

Sustainable Sourcing Policy



Excellence is our Passion

Introduction

Our supplier base is one of our most important strategic resources. Therefore, we intend to develop and maintain supplier relationships that are ethical, based on mutual benefit and focused on a shared commitment to better meet our customers' requirements. Sustainable and ethical business practices are the foundation for this. Hence, we consider the performance and continuous improvement of our suppliers when selecting and developing them. This policy summarizes our expectations and is specified in further documents.

It is based on our globally applicable corporate purchasing standards, our Safety, Health and Environment (SHE) Standards and our Social Standards. 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.

Sustainable and ethical practices of our suppliers are an essential element of Henkel's commitment to the UN Global Compact, which comprises ten principles in the areas of human rights, labor rights, the environment and anti-corruption.

The Henkel Sustainable Sourcing Policy is a key element of our commitment to leadership in sustainability. It reflects our sustainability strategy to deliver more value – for our customers and consumers, for our shareholders, and for our company – while reducing our environmental footprint at the same time.

We strive to initiate positive changes throughout the value chain, through training programs and joint projects on process optimization, as well as improvements of environmental and social standards.

Bertrand Conquéret
Chief Procurement Officer

1. Sustainable and ethical business practices

We expect our suppliers to ensure sustainable and ethical business practices through policies, targets, management systems and processes that reflect the impacts and opportunities of the organization. They should strive for continuous improvement of performance in the areas of health, safety and environment.

We expect our suppliers to comply with applicable laws, rules and regulations as well as the standards relevant for their business.

This requires systematic documentation and records. Non-conformities should be identified and addressed through appropriate controls.

2. Fair working conditions

We expect our suppliers and other business partners to ensure fair working conditions.

This includes:

- Giving employees the right to rest and recuperation and providing them with fair compensation and benefits.
- Prohibiting discrimination relating to, but not limited to, race, color, gender, sexual orientation, religion, political affiliation, trade union membership, disability, nationality, social origin or age.
- Respecting the rights of employees to freedom of assembly and association.
- Demonstrating zero tolerance for child labor and forced labor.
- Employment of children under 15 years of age (“child”) shall not be accepted.

3. Plant and process safety

We expect our suppliers to ensure that the design and the operation of production plants and manufacturing processes are safe for their employees, the public and the surrounding communities.

Risk assessments must be carried out for all production facilities. Processes that may lead to serious incidents must be identified, and their hazards and risks must be thoroughly analyzed. Adequate corrective actions must be taken to minimize identified risks.

This also includes the transportation of materials, which must be conducted in a manner that is safe for human health and the environment.

4. Product safety

We expect our suppliers to ensure their products are safe for their intended use in terms of human health and the environment. They must also ensure that the information necessary for the safe handling and use of their products is available. Special attention must be paid to hazardous materials. In this case, product safety must be evaluated in a risk assessment process.

5. Anti-corruption and fair competition

We expect our suppliers to be honest in their dealings with others, obeying all applicable laws and corresponding regulations governing fraud, bribery and corruption. Our suppliers should be committed to the principles of fair competition and must comply with the antitrust and fair competition laws of the countries in which they conduct business.

6. Material-specific requirements

Conflict-free supply chains

We are committed to ensure conflict-free supply chains for our materials and expect our suppliers to support this goal. Some materials require specific attention, e.g. metals such as silver, copper and tin. The mining of cassiterite (the main source of tin) for example is in some countries often associated with military conflicts and human rights violations.

We expect our suppliers to provide documentary evidence that they do not obtain or process metals from critical regions.

Zero net deforestation

We are committed to zero net deforestation by 2020 and expect our suppliers to support this aim. Some materials require specific attention, e.g. palm oil and pulp and paper. This means that the palm and palm kernel oil that we use should not contribute to deforestation of primary or secondary forests with significant ecological value. This includes “High Carbon Stock” forests and peat lands.

We expect our suppliers to work with us to ensure transparency of the relevant supply chains.

7. Evaluation of our suppliers

Henkel suppliers and service providers are evaluated with respect to their abilities to meet Henkel’s requirements and specified expectations. Henkel assesses and audits suppliers, including in the areas of human rights, corruption, and the legal environments. Suppliers who repeatedly fail to meet the defined requirements shall be identified, and corrective actions shall be taken.

Henkel defined a five-step Responsible Supply Chain Process, which focuses on two main challenges. First, ensuring that all of our suppliers comply with our defined sustainability standards. Second, we aim to purposefully work with our strategic suppliers to continuously improve sustainability standards in our value chain – for example, through knowledge transfer and continued education about process optimization, resource efficiency, and environmental and social standards.

Reporting on breaches

Suppliers, their workers or contractors may report actual or suspected breaches of this Sustainable Sourcing Policy to the Henkel Compliance Department or the Purchasing Department, by phone or Email.

Corporate Compliance

Compliance.office@henkel.com

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Corporate Purchasing

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Submissions are treated confidentially.

Note: This “Sustainable Sourcing Policy” represents fundamental principles to which Henkel is committed. This document shall however not be misinterpreted as providing an independent basis for assertion of contractual rights against Henkel.

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