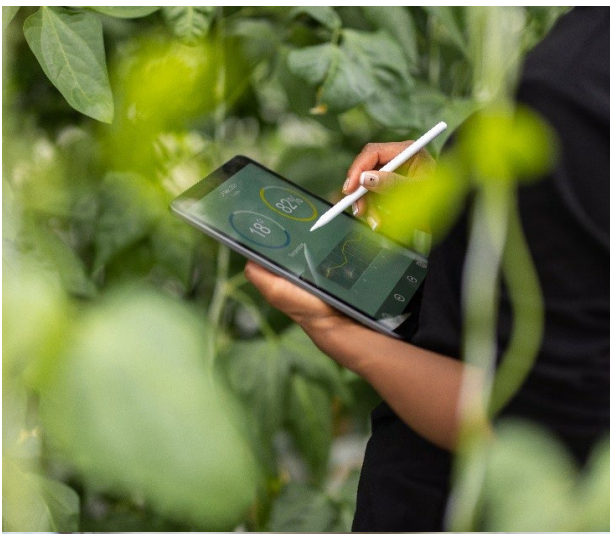


Henkel Nature Policy

Climate, Water and Protection of Global Biodiversity



Foreword

At Henkel, our purpose, "Pioneers at heart for the good of generations," drives us to innovate and lead in sustainability, ensuring that our actions today create a better tomorrow. This purpose, rooted in a legacy of responsibility and forward-thinking, reaches across our business, from the products we create to the ways in which we engage with our partners and communities.

A holistic view on nature and a strong commitment to its protection and restoration is at the core of Henkel's sustainability journey. It embodies our commitment to net-zero targets to limit climate change, our vision of responsible and circular water use, our aim to work towards being nature-positive, and creating value that endures across generations. Our approach to nature protection and restoration is not just a goal. It is a responsibility we share with our suppliers, partners, and stakeholders worldwide.

Henkel's Policy on Nature is an integral part of our broader sustainability agenda, aligning with our Purposeful Growth strategy and our 2030+ Sustainability Ambition Framework. It reflects our dedication to designing sustainable products and processes. This policy guides us how we source, produce, consume, and manage the end of life of our products, to ensure environmental sustainability on every stage of our value chain.

We expect our suppliers and partners to join us in this holistic sustainability journey, adhering to principles that promote reduction of greenhouse gasses, resource efficiency, responsible water use, and protection of natural ecosystems. Together, we can contribute to the achievement of the United Nations Sustainable Development Goals and fostering a sustainable economy and society. By working together, we can lead the transformation to a more sustainable future for the benefit of people and the planet.

Ulrike Sapiro

Chief Sustainability Officer

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1. Policy Rationale

Sustainability is a central element of Henkel's vision for the future. The company's commitment to leadership in sustainability is reflected in its corporate values and deeply anchored in its business strategy. Henkel actively drives the transformation to a sustainable economy and society, helps to protect and regenerate nature, contributes to strong communities and strengthens the trust of stakeholders.

Henkel's sustainability strategy is inspired by its purpose: Pioneers at heart for the good of generations. With pioneering spirit, knowledge, products and technologies, Henkel wants to create economic value as well as to enrich and improve the lives of billions of people every day – and shape a viable future for the next generations.

In this way, Henkel takes a long-term and entrepreneurial approach to sustainability in all of its activities along the value chain.

A key building block is Henkel's Policy on Nature – Climate, Water and Protection of Global Biodiversity. It covers Henkel's interactions with the climate and nature. It is structured around the topics of Climate Change, Water and Marine Resources, and Biodiversity and Ecosystems. It also features Henkel's ambitions and commitments toward a sustainable future.

Henkel's Policy on Nature – Climate, Water and Protection of Global Biodiversity is aligned with Henkel's 2030+ Sustainability Ambition Framework, which sets out the company's long-term vision in the three dimensions: Regenerative Planet, Thriving Communities and Trusted Partner. It also links to Henkel's high aspiration of achieving a transformational impact for the good of generations.

This policy is a key element of Henkel's commitment to leadership in sustainability. It is closely related to the following policies:

- **Responsible Sourcing Policy** (1) and **Zero Net Deforestation Policy** (2)
- **Henkel Circularity Policy**
- **Safety, Health and Environment (SHE) Standards** (3)
- **Social Standards** (4)
- **Code of Conduct** (5) and **Code of Corporate Sustainability** (6)

2. Policy Scope and Exclusions

This policy aims to guide the management of significant nature-related impacts, risks and opportunities, as well as dependencies associated with Henkel's business processes. Impacts, risks, opportunities and dependencies are regularly analyzed, reported and, if appropriate, addressed by targets and actions. This policy sets the guiding principles for Henkel's Climate and Nature targets and ambitions, as well as its general principles for selecting actions and its transition strategy toward its targets and ambitions.

For **Climate Change**, the policy covers climate change mitigation, climate change adaptation and energy.

For **Water and Marine Resources**, the policy covers water withdrawals, water consumption and water discharges, as well as extraction and use of marine resources and water discharge in the ocean.

For **Biodiversity and Ecosystems**, the policy covers the direct drivers of biodiversity loss (including climate change, freshwater, land and sea use change, direct exploitation, invasive alien species and pollution), impacts and dependencies on ecosystem services, impacts on the extent and condition of ecosystems (including land degradation, desertification and soil sealing) and impacts on the state of species (including species global extinction risk and species population size).

The provisions in this policy apply to the Henkel Group worldwide, including all of Henkel's own operations, those of its subsidiaries and each of Henkel's affiliated companies, as well as the upstream value chain. Business partners and consumers in Henkel's downstream value chain are informed about the provisions in this policy and encouraged to comply with the core elements. All business units, regions, specific activities, purchased commodities and sold products are in scope. New business areas (i.e. those that enter the company via mergers and acquisitions) will be integrated in line with Henkel's management process.

The stakeholder focus groups of this policy are suppliers of raw materials in the upstream value chain, stakeholders in Henkel's own operations, and customers and consumers in the downstream value chain. No stakeholder group or affected community is generally excluded.

3. Governance and Implementation

3.1. Main Responsibilities

The **Henkel Management Board** bears overall responsibility for Henkel's sustainability concepts and policies.

Chaired by Henkel's **Executive Vice President for Human Resources, Infrastructure Services and Sustainability**, the **Sustainability Council** is the central decision-making body for Henkel's global sustainability activities on behalf of the **Management Board**. Its scope includes approving policies and concepts related to nature.

Led by the **Chief Sustainability Officer**, a dedicated topic lead for Nature in the Corporate Sustainability team is responsible for the development of concepts and policies addressing key sustainability topics. The Nature Lead is responsible for the related governance. They guide relevant actions based on companywide standards, targets and action plans.

To develop the content of this policy, a representative group of stakeholders was consulted to ensure that the policy aligns with the company's objectives and resonates with stakeholder expectations. These stakeholders included sustainability experts from Henkel's business units, purchasing teams, corporate reporting, corporate finance and operations.

3.2. Implementation, Monitoring and Review

Henkel's two business units (**Henkel Adhesive Technologies** and **Henkel Consumer Brands**) and its relevant corporate functions are responsible for implementing the sustainability concepts and policies, as well as for providing the necessary resources.

Implementation includes providing the policy to internal and external stakeholders, offering training for employees and affected stakeholders, as well as regularly informing relevant stakeholders about the implementation progress. This policy will be made available to stakeholders including employees, shareholders, customers, suppliers, government authorities, associations, non-governmental organizations, scientists and the general public via Henkel's website under [Downloads & Publications \(henkel.com\)](#).

The effectiveness of Henkel's policies and progress toward Henkel's objectives, as well as the relevant impacts, risks and opportunities and their changes, are regularly reviewed by the **Sustainability Council** and, where relevant, the **Compliance and Risk Committee**. For the topic of Climate Change, the Sustainability Council is supported by a **Net-Zero Steering Committee**.

Monitoring of progress includes defining and monitoring Key Performance Indicators (KPIs) for activities with significant impact and related targets for the implementation of this policy, as well as monitoring related environmental data such as air emissions, energy consumption, water withdrawals and discharge indicators, and waste management indicators. Inspections, audits and self-assessments are in place to supervise the implementation.

This policy is regularly revised by the strategic topic leads in the **Corporate Sustainability Team** to identify the necessity for amendments. The review includes changes in stakeholder

expectations, improved scientific knowledge, changing environmental conditions as well as legal and regulatory changes. If any part of this policy does not comply with local, national or international laws or regulations, the policy will be revised. In case of conflicts, laws and regulations take precedence.

3.3. Grievance Mechanism and Access to Remedy

Ethical and compliant behavior is of the highest priority for Henkel, its employees and its stakeholders. This includes compliance with laws that focus on adherence to human rights-related and environmental standards, as well as strict compliance with whistleblower laws globally.

Henkel's employees, its stakeholders and all people affected by Henkel's business activities are requested to report potential misconduct. Henkel will analyze all messages thoroughly, via a fair process that ensures that the rights of the people reporting, as well as the rights of the people implicated, are respected. All information is treated with the utmost confidentiality. Henkel will treat any whistleblower report with the utmost care, speed and confidentiality, fully abiding by applicable privacy laws. This includes a strict need-to-know principle: Only Henkel's Compliance organization (local and global) and relevant other departments required for the investigation and external professional investigators/auditors will have access to the report, the investigation and any follow-up measures.

Henkel operates a transparent, responsive company complaints procedure mechanism for all stakeholders (including employees, suppliers, communities and others) to report concerns, complaints, grievances and breaches of this policy.

The grievance mechanism follows the Effectiveness Criteria of the UN Guiding Principles on Business and Human Rights. Henkel's compliance hotline is operated by an independent external provider and is available globally. Additionally, an E-mail can be sent anonymously to the Henkel Compliance Office using a contact form.

If Henkel discovers that a violation of a human rights-related or environmental obligation has already occurred or is imminent in its own business area or at a supplier, it takes appropriate remedial action(s) without undue delay. The measures are taken on a case-by-case basis, based on the nature of the violation. Details are specified in Henkel's German Act on Corporate Due Diligence in Supply Chains Policy Statement.

4. Stakeholder Engagement

Henkel engages in open, ongoing dialog with its stakeholders to shape its sustainability strategy in alignment with stakeholder expectations, as well as social and environmental demands and perspectives.

Identified stakeholders include, but are not limited to, employees, employee representatives and workers councils, shareholders, customers and consumers, suppliers, other business partners, investors, neighbors, visitors, affected communities, governmental authorities and policymakers, associations, non-governmental and environmental organizations, the scientific community and international bodies.

Stakeholder engagement for Henkel includes, but is not limited to, specific surveys, direct conversation, participation in multi-stakeholder forums and initiatives, as well as dialog platforms. Sustainability data and achievements are provided to stakeholders through different means, including relevant and accessible content on the company website.

In selecting and working with business partners, Henkel considers their performance regarding safety, health, environment, social standards and fair business practices. Henkel places the same demands on all business partners worldwide, expecting their business conduct to be consistent with Henkel's sustainability requirements.

Henkel works with its suppliers to address, prevent and mitigate environmental and social harms that violate the principles of action outlined in this policy. Where necessary and applicable, Henkel provides access to corrective action or remedy. Further information can be found in Henkel's Responsible Sourcing Policy. Henkel's suppliers are evaluated with respect to their ability to meet Henkel's requirements and specified expectations.

Henkel expects its suppliers to undertake their best efforts to promote more sustainable production. This includes, for example, the responsible sourcing of agricultural or forestry feedstocks by applying agroforestry and other regenerative practices, wherever possible.

Henkel supports the inclusion of independent smallholders within global supply chains, in collaboration with its supply chain partners.

Henkel acknowledges that impacts on affected communities may arise from its business activities, as well as from the transition to a climate-neutral economy. Affected communities are defined according to Open Risk Manual. (7)

To respect the rights of affected communities and especially indigenous people and local communities (IP/LC), including land tenure rights, Henkel follows a broad approach that covers its own operations and its supply chain. Details about Henkel's commitment to respecting the rights of indigenous people and local communities, as well as workers' rights, are covered in the Social Standards (4), the SHE Standards (3), the Responsible Sourcing Policy (1), and the German Act on Corporate Due Diligence in Supply Chains Policy Statement (8).

The preservation and restoration of ecosystems, as well as climate change mitigation and adaptation, are highly interlinked with social topics and human rights. For this reason, this policy seeks alignment and is in support of the International Bill of Human Rights (9), the

Universal Declaration of Human Rights (10), the International Covenant on Civil and Political Rights (11) and the International Covenant on Economic, Social and Cultural Rights (12), the International Labor Organization's Declaration on Fundamental Principles and Rights at Work (13), the United Nations Declaration on the Rights of Indigenous Peoples (14), the OECD Guidelines for Multinational Enterprises (15) and the FAO's Voluntary Guidelines on the Responsible Governance of Tenure (16).

5. Definition of Nature

Henkel defines nature, in line with the **Taskforce on Nature-related Financial Disclosures** (TNFD) (17), as the natural world with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. This definition is also generally aligned with the **Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services** (IPBES) definition of nature (18).

In line with the **Intergovernmental Panel on Climate Change** (IPCC) and the **Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services** (IPBES), Henkel agrees that climate and nature must be addressed simultaneously and in an equitable way (19). This includes conserving, protecting and restoring ecosystems, adopting more sustainable agricultural and forestry practices, and pursuing a circular economy.

Henkel is aware that its business activities, along with life on earth, show dependencies of various ecosystem services. These include provisioning services of nature, regulating and maintenance services of nature and cultural services of nature, which play a role in human life.

Henkel is aware that its business activities also impact the environment in a positive or negative way. Short-term impacts on nature can result in changes in the environment, which in turn create medium-term and long-term risks for Henkel's business, given the identified dependencies.

6. Henkel's Sustainability Vision

Henkel is committed to a science-driven and data-driven approach to sustainability. In line with Henkel's definition of nature and the "**2030+ Sustainability Ambition Framework**", Henkel's vision for a sustainable future integrates several environmental topics under its **Regenerative Planet** pillar. The **Regenerative Planet** pillar comprises **Climate**, **Circularity** and **Natural Resources**. The sustainability strategy for working on the defined topics of the **Regenerative Planet** pillar is informed by up-to-date scientific research and internationally recognized scientific findings.

The **Planetary Boundaries Concept** developed by the Stockholm Resilience Centre (20) identifies nine processes that regulate the stability and resilience of the earth system. The boundaries set for these nine processes define the safe operating space for humanity with respect to the earth system and are associated with the planet's biophysical subsystems or processes. Crossing **Planetary Boundaries** increases the risk of large-scale, abrupt or irreversible environmental change.

Henkel has identified four Planetary Boundaries that are directly linked to its business operations and the topics in the **Regenerative Planet** pillar. They are: **Climate Change** (referring to Climate), **Novel Entities** (referring to Circularity, see also Henkel Circularity Policy), **Freshwater Change** and **Land System Change** (referring to Natural Resources). These Planetary Boundaries, although the concept is subject to development and uncertainties, triggered Henkel to develop four **Environmental North Stars**. Together, they form the company's long-term vision of a sustainable future. The **Environmental North Stars** are also linked to the **Sustainable Development Goals** (SDG) for 2030, developed by the United Nations (21).

Henkel's Environmental North Stars are:

- **Climate Change:** Net-zero greenhouse gas emissions in line with the SBTi Corporate Standard.
- **Freshwater Change:** Responsible and circular water use along the value chain, as well as contributions to watershed health.
- **Land System Change:** Zero net degradation of sensitive natural ecosystems, as well as contributions to nature restoration.
- **Novel Entities:** Optimized circular material use and responsible management of all residual waste and chemical pollutants.

Henkel aims to work toward these **Environmental North Stars** with directed actions and targets for its sustainable transition. Significant trade-offs between the **Environmental North Stars** by actions and targets during the transition, as well as significant harm to the Planetary Boundaries **Biosphere Integrity** and **Biogeochemical Flows**, must be avoided.

7. Climate Change

7.1. Background and Relevance

Emissions of carbon dioxide and other greenhouse gases (GHG) caused by humans are responsible for increased climate change and global warming. These emissions are increasing due to global lifestyle changes and economic systems that are still largely fossil-based and linear.

The UN's global Paris Agreement on Climate Change represents a commitment by the community of nations to limit global warming to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. To achieve this, GHG emissions must be reduced to **net-zero** by 2050.

The IPCC's Sixth Assessment Report (2021) confirmed that climate change is already affecting every region on earth. Its impacts are increasingly visible in the form of extreme weather, worsened droughts and heightened risk of forest fires (22).

Henkel respects the **Planetary Boundary** related to **Climate Change**, which is already transgressed, and is especially focusing on CO₂ concentration in the atmosphere in line with the Planetary Boundaries Concept by Stockholm Resilience Center (20). Climate change was identified as one of the company's **Environmental North Stars**.

Henkel acknowledges its responsibility as a globally operating company to reduce its impact on climate change and to adapt to climate change to ensure a long-term sustainable business model.

7.2. Third-Party Standard Reference

Henkel complies with national and international regulations that are relevant for the countries where it operates, as well as mandatory national and international standards on the topic of climate change.

Henkel commits to the following standards related to climate change:

Standard	Description
UN Sustainable Development Goals (21)	Henkel recognizes the Sustainable Development Goals (SDGs) of the United Nations, especially SDG 13 "Climate Action" , SDG 12 "Sustainable Consumption and Production" and SDG 7 "Affordable and Clean Energy" as crucial goals for mitigating climate change.
The Paris Agreement (23)	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on December 12, 2015. It entered into force on November 4, 2016. Implementation of the Paris Agreement requires economic and social

	transformation, based on the best available science (24). Henkel is contributing to the nationally determined contributions (NDC) of countries it operates in.
The Paris Agreement (23)	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on December 12, 2015. It entered into force on November 4, 2016. Implementation of the Paris Agreement requires economic and social transformation, based on the best available science (24). Henkel is contributing to the nationally determined contributions (NDC) of countries it operates in.
Kyoto Protocol to the United Nations Framework on Climate Change (25)	The Kyoto Protocol was adopted on December 11, 1997. Owing to a complex ratification process, it entered into force on February, 16 2005. Currently, there are 192 Parties to the Kyoto Protocol. The Kyoto Protocol operationalizes the United Nations Framework Convention on Climate Change by committing industrialized countries and economies in transition to limit and reduce GHG emissions in accordance with agreed individual targets. The Convention itself only asks those countries to adopt policies and measures on mitigation and to report periodically (26). Henkel supports the guidance given in the Kyoto protocol to limit climate change.
The Intergovernmental Panel on Climate Change's (IPCC) Special Report on Global Warming of 1.5°C (27) and following reports (28)	The Intergovernmental Panel on Climate Change's (IPCC) Special Report on Global Warming of 1.5°C (SR15, 2018) was widely accepted as a warning to limit global temperature rise to 1.5°C above pre-industrial levels and reach net-zero GHG emissions by 2050 for the best chance of avoiding catastrophic climate breakdown (27). Henkel is supporting the global net-zero imperative to limit global warming to 1.5°C.
European Green Deal (29)	The European Green Deal is an overarching initiative of the European Union serving as a framework for various regulations striving for Europe to be the first climate-neutral continent (29). Henkel supports the ambitions of the European Green Deal and aligns with the requirements applicable to businesses.
GHG Protocol Corporate Standard (30), GHG Protocol Policy and Action Standard (31) (for policies and actions) and GHG Protocol for Project Accounting (32)(for projects)	The GHG Protocol Corporate Accounting and Reporting Standard provides requirements and guidance preparing the corporate-level GHG emissions inventory for Henkel (30). The standard covers the accounting and reporting of seven greenhouse gases covered by the Kyoto Protocol (25) – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The Scope 2

	Guidance published in 2015 allows us to credibly measure and report emissions from purchased or acquired electricity, steam, heat, and cooling (30). The industry depends on missing Scope 1 guidance, which is anticipated for 2026. The Policy and Action Standard of the Greenhouse Gas Protocol helps us to assess and report the GHG effects of policies and actions in an accurate, consistent, transparent, complete, and relevant way to support Henkel's GHG reduction strategy.
Science-based Target initiative (SBTi) Corporate Net-Zero Standard (33)	The SBTi Corporate Net-Zero Standard is the referencing standard of guiding Henkel toward a state of net-zero in a way that is consistent with societal climate and sustainability goals and within the biophysical limits of the planet (33). Henkel's target setting, target review and target progress tracking is in line with the SBTi Net-Zero Standard.

7.3. Identified Interaction with Nature

As part of a **double materiality assessment**, negative and positive impacts, as well as risks and opportunities with regard to **climate change mitigation, climate change adaptation and energy**, are identified and annually re-evaluated to monitor changes in the evaluation of their significance. The quantification of impacts is based on the calculation of GHG emissions along the value chain in line with the **GHG Protocol**. A regular risk assessment based on the recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD) (34) monitors financial risks for Henkel's business activities.

7.3.1. Climate Change Mitigation

Henkel recognizes the impact of its business activities along the value chain when it comes to climate change. The main impacts arise from the combustion of fossil fuels to cover the energy demand for producing raw materials, the company's own production activities, product use and logistics. In addition, land use change cause emissions and contributes to climate change, undermining efforts to mitigate climate change.

Positive impacts from Henkel's business model when it comes to climate change mitigation arise from our portfolio of adhesives, sealants and functional coatings that reduce GHG emissions and energy demand during the application phase as alternatives to emission-intensive materials and applications. Further positive impacts come from producing consumer goods that require less energy during the use phase than comparable solutions. This leads to avoided emissions.

Risks arising from climate change mitigation are financial effects of policy and legal changes in the upstream and downstream value chain. This mainly involves carbon taxes and market restrictions that could lead to price increases of raw materials and logistic services, which could in turn reduce Henkel's competitiveness or have a potential effect on sales. Other minor negative effects on the business may arise from increased production costs due to legal and policy changes such as carbon taxes and reputational risks.

Business opportunities arise from providing products with reduced carbon footprint, because customer demand for such products is expected to grow.

7.3.2. Climate Change Adaptation

Henkel is aware that the impacts on the environment caused by its business activities can potentially lead to a decrease of natural resilience against climate change. These impacts are considered low, but are still considered. Examples include deforestation, water use and change of land systems.

Henkel constantly monitors the necessity to implement **climate change adaptation** measures on its own operation sites that are located in areas prone to **climate change-induced physical risks** (e.g. flooding, water risk, pollution or resource scarcity). The connected financial risk is regularly assessed via risk assessments to detect whether the risk for Henkel is significant. This also applies to financial effects arising from physical risks to supply chains, such as extreme weather events disrupting the flow and cost of raw materials.

7.3.3. Energy

Henkel recognizes its energy demand and the resulting impact on air pollution and climate change in the downstream value chain when products are used. Potential lower impacts arise from Henkel's energy activities in the upstream value chain and its own operations, leading to climate change and air pollution. These are covered by the identified impacts on climate change mitigation. No significant risks and opportunities related to energy were identified.

7.4. Commitment and Ambitions

Henkel commits to achieve **net-zero** GHG emissions across the value chain by 2045 and to continue to neutralize any residual GHG emissions released into the atmosphere thereafter. In this way, we are aligned with the 1.5-degrees Celsius pathway and will reduce identified negative impacts. This includes a stepwise reduction of Henkel's absolute direct GHG emissions and its indirect GHG emissions (including biogenic land-related emissions and removals from bioenergy feedstocks), followed by counterbalancing the impact of any emissions that remain in line with the SBTi Corporate Net-Zero Standard (33). Neutralization of carbon emissions will only be allowed as a reduction measure after reducing 90 percent of Scope 1, 2 and 3 emissions in line with the SBTi Corporate Net-Zero Standard (33). Accepted neutralization projects according to the SBTi Corporate Net-Zero Standard (33) are high-quality carbon offsets on permanent carbon removals and storage.

The stepwise reduction of GHG emissions to meet near-term targets is critical to not exceeding the global emissions budget. Long-term targets drive economy-wide alignment and long-term business planning to reach the level of global emissions reductions needed to meet climate targets based on science. The achievement of net-zero GHG emissions will not be claimed until the long-term science-based target for all scopes is achieved, and residual emissions have been neutralized by carbon removal from the atmosphere followed by permanent storage.

In line with the emission reduction targets, Henkel commits to continuously increasing its energy efficiency and transitioning to renewable energy, and to avoiding investments in fossil fuel expansion. To achieve sourcing of 100 percent renewable energy, especially electricity, flexible country-specific approaches are followed and leverage a portfolio of options. This includes on-site production of green power, direct purchase and virtual coverage via certificates or long-term Power Purchase Agreements (PPA).

Although indirect use phase emissions are excluded from the target boundary toward net-zero, the product use phase has the greatest impact on Henkel's carbon footprint. Via continuous research, development, innovation and by sharing expertise, Henkel aims to enable customers and consumers to reduce their carbon footprint.

Henkel is committed to continuously mitigating identified material risks, either indirectly via climate change mitigation actions and nature-based solutions, or directly by applying adaption actions, including engineering and technical solutions.

Henkel advocates for supportive public policies that encourage sector decarbonization. Henkel also collaborates with industry peers, Non-Governmental Organizations (NGOs) and government bodies to share best practices and drive sector-wide decarbonization efforts. Henkel is committed to not funding climate-denial or lobbying against climate regulations.

8. Water and Marine Resources

8.1. Background and Relevance

Water is a finite resource that is essential for society, economy and nature. Access to water and sanitation is a human right (35). Marine resources are relevant to natural ecosystems and the human food chain. Human-induced modifications are threatening the balance of marine ecosystems and related resources (36).

Research on the Planetary Boundaries indicates that human-induced modification of the earth systems has led to the transgression of the **Freshwater Change** boundary (20). Freshwater Change was identified as one of the **Environmental North Stars** for Henkel. The overexploitation and unsustainable management of water resources results in a global water crisis (37). Global water scarcity intensifies by increasing global water demand, as well as the water supply being affected by decreasing quantity and quality (38). Since 2012, the World Economic Forum ranks the water crisis as one of the top five global risks in terms of its effect on society (39).

Despite being a global issue, water challenges are local in nature. They are being exacerbated by climate change, which further impacts the availability and quality of water in many places around the world (40).

As a globally operating company, Henkel acknowledges its responsibility for actions on water scarcity and the protection of aquatic ecosystems and marine resources.

8.2. Third-Party Standard Reference

Henkel complies with national and international regulations relevant for the countries of operation, as well as mandatory national and international standards on the topic of **water and marine resources**.

Henkel commits to the following standards related to water and marine resources:

Standard	Description
UN Sustainable Development Goals (21)	Henkel recognizes the Sustainable Development Goals (SDGs) of the United Nations, especially SDG 6 “Clean Water and Sanitation” and SDG 14 “Life below Water” as crucial goals toward the preservation of global freshwater and marine resources.
UN CEO Water Mandate as part of UN Global Compact (41)	Since 2021, Henkel has been an endorsing member of the CEO Water Mandate, an initiative of the UN Global Compact, and commits to adopt and implement a comprehensive approach to water management.
Global Reporting Initiative (GRI) (42)	Henkel follows the GRI 303 “Water and Effluents” standard.

United Nations High Sea Treaty (43)	Henkel acknowledges the treaty on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.
European Blue Deal (44)	Henkel appreciates the efforts toward a European Blue Deal that is complementary to the EU Green Deal.

8.3. Identified Interactions with Nature

Henkel's sustainability strategy aims to identify and manage significant impacts, dependencies, risks and opportunities regarding water as well as marine resources in an integrated way that uses synergies and avoids tradeoffs. **Double materiality assessments** are used and regularly revised to identify and evaluate impacts, risks and opportunities. To quantify impacts and dependencies, as well as to identify priority sites regarding water, Henkel regularly conducts a nature assessment based on the **LEAP (Locate – Evaluate – Assess – Prepare) approach** described by the **TNFD** (45).

8.3.1. Water

With respect to **water** (surface water and groundwater), Henkel could significantly impact watersheds through water withdrawal as well as water consumption along the value chain.

Additionally, a significant potential long-term financial risk is identified in the downstream value chain regarding water withdrawal. Water shortages in water-stressed regions may lead to a decline in sales of products with high water demand in their use phase.

Water discharges are identified to cause minor environmental impacts, as well as financial risks along the value chain.

No significant opportunities are identified for the topics of water withdrawal, consumption or discharges.

8.3.2. Marine Resources

Regarding **marine resources** (extraction and use of marine resources) and **water discharges to the oceans**, Henkel has no respective significant impacts, risk or opportunities resulting from its business activities. This status is re-evaluated annually.

8.4. Commitment and Ambitions

To address emerging global water challenges and to manage material impacts, risks and opportunities, Henkel is committed to a holistic water stewardship approach that enables responsible water management across the value chain based on collective action. Henkel is especially committed to significantly reducing water consumption.

Sustainable methods are prioritized for the sourcing of water, wherever possible. This includes sourcing water from renewable and responsibly managed supplies, avoiding over-extraction from vulnerable ecosystems and preferring sources that have minimal impact on local communities and wildlife.

With respect to sustainable water management in its own operational processes, Henkel focuses on the reduction of water withdrawal and water consumption by applying efficiency measures and water reuse and recycling. (Pre-)treatment of wastewater from Henkel's own operational processes is applied to enhance the water quality of discharged water, prevent water pollution and enable efficient reuse and recycling of wastewater for internal use or by external parties. This makes it possible to reduce water withdrawal. Chemical safety assessments of ingredients used for production and in products are conducted to ensure safe use of ingredients. Restrictions or bans for polluting substances are adhered to.

Product design innovations are applied to advance sustainable water management, optimize the water demand in production and develop products with lower water consumption during their use phase. To prevent any water pollution in the downstream value chain, Henkel is committed to innovations in product design that substitute substances negatively impacting humans or nature without diminishing the quality and efficiency of the solution.

Customer and consumer engagement fosters further sustainable water use in the downstream value chain by providing upskilling.

To promote responsible water use in the upstream value chain, Henkel pledges to encourage suppliers to improve their water conservation, quality monitoring, wastewater treatment and recycling practices.

Henkel is committed to significantly reducing water consumption in areas at water risk across the value chain. This includes the identification of priority watersheds, efforts toward circular use of water especially in areas facing water risk and / or water stress, and implementation of projects that optimize on-site water use. In this way, the company aims to increase beneficial return flows back into the environment while compensating for any remaining impacts by restoring and replenishing water back to the affected watersheds – to increase watershed health.

Across all of its operations, Henkel works to provide a safe and healthy working environment. This includes safe water for drinking and hygiene. The company also makes sure facilities and suppliers do not impact the human right to water in neighboring communities.

Henkel aims to engage in water regeneration and restoration projects to support the conservation of watersheds and freshwater ecosystems. In this way, Henkel aims to achieve positive impacts for a multitude of natural ecosystems, as well as for biodiversity and the climate.

In the case of marine resources that are used for product manufacturing, Henkel aims to source respective materials in line with sustainable ocean practices.

9. Biodiversity and Ecosystems

9.1. Background and Relevance

Globally, human activities have changed nature and ecosystems, including land surface and ocean area. Ecosystems are increasingly exploited to satisfy humanity's needs for food, fiber and fodder. Together with other drivers, this is leading to a rapid decline in biodiversity on earth, with more than 1 million species facing extinction (46).

Human beings are strongly dependent on nature and biodiversity – in terms of natural pollination, formation, protection and decontamination of soils and sediments, regulation of detrimental organisms and biological processes and medicinal, biochemical and genetic resources. As a result, losses in biodiversity may cause negative social consequences that might affect Henkel's own workforce, workers in the value chain, affected communities (especially indigenous people) along the value chain, clients and customers (46).

According to research done by the IPBES, the main drivers for biodiversity loss are land-use change, climate change, pollution, natural resource use and exploitation, and invasive species (47). Linking the direct drivers of biodiversity loss to the Planetary Boundaries, the Planetary Boundaries **Land System Change** (direct driver Land-Use Change), **Climate Change** (direct driver Climate Change), **Freshwater Change** (direct driver Freshwater-Use Change), **Novel Entities** (Pollution) and **Biosphere Integrity** (direct drivers Natural Resource Use and Exploitation and Invasive Species) are to be seen as most relevant in terms of biodiversity (20). **Climate Change**, **Freshwater Change**, **Land-System Change** and **Novel Entities** were identified as the four **Environmental North Stars** for the company, while Henkel is committed to doing no significant harm to **biosphere integrity**.

Henkel recognizes its responsibility to protect biodiversity on earth. The company aims to protect and restore biodiversity with a focus on forests, land and water as part of Henkel's sustainability strategy.

9.2. Third-Party Standard Reference

Henkel complies with national and international regulations that are relevant for the countries where the company operates, as well as mandatory national and international standards on the topic of **biodiversity and ecosystems**.

Henkel commits to the following standards related to biodiversity loss, land-system change, novel entities and fair contribution of benefits arising from the utilization of genetic resources:

Standard	Description
Convention on Biological Diversity (CBD) (48), Cartagena Protocol (49), Nagoya Protocol (50)	Henkel acknowledges the Convention on Biological Diversity (CBD) together with its two supplementary agreements, the Cartagena Protocol and the Nagoya Protocol . Henkel shares the objectives and strategies of these documents for the protection, preservation and restoration of natural habitats and biodiversity, as well as the understanding of a fair share of benefits arising from the use of natural resources.
Kunming-Montreal Global Biodiversity Framework (51)	Henkel respects the four global goals and 23 targets of the Kunming-Montreal Global Biodiversity Framework (GBF), which serves as the main international agreement on biodiversity protection targets. Henkel fully supports these global joint efforts toward the protection and restoration of ecosystems and biodiversity, and aligns its targets on biodiversity accordingly.
Montreal Protocol (52), Stockholm Convention (53), Basel Convention (54), Minamata Convention (55)	Henkel operates in alignment with international conventions on the emission of potentially hazardous chemical substances, such as the Vienna Convention/Montreal Protocol on the avoidance of ozone depleting substances, the Basel Convention on trade with hazardous wastes, the Stockholm Convention on persistent organic pollutants and the Minamata Convention on mercury emissions.
Global Compact (56)	Henkel signed the UN Global Compact and aligns with the principles and guidelines laid out in this agreement toward a just and ecologically friendly business transition.
UN Sustainable Development Goals (21)	Henkel recognizes the Sustainable Development Goals (SDGs) of the United Nations, in terms of the protection of biodiversity especially SDG 14 “Life below Water” and SDG 15 “Life on Land” as crucial goals toward the preservation of ecosystems and biodiversity. Additionally, Henkel recognizes SDG 3 “Good health and wellbeing” as affected by the protection of the environment from novel entities.
Accountability Framework (57)	Henkel also follows guidelines of the Accountability Framework and incorporates many of its terms and definitions to help clarify the intentions of these principles and promote alignment in sustainability practices across sectors.
Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (46)	Henkel acknowledges climate change, land use change, pollution, direct exploitation and invasive species as the main drivers for biodiversity loss in line with the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) (58).

EU Biodiversity Strategy for 2030 (59)	Henkel acknowledges the EU Biodiversity Strategy for 2030 together with their relevant objectives and targets as European frameworks for the protection, preservation and restoration of natural habitats and biodiversity. Henkel supports these efforts toward the protection and restoration of ecosystems and biodiversity.
EU Action Plan Towards Zero Pollution for Air, Water and Soil (60)	Henkel fully supports the EU Action Plan Towards Zero Pollution for Air, Water and Soil . Henkel is aligned with the "Zero Pollution Hierarchy" of this plan. Via regulatory compliance and product safety, Henkel addresses the tier "Minimize and Control", proactive transformation of products and solutions triggers actions that contribute to the tier "Prevent".

9.3. Identified Interaction with Nature

Henkel's sustainability strategy aims to identify and manage significant impacts, dependencies, risks and opportunities regarding **Biodiversity and Ecosystems** in an integrated way to use synergies and avoid tradeoffs. The **double materiality assessment** is used and regularly revised to identify and evaluate impacts, risks and opportunities. To quantify impacts and dependencies, as well as to identify priority sites regarding biodiversity and ecosystems across the value chain, Henkel regularly conducts a nature assessment based on the **LEAP (Locate – Evaluate – Assess – Prepare) approach** described by the **TNFD** (45) and a risk assessment to identify risks and opportunities.

Henkel has identified significant impacts on biodiversity, but only minor dependencies, opportunities and risks are observed. Risks are mainly arising with regard to unavailability of raw materials and increased efforts for sustainable sourcing.

9.3.1. Direct impact of Drivers of Biodiversity Loss

Henkel impacts biodiversity and ecosystems by causing direct drivers of biodiversity loss. These drivers are especially **climate change** and **freshwater use change** along the entire value chain, **land use change** in the upstream value chain and **direct exploitation** of freshwater and natural resources in its own operations and upstream value chain, respectively.

The effects of **climate change** can disturb ecosystems, leading to shifts in species distribution and habitat disruption. **Freshwater use change** exacerbates the strain on freshwater ecosystems. **Land use change** contributes to habitat destruction and fragmentation, while the extraction and processing of raw materials can alter natural landscapes by deforestation. **Direct exploitation** of raw materials can cause biodiversity loss, particularly in sensitive ecosystems.

Minor impacts of Henkel's business activities arise in relation to the introduction of **invasive alien species** and environmental **pollution**.

9.3.2. Impacts and Dependencies on Ecosystem Services

Henkel recognizes its dependencies on ecosystem services – such as freshwater provision, regulating services and the sourcing of biological materials. The impacts and dependencies on ecosystem services are monitored closely to detect potentially emerging significant impacts, dependencies and risks.

9.3.3. Impacts on the Extent and Condition of Ecosystems

Land degradation caused by unsustainable sourcing of raw materials has an impact on biodiversity. This is especially evident for land use change and deforestation caused by key raw materials such as palm oil and its derivatives, timber, pulp and paper products.

Desertification of areas by high water use and **soil sealing** caused by Henkel are minor impacts on the condition of ecosystems.

9.3.4. Impacts on the State of Species

Henkel acknowledges that business activities in general can contribute to a decrease in **species population size** and **species global extinction risk**. Especially on production sites close to sensitive ecosystems, these impacts are regularly assessed, although the absolute impact of the company is limited.

9.4. Commitment and Ambitions

Henkel is committed to preserving and restoring **biodiversity and ecosystems**, focusing on the mitigation of material direct drivers of biodiversity loss. The ambitions laid down in this policy for **climate change**, **water and marine resources** and **biodiversity and ecosystems** are key elements of this mitigation strategy.

Henkel aims to support efforts toward the global goal of **nature positive**. In this way, the company aims to help advance regenerative outcomes and build resilience against climate change at scale (61). This support may include activities along and beyond the value chain for environmental conservation and restoration. Methods to halt and reverse biodiversity loss in line with **nature positive** include sustainable use of land, the avoidance of land-system change, the (long-term) protection and restoration of natural habitats, natural forests and other natural ecosystems at the landscape and jurisdictional level.

Henkel aims to avoid negative impacts on threatened and protected species, especially at its own operation sites that are located in or near sensitive ecosystems. In line with this, Henkel trades no CITES listed species and respects legally designated protected areas.

Henkel commits to **shifting to renewable raw materials**, including recycled materials, bio-based materials and materials derived from carbon capture and utilization (CCU) in cooperation with suppliers. Henkel is aware that this shift might imply challenges, such as additional land and water use, deforestation or food/feed conflict. To avoid, reduce and minimize negative impacts on biodiversity and society in the upstream value chain, Henkel is committed to **responsible sourcing of raw materials**.

Forests, as one type of land system, play a particularly vital role in fostering biodiversity, as well as mitigating climate change, enabling water and soil conservation, and providing food and livelihoods for millions of people (20). Henkel is committed to **zero net deforestation** and has an ambition of **deforestation and conversion free** sourcing of high-volume commodities with a high risk for deforestation, conversion or human rights violations. This includes timber, pulp and paper, palm oil, palm kernel oil and their derivatives, as well as other commodities that fall under relevant national and international legislation – such as the European Deforestation Regulation (EUDR). Responsible sourcing measures for other forest-risk commodities that Henkel sources in lower volumes are targeted and selective to mitigate any environmental and social risks identified by evaluation of their supply chains.

Henkel's deforestation free commitment and deforestation and conversion-free ambition for relevant commodities includes transparency along the value chain, no conversion of natural ecosystems to agriculture or other land uses, no burning or use of fire for land clearing/replanting, and a zero net deforestation or DCF (deforestation and conversion free) or NDPE (No Deforestation, No Peat and No Exploitation) commitment of suppliers.

To avoid, reduce or minimize negative impacts on biodiversity in its own operations, Henkel is committed to biodiversity and ecosystem protection covering all operational sites owned, leased or managed by Henkel – especially those located in or near Biodiversity Sensitive Areas. Henkel aims to minimize the direct drivers of biodiversity loss from its own operations, for example, by reducing GHG emissions, production waste, waste to land fill, air, water and soil emissions, as well as reducing freshwater use. Henkel explores ways to increase the nature orientation of its own operation sites and to avoid additional soil sealing, deforestation or land clearance and conversion on its own operation sites wherever possible.

To avoid, reduce or minimize negative impacts on biodiversity in the downstream value chain, Henkel is committed to conducting continuous research into its products. This may include the development of formulations with decreased water demand in their use phase, the reduction or phasing out of substances of very high concern (SVHC) and the reduction or phasing out of non-degradable substances in formulations to decrease environmental pollution.

To reduce the amount of microplastics, Henkel is committed to continuously improving product formulations and product packaging, including the reduction of packaging material, using recycled packaging material and increasing packaging recyclability wherever possible.

10. Activities along and beyond the Value Chain

Henkel is committed to continuously allocating budgets for projects that support the sustainable transition of its business, including research into sustainable product innovations, as well as environmental protection and restoration projects along and beyond the value chain.

For **climate change mitigation**, five types of activities are part of Henkel's transition to net-zero: **efficiency** projects, **renewable energy** use, **eco design** of products, **low-emission material** purchasing and **logistics** optimization. These actions must lead to a 90 percent reduction in emissions before **neutralization** of emissions is accounted, in line with the SBTi Net-Zero Standard (33).

For **water and marine resources** protection and replenishment, four main types of activities are part of Henkel's strategy: **water efficiency** projects, **circular water use** projects (including also improvements of water quality to allow reuse and unlocking additional circular water sources, like rainwater), **product innovation** and **consumer engagement**. To achieve full outer circularity, **watershed engagement** and **water replenishment** projects are part of Henkel's engagement. **Replenishment** of water to reach water circularity involves conducting water efficiency, water recycling and water reuse projects according to a mitigation hierarchy. Accepted replenishment projects include technology-based solutions and nature-based solutions, as defined in line with the European Commission (62), whereby the latter are preferred. In addition to environmental aspects, the social aspect of water availability and hygiene can be covered by **WASH** (water, sanitation, and hygiene) projects at the company's own operation sites, as suggested in the CEO Water Mandate (41).

For **biodiversity and ecosystems** protection and restoration, three main types of actions are identified as possible options: **Nature restoration projects** along the value chain (including reforestation projects, water replenishment projects and other nature based solutions); **Deforestation-free sourcing** projects (including cooperations with suppliers, certification to ensure deforestation-free sourcing or traceability studies for key raw materials); **Nature orientation of sites** (including green island projects, blue island projects, sustainable construction plans and other actions on site). **Nature restoration projects** for environmental restoration can be conducted independently from carbon offsetting or water replenishment, whereby any kind of double counting of positive effects is avoided. Accepted projects are nature-based solutions, as defined in line with the European Commission (62).

Henkel is committed to taking environmental action beyond the value chain (**Beyond Value Chain Mitigation** or BVCM for short), as well as beyond regulatory compliance. This also contributes to Societal Net-Zero, as demanded by the SBTi (63). To drive BVCM, Henkel is committed to building a balanced project portfolio including technology-based and nature-based solutions for carbon reduction and removal, as well as water replenishment and nature restoration. In line with the SBTi requirements, carbon credit or emissions removed through BVCM activities are strictly separated from the GHG inventory.

Henkel commits to only supporting long-term sustainable technology-based solutions with scientifically proven effect. Henkel commits to implementing holistic nature-based solutions

as its first preference. These solutions tackle more than one environmental issue to support landscape restoration and long-term protection of natural ecosystems.

In general, Henkel accepts third-party certifications and supply chain certification schemes to provide assurance around sustainability, traceability and integrity along the value chain. For the certification of raw material environmental footprints, internationally acknowledged certification schemes based on Life Cycle Assessments are preferred. For certification of deforestation-free and conversion-free sourcing, credible certifications with traceability and chain of custody models are preferred.

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12. Definitions

Affected communities (64)	People or group(s) living or working in the same area that has been or may be affected by a reporting organization's operations or through its value chain. Affected communities can range from people living adjacent to the organization's operations (local communities) through to people living at a distance. Affected communities include actually and potentially affected indigenous peoples.
Ambition	A strong wish to achieve a particular thing, not measurable and not timebound.
Biodiversity (65)	The variety among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part. This includes variation in genetic, phenotypic, phylogenetic and functional attributes, as well as changes in abundance and distribution over time and space within and among species, biological communities and ecosystems.
Biodiversity Sensitive Area	Biodiversity Sensitive Areas include Key Biodiversity Area (KBA) and protected areas, as listed in the World Database of Protected Areas (WDPA).
Biogeochemical flows (20)	Biogeochemical flows reflect anthropogenic perturbation of global element cycles. Currently, the Planetary Boundaries framework considers nitrogen (N) and phosphorus (P) because these two elements constitute fundamental building blocks of life.
Biosphere integrity (64)	The ability of an ecosystem to support and maintain ecological processes and a diverse community of organisms.
Circular water use (66)	Process for reducing, preserving and optimizing the use of water through waste avoidance, efficient utilization and quality retention – while ensuring environmental protection and conservation.
Circularity / Circular economy (64)	An economic system in which the value of products, materials and other resources in the economy is maintained for as long as possible, enhancing their efficient use in production and consumption. This reduces the environmental impact of their use, while also minimizing waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy.
Climate change (67), climate change adaptation (64) and climate	Climate change refers to a change in the state of the climate that can be identified (e.g. by using statistical tests) by changes in the mean and/or the variability of its properties and that persists for an extended period, typically decades or longer.

change mitigation (64)	Climate change adaptation refers to the process of adjustment to actual and expected climate change and its impacts. Climate change mitigation refers to the process of reducing GHG emissions and holding the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels, in line with the Paris Agreement.
Commitment / commit	A promise or firm decision to do something. To commit is used in the meaning of to promise to do something or to promise that something will happen.
Cut-off date	The cut-off date is the data after which deforestation or conversion is considered non-compliant with this policy. For this policy, the cut-off date is, as a minimum, January 1, 2020. This is aligned with global goals to halt deforestation by 2020 (68) and with Target 15.2 of the United Nations Sustainable Development Goals (21). Nevertheless, Henkel considers deforestation or conversion non-compliant with this policy after the following cut-off dates specified for palm oil, palm kernel oil and their derivatives as per the Roundtable on Sustainable Palm Oil (RSPO): November 2005 (for primary forest or any area required to protect or enhance HCVs) and 15 November 2018 (for HCVs or HCS forests) (69).
Deforestation (57)	Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation. This definition pertains to no-deforestation supply chain commitments, which generally focus on preventing the conversion of natural forests. Severe degradation (scenario iii in the definition) constitutes deforestation even if the land is not subsequently used for a non-forest land use. Loss of natural forest that meets this definition is considered to be deforestation regardless of whether or not it is legal. The Accountability Framework's definition of deforestation signifies "gross deforestation" of natural forest where "gross" is used in the sense of "total; aggregate; without deduction for reforestation or other offset".
Deforestation and Conversion Free (DCF) (57)	Conversion free / no-conversion: Commodity production, sourcing or financial investments that do not cause or contribute to the gross conversion of natural ecosystems (as defined by the Accountability Framework). Deforestation free / no-deforestation: Commodity production, sourcing or financial investments that do not cause or contribute to gross

	deforestation of natural forests (as defined by the Accountability Framework). Deforestation and Conversion Free (DCF) raw materials do not originate from land that had one of the following status in or after specific cut-off dates: Primary forests and other wooded land covered with native tree species, no clear visible indication of nonindigenous human activity (such as wood harvesting, forest clearance) and intact ecological processes. Land with high carbon stocks such as wetlands, peatlands (regardless of their depth), continuously forested areas and forests with a 10-30 percent canopy cover (High Carbon Stock forests (HCS), as defined by the High Carbon Stock Approach (HCSA) (70). Highly biodiverse forests and other wooded land that is species-rich and not degraded, as well as other areas that have been identified as highly biodiverse by relevant competent authorities. Nature protection areas designated by law or by relevant authorities. Areas for the protection of rare, threatened or endangered ecosystems or species. Highly biodiverse grasslands and other High Conservation Value Areas (HCVA).
Degradation (57) / land degradation	Changes within a natural ecosystem that significantly and negatively affect its species composition, structure and/or function, and that reduce the ecosystem's capacity to supply products, support biodiversity and/or deliver ecosystem services. Degradation may be considered conversion if it: Is large-scale and progressive or enduring. Alters ecosystem composition, structure and function to the extent that regeneration to a previous state is unlikely. Or leads to a change in land use (e.g. to agriculture or other use that is not a natural forest or other natural ecosystem).
Desertification (64)	Land degradation in arid, semi-arid and dry subhumid areas resulting from various factors, including climatic variations and human activities. Desertification does not refer to the natural expansion of existing deserts.
Double materiality (64)	Double materiality has two dimensions: Impact materiality and financial materiality. A sustainability matter meets the criterion of double materiality if it is material from the impact perspective or the financial perspective or both.

Ecosystem (64)	A dynamic complex of plant, animal and microorganism communities and their non-living environment interacting as a functional unit.
Ecosystem services (71)	A service that is provided by an ecosystem as an intrinsic property of its functionality (e.g. pollination, nutrient cycling, nitrogen fixation, fruit and seed dispersal). The benefits (and occasionally disadvantages) that people obtain from ecosystems include provisioning services such as food and water; regulating services such as flood and disease control; and cultural services such as recreation and sense of place. In the original definition of the Millennium Ecosystem Assessment the concept of ecosystem goods and services is synonymous with ecosystem services. The TNFD defines dependencies as ecosystem services that an organization relies on for its business processes to function, such as a clean and regular water supply (17). Provisioning services of nature: water supply, genetic material, biomass provisioning. Regulating and maintenance services of nature: pollination, biological control, soil and sediment retention, flood mitigation, water flow regulation, rainfall pattern regulation, local micro-climate and meso-climate regulation, global climate regulation, nursery and population habitat maintenance, solid waste remediation, soil quality regulation, storm mitigation, water purification, air filtration, noise attenuation. Cultural services of nature: recreation related services, visual amenity services, education, scientific and research services, spiritual, artistic and symbolic services.
Environment	Environment is understood as the interplay of different scales such as the technosphere, biosphere, lithosphere, hydrosphere and atmosphere.
Environmental North Star	A concrete vision for a distinct topic as part of a long-term vision of a sustainable future.
Free, Prior and Informed Consent (FPIC) (57)	A collective human right of indigenous peoples and local communities to give and withhold their consent prior to the commencement of any activity that may affect their rights, land, resources, territories, livelihoods and food security. It is a right exercised through representatives of their own choosing and in a manner consistent with their own customs, values and norms.
Freshwater (64) and freshwater change (20)	Freshwater refers to groundwater and surface water, with a mean annual salinity of < 0.5 percent. Freshwater change according to the Planetary Boundaries reflects changes across the entire water cycle over land.

Global warming (67)	The estimated increase in <i>global mean surface temperature (GMST)</i> averaged over a 30-year period, or the 30-year period centered on a particular year or decade, expressed relative to <i>pre-industrial</i> levels unless otherwise specified. For 30-year periods that span past and future years, the current multi-decadal warming trend is assumed to continue.
Greenhouse gas (GHG) (64)	Gases that can contribute to global warming and climate change effects in the atmosphere. The seven greenhouse gases covered by the Kyoto Protocol (25) – carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃).
Grievance mechanism (57)	Any routinised process through which grievances concerning business-related negative impacts to human rights or the environment can be raised and remedy can be sought. Grievance mechanisms may be state-based or non-state-based, and they may be judicial or non-judicial.
Habitat (64)	The place or type of site where an organism or population naturally occurs. Also used to mean the environmental attributes required by a particular species or its ecological niche.
Habitat fragmentation (64)	A general term describing the set of processes by which habitat loss results in the division of continuous habitats into a greater number of smaller patches of lesser total size and isolated from each other by a matrix of dissimilar habitats. Habitat fragmentation may occur through natural processes (e.g. forest and grassland fires, flooding) and through human activities (e.g. forestry, agriculture, urbanization).
Indigenous peoples (57)	Distinct groups of people who satisfy any of the more commonly accepted definitions of indigenous peoples, which consider (among other factors) whether the collective: - Has pursued its own concept and way of human development in a given socio-economic, political and historical context. - Has tried to maintain its distinct group identity, languages, traditional beliefs, customs, laws and institutions, worldviews and ways of life. - Has at one time exercised control and management of the lands, natural resources and territories that it has historically used and occupied, with which it has a special connection, and upon which its physical and cultural survival typically depends. - Self-identifies as indigenous peoples. And / or: Descends from populations whose existence pre-dates the colonization of the lands within which it was originally found or of which it was then dispossessed.

	When considering the factors above, no single one shall be determinative. Indigenous peoples are defined as such regardless of the local, national, and regional terms that may be applied to them, such as "tribal people," "first peoples," "secluded tribes," "hill people," or others.
Invasive alien species (64)	Species whose introduction and/or spread by human action outside their natural distribution threatens biological diversity, food security and human health and well-being. "Alien" refers to the species' having been introduced outside its natural distribution ("exotic", "non-native" and "non-indigenous" are synonyms for "alien"). "Invasive" means "tending to expand into and modify ecosystems to which it has been introduced". Thus, a species may be alien without being invasive, or, in the case of a species native to a region, it may increase and become invasive, without actually being an alien species.
Land system change (20)	Land system change according to the Planetary Boundary framework focuses on the global deforestation of tropical, temperate and boreal forests. These land systems are threatened especially by agricultural and forestry activities to provide food, feed, timber, energy and feedstocks for production, but also by construction of buildings and transportation pathways. The change of land systems leads to the fragmentation and destruction of natural habitats and is a direct driver of biodiversity loss globally.
Land use change (64)	Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover.
Local community (57)	A group of interacting people living in and sharing a specific environment and place, and sharing common concern around local facilities, services and environment and which may at times depart from traditional or state definitions. Such communities may attach particular meaning to land and natural resources as sources of culture, customs, history and identity, and/or depend on them to sustain their livelihoods, social organization, culture, traditions and beliefs. Local communities may be legally or customarily known or designated using various terms, such as "traditional communities". Like indigenous peoples, they may use and manage land in line with customary tenure systems and associated rights. They may depend on their land for cultural and physical survival. Due to their similarities, the Framework refers to both 'indigenous peoples and local communities' and requires the same processes and respect for the rights of both groups, including with respect to property and the right to give or withhold Free, Prior and Informed Consent (FPIC; see definition).

Marine resources (64)	Biological and non-biological resources found in the seas and oceans. Examples include but are not limited to deep sea minerals, gravels and seafood products.
Microplastic (64)	Small pieces of plastics, usually smaller than 5mm. A growing volume of microplastics is found in the environment, including the sea, and in food and drinking water. Once in the environment, microplastics do not biodegrade and tend to accumulate, unless they are specifically designed to biodegrade in the open environment. Biodegradability is a complex phenomenon, especially in the marine environment. There are increasing concerns about the presence of microplastics in different environment compartments (such as water), their impact on the environment and potentially human health.
Natural ecosystem (57)	An ecosystem that substantially resembles—in terms of species composition, structure and ecological function—one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure and ecological function are present. Natural ecosystems include: Largely “pristine” natural ecosystems that have not been subject to major human impacts in recent history. Regenerated natural ecosystems that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has attained species composition, structure and ecological function similar to prior or other contemporary natural ecosystems. Managed natural ecosystems (including many ecosystems that could be referred to as “semi-natural”) where much of the ecosystem’s composition, structure and ecological function are present. This includes managed natural forests as well as native grasslands or rangelands that are, or have historically been, grazed by livestock. Natural ecosystems that have been partially degraded by anthropogenic or natural causes (e.g. harvesting, fire, climate change, invasive species or others) but where the land has not been converted to another use and where much of the ecosystem’s composition, structure and ecological function remain present or are expected to regenerate naturally or by management for ecological restoration.
Natural resources (64)	Natural assets (raw materials) occurring in nature that can be used for economic production or consumption.

Nature (17)	The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.
Nature-based solutions (62)	Solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits, and help build resilience. Such solutions bring more diverse nature and natural features and processes into cities, landscapes and seascapes through locally adapted, resource-efficient and systemic interventions. Nature-based solutions must therefore benefit biodiversity and support the delivery of a range of ecosystem services.
Nature positive (61)	Nature Positive is a global societal goal defined as 'Halt and Reverse Nature Loss by 2030 on a 2020 baseline and achieve full recovery by 2050'. To put this more simply, it means ensuring more nature in the world in 2030 than in 2020 and continued recovery after that.
Novel entities (20)	The Planetary Boundary Novel Entities refers to truly novel anthropogenic introductions to earth system. These include synthetic chemicals and substances (e.g. microplastics, endocrine disruptors and organic pollutants); anthropogenically mobilized radioactive materials, including nuclear waste; and human modification of evolution, genetically modified organisms and other direct human interventions in evolutionary processes (20).
Planetary Boundaries (64)	This concept makes it possible to estimate a safe operating space for humanity with respect to the functioning of the Earth. The boundary level for each key Earth System process that should not be transgressed if society is to avoid unacceptable global environmental change, is quantified.
Remediation and remedy (57)	Terms used interchangeably or in combination with one another to refer to both the process of providing redress for a negative impact and the substantive outcomes that can counteract or make good the negative impact. These outcomes may take a range of forms such as apologies, restitution, rehabilitation, restoration, financial or non-financial compensation and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.
Renewable energy (72)	Renewable energy is energy derived from natural sources that are replenished at a higher rate than they are consumed. Sunlight and wind, for example, are such sources that are constantly being replenished. Nuclear energy is not considered a renewable energy source.

Renewable raw material (64)	Materials that are derived from resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation. This can include recycled material, bio-based material or material derived from CCU.
Replenishment (41)	Replenishment is a corporate water stewardship strategy to return water to ecosystems and communities so that the water used by industrial and agricultural operations is "balanced" or "offset".
Restoration (in relation to environmental harms) (57)	The process of assisting the recovery of an ecosystem, and its associated conservation values, that has been degraded, damaged or destroyed.
Stakeholder (64)	Those who can affect or be affected by the organization.
Substances of Very High Concern (64)	Substances that meet the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 (REACH) and were identified in accordance with Article 59(1) of that regulation.
Sustainability	In 1987, the United Nations Brundtland Commission defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs".
Target	A measurable and timebound result, level or situation that an organization or group wants or plans to achieve.
Threatened species (64)	Endangered or critically endangered species, including flora and fauna, listed in the IUCN Red List.
Vision	An idea of what the future should look like.
Water withdrawal and water consumption (64)	Water withdrawal is the sum of all water drawn into the boundaries of the organization from all sources for any use over the course of the reporting period. Water consumption is the amount of water drawn into the boundaries of the organization (or facility) and not discharged back to the water environment or a third party over the course of the reporting period.
Watershed (73)	The geographical zone in which water is captured, flows through and eventually discharges at one or more points.
Watershed health (74)	Watershed health refers to the water quantity, quality and ecosystem conditions within a watershed. A healthy watershed has balanced water quantity, good water quality and healthy ecosystems that are

supported by appropriate infrastructure and good governance. A healthy watershed protects human health, maintains viable ecological functions and processes, and supports self-sustaining populations of native fish and wildlife species.