasing data transparency and data quality for its upstream water footprint, for example by supplier engagement.

To improve water quantity impacts in the downstream value chain, Henkel strives for product design innovations enabling enhanced water efficiency in the use phase. To enable the realization of water savings in the use phase, Henkel focuses on customer and consumer engagements fostering sustainable product application and usage. To prevent water pollution, Henkel is working towards innovations in product design that lead to diminished impact on water quality. In this regard, Henkel aims to further increase the biodegradability of ingredients in its consumer products. Biodegradability facilitates reintegration into the biological cycle and minimizes environmental impacts. Furthermore, Henkel has a longstanding commitment to removing microplastics from products that may enter aquatic environments after use and

disposal. Building on this progress, Henkel continues to phase out these materials across relevant product categories.

In line with the Sustainable Development Goal 6 “Clean Water and Sanitation”, Henkel commits to assess and to provide a safe and healthy working environment across operations, including access to safe water and hygiene. Negative impacts on the human right to water in surrounding communities are to be prevented.

Beyond its value chain, Henkel is dedicated to engaging in water replenishment and restoration projects to support the conservation of hydrological ecosystems in prioritized watersheds, characterized by high water stress. In this way, Henkel aims to achieve positive impacts on hydrological and further natural ecosystems for increased ecological, business and societal resilience.

3.3. Stakeholder Engagement

Stakeholder collaboration and collective action are key principles for Henkel Water Stewardship initiatives and basin-level activities conducted.

As endorsing member of the UN Global Compact’s CEO Water Mandate, Henkel engages to address global water challenges through corporate Water Stewardship, working together with the United Nations, governments, civil society, and further stakeholders. As member of the World Business Council for Sustainable Development (WBCSD), Henkel engages in cross-industry collaboration and advocacy as well as best practice and knowledge sharing to drive measurable impact.

Stakeholder engagement with direct business partners such as suppliers, industry customers and consumers are an essential part to mitigate water impacts and risks in Henkel’s value chain. As part of supplier management activities, Henkel strives for collaborations with strategic suppliers to advance water-related data transparency as well as mitigation activities at supplier side. Industry customer and consumer engagement via project-based collaboration or awareness campaigns are key measures to advance responsible water use in the downstream value chain.

To engage in affected communities of elevated water risk and stress, Henkel focuses on water restoration based on collective action. Respective activities are implemented in collaboration with other stakeholders such as local communities, NGOs, other water users and governments.

4. Call for Actions

Water is a shared resource – and safeguarding it is a shared responsibility. Henkel recognizes that the accelerating disruption of the global freshwater cycle demands decisive, coordinated, and science-aligned action. Guided by the Freshwater Northstar and embedded in the

commitment to operate within Planetary Boundaries, Henkel calls on partners across the value chain and the wider society to join in driving a resilient, equitable, and regenerative water future.

- **Advancing Water Stewardship Across Industries:** Henkel calls on businesses to adopt holistic Water Stewardship approaches that go beyond conventional water management. Companies must commit to conducting transparent water impact and risk assessments across value chains, setting freshwater-related targets as well as to reporting openly on progress. Implementing Nature-based Solutions that restore hydrological ecosystems and contribute to healthy watersheds based on collective action, can accelerate the shift towards water resilience.
- **Driving System Transformation Through Supply Chain Collaboration:** Henkel invites direct business partners like suppliers, industry customers, and consumers to work with Henkel toward shared water goals. Stronger partnerships across the value chain are essential for amplifying impact.
- **Empowering Policy and Public–Private Collaboration:** Henkel encourages governments and public institutions to strengthen policies that protect freshwater ecosystems, address pollution, and foster equitable access to safe water and sanitation as well as to facilitate incentives for water efficiency, circularity, and technological innovation based on cross-industry collaboration.
- **Accelerating Community Centered Watershed Stewardship:** Local communities are crucial partners in achieving long-term water resilience. Henkel commits to directly engage with local communities on water challenges and calls for collective action to restore and replenish priority watersheds to address both ecological and societal needs.
- **Mobilizing Innovation for Regenerative Water Use:** Cross-sectoral innovation is indispensable for transforming water use. Henkel calls on research institutions, technology providers, start-ups, and business partners to develop new solutions for water-efficient and water-circular manufacturing as well as to accelerate the shift toward biodegradable ingredients and pollution-preventing materials.

Collectively, there is the ability – and responsibility – to protect water as the foundation of healthy ecosystems, thriving communities, and resilient economies. Henkel invites all partners to join forces in advancing Water Stewardship at scale. Through collective action and shared commitment, freshwater resources can be preserved for current and future generations.

5. Further Readings

For further reference please see also Henkel's [Nature Policy](#), [Responsible Sourcing Policy](#), [Circularity Policy](#), [SHE Standard](#), and [Microplastic Position](#).