

Transfer of the company pension scheme to the HenkelPensionsfonds  
– a segregated compartment of the Mercer Pensionsfonds AG

# Questions & Answers



## 1. General questions

### 1.1. What is a Pension Fund?

A Pension Fund is an independent company pension scheme. The Pension Fund grants Henkel pensioners and their surviving dependants a direct legal entitlement to pension benefits in the form of company retirement, disability or surviving dependants' benefits. The Pension Fund is subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

### 1.2. Why does Henkel transfer pensions to a Pension Fund?

Advantage for Henkel: The Pension Fund transfer reduces Henkel's cost risk for insolvency protection of the company pension scheme. Each year, Henkel pays contributions to the German pension assurance association ("Pensions-Sicherungs-Verein", PSVaG), which safeguards the company pensions of former employees in the event of insolvency of employers in Germany. Pension Funds are subject to stricter legal requirements and are monitored by the BaFin. This reduces the liability risk for the PSVaG, which ultimately results in a significantly lower contribution obligation for Henkel.

Advantages for pensioners: The BaFin monitors that your pension entitlements are adequately funded at all times. What Henkel previously ensured voluntarily is now also required by law. In addition, the Pension Fund is another debtor of your pension entitlements.

### 1.3. Why did Henkel wait to the present moment to transfer the pensions to a Pension Fund?

Although the Pension Fund implementation method has been around for 20 years, we made a conscious decision not to be at the forefront right from the start. Instead, we took a very close look at the development of the various Pension Funds over a long period of time in order to offer the company and the pensioners the best possible security.

### 1.4. Can Henkel reverse the introduction of a Pension Fund?

No. The transfer to the Pension Fund cannot be reversed because the assets transferred are earmarked and may only be used to fulfill the pension benefits transferred.

**1.5. What does “HenkelPensionsfonds – ein Sicherungsvermögen der Mercer Pensionsfonds AG” mean?**

The “HenkelPensionsfonds” is a separate segregated compartment within Mercer Pensionsfonds AG (hereinafter referred to as “the Pension Fund”) to which assets of Henkel are transferred. The pension payments for the transferred Henkel pension benefits are financed using these assets.

Henkel has been working with Mercer for many years, for example in the design of company pension commitments and the accounting of pension obligations. Information on Mercer Pensionsfonds AG can be found in the separate brochure.

**1.6. What benefits are transferred to the Pension Fund?**

In principle, the pension benefits currently provided directly by Henkel will be transferred. The amount of your pension benefits transferred to the Pension Fund can be found in your personal letter (enclosure “Overview of pension benefits to be transferred”), which you received together with this brochure. Instead of the previous company pension, you will henceforth receive a so-called Pension Fund benefit.

**1.7. Does the transfer change my pension?**

No. The terms and conditions of the pension commitments made by Henkel continue to apply to the company pension entitlements transferred to the Pension Fund. This means that the amount of the benefit, the modalities for adjusting pensions, and the survivor’s benefits remain unchanged. Henkel will – as before – pay you the pension benefits by bank transfer and deduct the contributions to the statutory health and nursing care insurance.

Your income tax also does not change as a result of the transfer. However, the Pension Fund is subjected to a special legal provision: it must pay out your pension without deducting wage tax. Unlike in the past, wage tax and, if applicable, church tax and solidarity surcharge may no longer be withheld by Henkel or the Pension Fund. Instead, taxes will in the future be assessed on a deferred basis as part of your personal tax declaration. Detailed information on this can be found in [section 3](#) of this brochure.

**1.8. Do I have to agree to the transfer of my pension?**

No. Since the transfer to the Pension Fund has no legal disadvantages for you, it is not necessary for you to agree to the transfer. Henkel remains responsible for the fulfillment of all obligations. Further information on this can be found in [section 2](#).

**1.9. What rules apply to my Pension Fund annuity?**

As before, the provisions of your pension commitment from Henkel apply.

**1.10. Is my personal data protected?**

Yes. Of course, the Pension Fund is also obligated to comply with all provisions of the General Data Protection Regulation (GDPR), so that the protection of your personal data is ensured. Henkel has entered into a data protection agreement with the Pension Fund.

**1.11. Who will answer my questions about the Pension Fund?**

Specialists from our long-standing partner Mercer Deutschland GmbH are available to answer any questions you may have specifically about the transfer and about Pension Funds in general, under the following contact details:

**Phone: +49 (0)211 797-9017**

(Monday to Friday from 9:30 AM to 3:30 PM)

E-mail: [serviceline-henkel@mercero.com](mailto:serviceline-henkel@mercero.com)

**1.12. Who do I inform in the future if my personal data changes?**

Henkel will continue to manage your pension entitlements. Your contact persons will continue to be the employees of Henkel's Human Resources department. Please continue to send all documents relating to your pension benefits (e.g. changes of address, bank details, health insurance affiliation or marital status) to Henkel:

**Henkel AG & Co. KGaA**

**Pension & Social Benefits**

**40191 Düsseldorf**

**Germany**

E-mail: [hrdirect@henkel.com](mailto:hrdirect@henkel.com)

For reasons of data protection, we must always be informed in writing of any changes to your personal data.

The Gemeinschaft der Henkel-Pensionäre [Association of Henkel Pensioners] (GdHP) will of course continue to be available to you as a contact (see [Section 4.1](#)). Therefore, please also notify the GdHP of any changes of address.

**1.13. When will I start receiving my benefits from the Pension Fund?**

From January 2022, you will receive your pension benefits from the Pension Fund, however they will still be paid out by Henkel.

**1.14. What do I have to do?**

The future payments of your pension benefits by the Pension Fund will take place automatically. There is no need for you to take any action in this regard. However, if you are liable to pay tax in Germany, we recommend that you return the enclosed “Consent to the processing of data relating to the pension tax-exemption amount” (“Einwilligung in die Datenverarbeitung bezüglich des Versorgungsfreibetrags”). This will increase the likelihood that your data will continue to be correctly accounted for in future tax assessments. Further information on this can be found in [section 3.5](#).

**1.15. Where else can I find information on the transfer or on the Pension Fund?**

You will find all the relevant information on the Gemeinschaft der Henkel-Pensionäre [Association of Henkel Pensioners] (GdHP) website. Together with the GdHP, we have set up an information portal containing questions and answers concerning your pension as well as up-to-date information (in German only):

[www.henkel-pensionaere.de/pensionsfonds](http://www.henkel-pensionaere.de/pensionsfonds)

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## 2. Further information on the Pension Fund

### 2.1. Is my future Pension Fund pension as secure as before?

Yes. Henkel is still liable for the full amount of the pension benefits. In addition, you have an independent legal claim against the Pension Fund for payment of your Pension Fund benefits. The protection provided by the German pension assurance association (PSVaG) also remains unchanged.

### 2.2. How does the Henkel Pension Fund invest the money?

The assets are invested in accordance with a conservative and long-term investment policy. The Pension Fund is regulated by BaFin and is committed to the investment principles of safety, quality, profitability, liquidity, mix and diversification that are binding for Pension Funds.

### 2.3. Are there any risks for me that are related to the Pension Fund commitment?

No. You bear no risk whatsoever and Henkel continues to guarantee complete fulfillment of all benefits promised to date.

### 3. Tax and social security information on your pension after the transfer to the Pension Fund

#### 3.1. What changes as a result of the transfer?

Don't worry: the amount of taxation itself does not change, so your net pension benefits will remain unchanged as a result of the transfer.

However, your future Pension Fund benefits will be paid to you without deduction of wage tax and any church tax and solidarity surcharge. Instead, you will pay tax on your Pension Fund benefits – like your statutory pension – on a deferred basis as part of your annual income tax declaration. This change is prescribed by law for Pension Fund payments (in accordance with section 22 number 5 sentence 1 of the German Income Tax Act). This means that if the monthly payment amount you receive from January 2022 onwards is higher than before, this will not represent an increase in your pension, as it will include the taxes still to be paid as part of your annual income tax declaration.

Therefore, we recommend that you form a personal reserve for any tax payments you may have to make. If possible and desired, you can have your fiscal authorities set up a corresponding regular advance tax payment, which roughly corresponds to the amount of income tax paid to date.

Due to special tax regulation, you will retain your pension tax-exemption amount from 2022, which was previously applied to the taxation of the company pension paid directly by your former employer. If you are required to submit a tax declaration, you must enter the assessment bases for the pension tax-exemption amount from the direct commitment in it. If you return the enclosed consent form to the Pension Fund, Henkel can send you these amounts annually (starting in 2023 for your tax declaration for 2022); see also [section 3.5](#).

The Pension Fund is obligated to report all pensions paid out to the Central Allowance Office for Retirement Assets ("Zentrale Zulagenstelle für Altersvermögen", ZfA). You will receive notification of the data reported for you, whenever changes to the previous year have occurred. With regard to contributions to your statutory or private health and nursing care insurance, nothing changes for you as a result of the transfer to the Pension Fund.

### 3.2. What does the change in taxation mean for me concretely?

Two examples:

- a. Let's assume your company pension is 500 euros per month. In that case, you will receive a total pension of  $12 \times 500 \text{ euros} = 6,000 \text{ euros}$  in your pension statement for December 2021. This includes deductions for health and nursing care insurance. No wage tax has been withheld and paid. This will not change from January 2022.
- b. Let's assume your company pension is 2,000 euros per month. Hence, you receive a total pension of  $12 \times 2,000 \text{ euros} = 24,000 \text{ euros}$  in your pension statement for December 2021. This includes deductions for health and nursing care insurance. Wage tax has been withheld and paid. This will change as of January 2022: As of this date, Henkel may no longer withhold and pay wage tax. Instead, you will pay tax on this pension as part of your tax declaration.

### 3.3. What applies if I am a resident abroad?

All tax and social security information applies insofar as German tax and social security law is applicable. Where applicable, different rules apply to persons with limited tax liability such as pension recipients domiciled abroad. In case of doubt, we recommend that you clarify the matter with the tax authorities responsible for you or with your tax advisor.



### 3.4. Will I receive assistance in preparing my tax declaration?

The transfer to the Pension Fund has no effect on your tax declaration for the 2021 assessment period. Only for the 2022 assessment period there will be changes in the taxation procedure.

At the beginning of 2023, you will receive a pension statement (“Rentenbezugsmitteilung”) for the year 2022 (similar to the previous wage tax statement). This certificate will contain, among other things, the total company pension paid for 2022, which must then be included into your tax declaration. We will send you further information on this at the beginning of 2023, for example step-by-step instructions on how to enter the figures in your tax declaration.

If you have any questions regarding the completion of the tax declaration forms, you can also contact the clerks at your fiscal authorities, who can help you.

### 3.5. Why should I return the consent form for the transmission of the pension tax-exemption amount?

Submitting the consent form will make it easier for you to complete your tax declaration. Given this consent, the Pension Fund can report the data for determining the previous pension directly to the tax authorities. This will increase the likelihood that your data will continue to be correctly accounted for in future tax assessments. For reasons of data protection, your consent is required for the Pension Fund to store this data and transmit it to the tax authorities.

If you would like to use the service of electronic data-transmission regarding the pension tax-exemption amount, which simplifies your tax declaration, please sign the attached declaration of consent “Consent to the processing of data relating to the pension tax-exemption amount” and send it to the Pension Fund.

Without your consent, we will not be allowed to show the assessment bases for the pension tax-exemption amount on future pension benefit notifications, which would result in additional work for you when filing your tax declaration. In the future, the pension benefit notification (“Rentenbezugsmitteilung”) will replace the previous annual income tax certificate (“Jahreslohnsteuerbescheinigung”) from Henkel.

### 3.6. What do I have to consider if I am currently exempt from filing a tax declaration?

If you are exempt from filing an income tax return on the basis of an application for so-called non-assessment, we recommend that you submit a new application to your tax authorities using the application form NV 1 A enclosed with the letter.

In our opinion, Pension Fund benefits should in the future be listed on line 50 under “Sonstige Einkünfte – c) Leistungen aus Altersvorsorgeverträgen und aus betrieblicher Altersversorgung” (instead of under “Einkünfte aus nichtselbständiger Arbeit – Versorgungsbezüge” as previously).

We have already included a note on the further application of the blanket allowance for special expenses and the pension tax-exemption amount in the form (lines 52 and 53). In case of doubt and if you have any questions, we recommend that you contact your competent tax authorities or your tax advisor.

Please note that this form is intended for your local tax authorities only. Please do not send it to Henkel or the Pension Fund.

If you already file a regular tax return, you can ignore the attached NV 1 A application form.

#### Notice:

All tax and social security information is related to the currently applicable law. The information provided is of a general nature. Apart from the responsible tax authorities, only persons authorized to provide tax advice (in particular tax advisors or income tax assistance associations) may provide you with binding information on the tax treatment of your pension benefits. Neither Henkel nor the Pension Fund or the GdHP are legally authorized to give you tax advice. Accordingly, we accept no liability for the accuracy and completeness of this information or for information on tax matters.

## 4. Other

### 4.1. Will I remain a member of the Gemeinschaft der Henkel-Pensionäre [Association of Henkel Pensioners] (GdHP) or can I still join?

Yes, membership of the GdHP is independent of the transfer to the Pension Fund.

If you are not yet a member of the GdHP, you can apply for membership, which is free of charge and offers many advantages. If you are interested, please contact the GdHP office:

Gemeinschaft der Henkel-Pensionäre e.V.  
Bergiusstraße 3  
40589 Düsseldorf  
Germany

Phone: +49 (0)2 11 / 759 83 91

E-mail: [info@henkel-pensionaere.de](mailto:info@henkel-pensionaere.de)

### 4.2. Will I still receive vouchers for the Intern Verkauf Henkel?

If you have previously received vouchers for the Intern Verkauf Henkel from us, we will continue to grant them to you in the future as usual (irrespective of the transfer of pension benefits to the Pension Fund).

