

Particulars

About Your Organisation

1.1 Name of your organisation

Henkel AG & Co. KGaA

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- ☐ Palm Oil Grower
- ☐ Processor and/or Trader
- ☒ Consumer Goods Manufacturer
- ☐ Retailer
- ☐ Bank and/or Investor
- ☐ Social and/or Development NGO
- ☐ Environmental and/or Conservation NGO
- ☐ Affiliate

1.3 Membership number

4-0837-17-000-00

1.4 Membership category

Consumer Goods Manufacturers

1.5 Membership sector

Ordinary

Consumer Goods Manufacturers

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- ☐ Food Good Manufacturer - own brand
☐ Food Good Manufacturer - third-party brand
☒ Home & Personal Care Good Manufacturer - own brand
☐ Home & Personal Care Good Manufacturer - third-party brand
☐ Ingredient Manufacturers
☐ Biofuels
☐ Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.

2.1 Please list down all operations and subsidiaries using palm oil that are owned and/or managed by the member, including those under Group Membership

Worldwide locations and an international culture shape our global footprint <https://www.henkel.com/company/global-presence>

2.1.1 In which markets does your company sell goods with palm oil and oil palm products?

Applies globally

2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products and in products produced by your company for third-party brands in the year:

Description	Tonnes
Total volume of crude/refined palm oil (tonnes)	1300.0
Total volume of crude/refined palm kernel oil (tonnes)	5700.0
Total volume of palm kernel expeller (tonnes)	0.0
Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes)	95000.0
Total	102000.0

2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2.4) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Palm oil-based derivatives and fractions	25.0
Palm kernel oil-based derivatives and fractions	75.0

2.3 Volume of RSPO-certified palm oil and palm oil products used in your company's own brand products and in products produced by your company for third-party brands in the year (tonnes):

Description	Crude/Refined Palm Oil (CSPO)	Crude/Refined Palm Kernel Oil (CSPKO)	Palm Kernel Expeller (CSPKE)	Certified Derivatives and Fractions
RSPO Credits from Mill / Crusher	0.0	0.0	0.0	30.0
RSPO Credits from Independent Smallholder	0.0	0.0	0.0	0.0
Mass Balance (MB)	0.0	0.0	0.0	84965.0
Segregated (SG)	0.0	0.0	0.0	0.0
Identity Preserved (IP)	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	84995.0

2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.3) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Certified Palm oil-based derivatives and fractions	21.0
Certified Palm kernel oil-based derivatives and fractions	79.0

2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:

83.33%

2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?

No

2.4.2 Please explain why you do not intend to cover the gap using RSPO Credits

Henkel's target is to achieve 100% MB in 2020 by driving and accelerating the physical transition, even in countries where the availability is limited. Henkel phased out B&C already in 2015.

2.5 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question CG.2.3) in the following countries/regions:

Countries/Regions	Percentage
Europe	48.0
North America	32.0
Malaysia	0.0
Indonesia	0.0
China	0.0
India	0.0
Latin America	2.0
Africa	2.0
Rest of World	16.0

3. TimeBound Plan

3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?

2016

3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

2015

3.2.1 If the previous target year for CG.3.2 has not been met, please explain why.

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3.3 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

2020

3.3.1 If the previous target year for CG.3.3 has not been met, please explain why.

The remaining percentages / tailend is always the most difficult part to transform, smallest palm volumes are allocated on numerous suppliers that rely on long and complex supply chains.

3.4 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.

2020

3.4.1 If the previous target year for CG.3.4 has not been met, please explain why.

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3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why

Some countries have a limited availability of certified raw materials.

4. Trademark Use

4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- ☒ Challenging reputation of palm oil
- ☒ Confusion among end-consumers
- ☒ Costs of changing labels
- ☒ Difficulty of applying for RSPO Trademark
- ☒ Lack of customer demand
- ☒ Limited label space
- ☒ Low consumer awareness
- ☒ Low usage of palm oil
- ☒ Risk of supply disruption
- ☐ Others

Others

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5. Actions for Next Reporting Period

5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

Cover 100 percent of our demand with Mass Balance certified oils; Full traceability: We aim to be able to trace the palm oil, palm kernel oil and derivatives we buy to known sources – first to the mill and then to the plantation. Increase the availability of sustainable palm oil and palm kernel oil by a volume equal to Henkel's global demand: We aim to increase the availability of sustainable palm oil and 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. In November 2019, Henkel joined the cross-industry initiative "Action for Sustainable Derivatives" (ASD) as a founding member, together with other leading companies in the cosmetics, home and personal care, and oleochemicals industries. The primary objective of the initiative is to generate more transparency in the complex value chain for palm derivatives. The resulting shared aspiration is to assess identified risks and to promote the sustainable production and procurement of palm oil and palm kernel oil derivatives. The initiative aims to facilitate the sharing of best practices and solutions in order to comprehensively transform the complex palm oil derivatives sector. In addition, the harmonization of requirements, tools and criteria will create fair conditions of competition for companies and their direct suppliers. It will also reduce the burden on upstream stakeholders in the supply chain.

6. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at acop@rspo.org

Labour & Labour Rights

6.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

6.1.1 Does the policy cover:

- ☒ No discrimination
- ☒ Wage and working conditions
- ☒ Freedom of association
- ☒ No child labour
- ☒ No harassment
- ☒ No forced or trafficked labour

6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

No

Ethical Conduct & Human Rights

6.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

6.2.1 Does the policy cover:

- ☒ Recruitment
- ☒ Contractors
- ☒ Sub-Contractors & Third-Party Contractors

6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

No

Land Use

6.3 Does your company have a publicly-available Policy covering Land Use?

No

Occupational Health & Safety**6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

Yes

Climate Change & Greenhouse Gas (GHG)**6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

6.5.1 Does the policy cover:

- ☒ Identification and assessment of GHG
- ☒ Public reporting of GHG footprint
- ☒ Monitored implementation plan to reduce or minimise GHG emissions

6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?

Yes

Complaints & Grievances**6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaints/>

No

Smallholders**6.7 Does your company support oil palm independent smallholder groups?**

Yes

6.7.1 Does this support cover:

- ☒ Fair and transparent dealings with Smallholders
- ☒ Improved Smallholder livelihoods

6.7.2 How is your company supporting them?

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 progress made can be viewed on the Solidaridad Dashboard. In Colombia, for example, our goal is to support local smallholders with the innovative platform Farming Solution. The platform was developed by Solidaridad to strengthen cooperation along the entire palm oil supply chain. It is also designed to help smallholders increase their productivity and reduce negative environmental impacts, helping them to achieve their goal of sustainable harvest certification sooner. Palm oil is an increasingly important raw material in Colombia and approximately half of the palm oil produced there comes from small independent farms whose owners face several challenges. However, the productivity of small independent farms is 40 percent lower than that of an average-sized operation. Some smallholders 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. The training and continuing education of smallholders forms an important part of the collaboration. In Indonesia, for example, two projects were implemented in West Kalimantan to improve the living conditions of small farmers through activities including seminars on financial management as part of the Farmer Field School (FFS). In Ghana and Mexico, it was also possible to introduce more sustainable practices into agricultural production thanks to continuing education measures. Henkel currently supports seven initiatives overall in Colombia, Ghana, Honduras, Indonesia, Mexico, Nicaragua and Nigeria. To date, about 30,000 smallholders have been reached on about 300,000 hectares under cultivation. For our commitment in Indonesia, we received an award from Fortasbi (Indonesian

7. Challenges

7.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- ☒ Awareness of RSPO in the market
- ☒ Difficulties in the certification process
- ☒ Certification of smallholders
- ☐ Competition with non-RSPO members
- ☒ High costs in achieving or adhering to certification
- ☒ Human rights issues
- ☐ Insufficient demand for RSPO-certified palm oil
- ☐ Low usage of palm oil
- ☒ Reputation of palm oil in the market
- ☒ Reputation of RSPO in the market
- ☐ Supply issues
- ☒ Traceability issues
- ☐ No challenges faced
- ☐ Others

Others

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7.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- ☒ Engagement with business partners or consumers on the use of CSPO
- ☒ Engagement with government agencies
- ☒ Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- ☒ Promotion of physical CSPO
- ☒ Providing funding or support for CSPO development efforts
- ☐ Research & Development support
- ☒ Stakeholder engagement
- ☐ No actions taken
- ☐ Others

Others

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7.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

Collaboration with representatives from across the industry is at the center of our approach to supporting sustainable cultivation of palm oil and palm kernel oil. Through partnerships, projects and dialog, we are able to engage with key players ranging from plantation owners, small farmers and palm oil mills all the way through to governments, non-governmental organizations and suppliers. These activities enable us to expand our contribution to sustainable practices in the palm oil industry. These partnerships also provide us with important insights into the challenges posed by this valuable vegetable oil and its contribution toward safeguarding food supplies. <https://www.henkel.com/resource/blob/1038544/af1684b38200328128a80b5dd18e485e/data/2019-sustainability-report.pdf> page 88-91