Living our responsibility, shaping our future
About Henkel

Henkel can look back on its 140-year history of success with pride. Today, we still aim to create sustainable value with everything we do – together with our employees, partners and stakeholders. The company holds leading positions with its three business units in both industrial and consumer businesses thanks to strong brands, innovations and technologies. We also take responsibility for the safety and health of our employees, customers and consumers, the protection of the environment and the quality of life in the communities in which we operate.

More information about sustainability at Henkel can be found in our Sustainability Report 2016:

www.sustainabilityreport.henkel.com

Brands & Businesses

Adhesive Technologies

As a market leader, the Adhesive Technologies business unit creates high-impact solutions worldwide through groundbreaking innovations and close partnerships with its customers.

Our top brands

- Loctite
- Technomelt
- Bonderite

Beauty Care

Worldwide, the Beauty Care business unit is successfully active in the Branded Consumer Goods business area with Hair Cosmetics, Body Care, Skin Care and Oral Care, as well as in the professional Hair Salon business.

Our top brands

- Schwarzkopf
- Syoss
- Dial

Laundry & Home Care

The Laundry & Home Care business unit sells laundry detergents and household cleaners around the globe, from detergents, dishwashing products and surface cleaners through to insect control products.

Our top brands

- Persil
- Purex
- Phil
Henkel at a glance 2016

Highlights

More than 50,000 employees

42% of our sales generated in emerging markets

More than 140 years of brand and technology success

Around €18.7 bn sales

More than 120 nations represented by our people

More than 2,000 social projects supported
“Creating sustainable value – our purpose at Henkel – is both the essence of our heritage and the ambition that guides our actions.”

Kathrin Menges
Executive Vice President Human Resources and Chair of Henkel’s Sustainability Council
Overview of our sustainability strategy

**What are our sustainability aspirations?**

We are committed to leadership in sustainability – this is one of our corporate values. As sustainability leaders, we aim to pioneer new solutions while developing our business responsibly and increasing our economic success.

**What strategy are we pursuing?**

Our ambition is to achieve more with less. This means we create more value for our customers and consumers, for the communities we operate in, and for our company – at a reduced environmental footprint.

**What targets have we set ourselves?**

Our 20-year goal for 2030 is to triple the value we create for the footprint made by our operations, products and services. We call this ambition to become three times more efficient Factor 3.

**What are our priorities for the coming years?**

**Strengthen foundation**

We already have a strong foundation with a successful track record. On the road to our long-term goal, we intend to further improve our performance over the coming years.

**Boost engagement**

We want to further develop and foster the commitment of our employees to sustainability. Our employees make the difference – with their dedication, skills and knowledge.

**Maximize impact**

We want to strengthen our contributions to addressing major global challenges and maximize the impact we can achieve with our operations, brands and technologies.
How do we drive sustainability at Henkel?

We are facing immense challenges: The global environmental footprint of humankind is already greater today than the planet’s resources can sustain. For this reason, we need innovations, products and technologies that enhance the quality of life while consuming less input materials.

We aim to use our decades of experience in sustainability to develop and implement solutions that are fit for the future together with our partners.

To reflect the growing importance of sustainability for our stakeholders and our long-term economic success, we defined three key drivers in 2016 for the coming years: We aim to strengthen our foundation, boost employee engagement and maximize our impact.

“We want to further strengthen our leadership in sustainability, achieve tangible progress and reach ambitious goals. In doing so, we rely on the commitment of our people and on close collaboration with our customers, consumers and partners.”

Hans Van Bylen
Chairman of the Management Board
We will have to significantly improve our efficiency in order to reconcile people’s desire to live well with the resource limits of the planet, and to allow us to build on our economic success. So, taking 2010 as the base year, our aim for 2030 is to triple the value we create through our business operations in relation to the environmental footprint of our products and services.
Targets 2020

To reach our long-term goal of becoming three times more efficient by 2030 (“Factor 3”), we have set ourselves concrete interim targets for 2020 (base year: 2010):

- We want to reduce the volume of packaging relative to net sales by 20 percent.
- Each new product must continue to make a contribution to sustainability.
- We want to help our customers and consumers to save 50 million metric tons of CO₂.
- Together with our partners, we want to improve workplace conditions for one million workers in our supply chains.
- Through our social engagement activities, we want to contribute to the quality of life of 20 million people.
- We want to reach 200,000 children with our education initiatives.

Overall efficiency

<table>
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<tr>
<th>+ 22%</th>
<th>+ 40%</th>
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<th>− 30%</th>
<th>− 30%</th>
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<tbody>
<tr>
<td>more net sales per ton of product</td>
<td>safer per million hours worked</td>
<td>less energy / CO₂ emissions per ton of product</td>
<td>less waste per ton of product</td>
<td>less water per ton of product</td>
<td>Overall efficiency</td>
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Achievements 2016

In 2016, we made significant progress toward the achievement of these interim targets (base year 2010):

- +8% more net sales per ton of product
- +17% safer per million hours worked
- -22% less energy / CO₂ emissions per ton of product
- -26% less waste per ton of product
- -23% less water per ton of product
- +42% Overall efficiency

Henkel's performance in sustainability impressed external experts again in 2016. More information on external assessments:

www.henkel.com/sustainability/external-assessments
Our value chain

Together with our partners, we advance sustainability along the entire value chain:

1. Raw materials
2. Production
3. Logistics
4. Industry and retail
5. Consumers
6. Disposal

**1. Raw materials**

*Suppliers from around 130 countries*

We develop innovative solutions and set standards for sustainability together with our suppliers and partners from around 130 countries.

**2. Production**

*Close cooperation*

It is important to us to work hand-in-hand with our retail partners. We support our retail partners in their sustainability activities, for example, with eLearning and measuring instruments.

**3. Logistics**

*Reduce transport emissions*

Henkel operates 171 production sites in 57 countries. At all of these sites we are working to reduce our environmental footprint while maintaining our high levels of quality and safety.

**4. Industry and retail**

*Our products are used daily in millions of households. Up to 90 percent of the environmental footprint of our products is generated during their use. For this reason, we seek to encourage responsible product use through targeted communication.*

**5. Consumers**

*90%*

**6. Disposal**

*– 30%*

By 2020, we want to reduce our waste volume by 30 percent per ton of product.*
Boost engagement

Our people make the difference

Henkel wants its business activities to create sustainable value. This corporate goal connects all employees and goes hand-in-hand with our corporate values, which guide our decision-making and our actions. With their dedication, skills and knowledge, our employees make their own contribution to sustainable development both in their daily business lives and as members of society. Because of this, we want to further develop and boost our people’s engagement in sustainability.
Training to advance sustainability

One of our most important educational initiatives is our Sustainability Ambassador program. The program aims to encourage our employees to engage even more strongly with the topic of sustainability.

When it comes to implementing our sustainability strategy, it is our people who make the difference – through their dedication, skills and knowledge. They interface with our customers and drive innovation, develop successful strategies, and give Henkel its unique identity. For this reason, we initiated the Sustainability Ambassador program in 2012.

The program’s aim is to encourage our employees to engage even more strongly with the topic of sustainability. Since then, Henkel has trained around 10,000 ambassadors in 79 countries. We are now aiming to train all of our employees and encourage them to become sustainability ambassadors. At the same time, we want to motivate our employees to make a contribution to sustainability at our sites, in schools, as well as by engaging our customers, and in our business environment.
Our school project

Our employees teach children about sustainable behavior in the home.

One element of our Sustainability Ambassador program is a project that encourages employees to visit schools to teach children about sustainable behavior in the home and explain how each individual can make a difference. Schoolchildren between the ages of eight and ten learn how they can save energy and water in the bathroom, for example, through specially-designed teaching materials that emphasize interactive learning – and fun.

We want to help the next generation understand how to use resources efficiently from an early age, because children are particularly open to learning new things. The children act as multipliers by imparting their knowledge of sustainable behavior to their families.

This also provides our sustainability ambassadors with a unique experience of talking to highly-motivated schoolchildren about sustainable and resource-efficient behavior.

Learning by playing – elementary school children are taught how to handle the resources of our planet responsibly. Sariah Ramos (photo above) and Harlo Clark (photo below), who attend Frank Elementary School in Guadalupe, Arizona, USA, are proud of what they have learned.

More than 84,000 school kids in 47 countries reached.

Motivating employees

Our “(Y)OUR MOVE toward sustainability” initiative was introduced in 2014 to further expand our Ambassador Program. It encourages employees to put sustainability into practice in their day-to-day work through simple acts like switching lights off, printing less, or eating healthily.

Strengthening partnerships

Our “Say yes! to the future” initiative provides sales employees around the world with training in sustainability topics that goes beyond the content of the Sustainability Ambassador program. They then apply this knowledge in joint projects with our retail customers – in logistics, for example, or by promoting sustainable purchasing decisions. In addition to sales-relevant sustainability matters, the exchange of international best practice examples for retail collaborations is an important component of the training courses, in order to initiate new forms of cooperation.
Social engagement

Employees, retirees, customers and partners work together with Henkel and the “Fritz Henkel Stiftung” foundation to support social projects around the world.

Corporate citizenship has been an integral part of our corporate culture ever since the company was established by Fritz Henkel in 1876. Our lasting and long-term commitment to social involvement that goes beyond direct business interests was especially evident in the creation of the “Fritz Henkel Stiftung” foundation in 2011. In 2016, in view of recent developments, we also focused strongly on refugee aid.

By 2020, we want to improve the quality of life of 10 million people through our social engagement. We pay particular attention to education and job opportunities for young people. Together with our employees and various initiatives, we want to improve the educational opportunities and future prospects of more than 200,000 children worldwide.

www.fritz-henkel-stiftung.de/en

Our four pillars

Corporate volunteering
As part of our worldwide corporate volunteering initiative, we support our employees and retirees in their volunteer work.

Social partnerships
As part of our corporate engagement, we enter into social partnerships in the communities where Henkel operates, in an effort to support social initiatives and public institutions.

Brand engagement
In addition to Henkel’s corporate engagement aligned with our sustainability strategy, our brands also enter social partnerships worldwide.

Emergency aid
After natural disasters, Henkel responds quickly and unbureaucratically, providing aid through our foundation, the “Fritz Henkel Stiftung”, wherever it is needed in the world.

www.henkel.com/sustainability/corporate-citizenship/magazine

Henkel employee Roberto Pela visited the project “Sonrise Ministries” in Jinja, Uganda.

Henkel launched a comprehensive program for integrating refugees at the Düsseldorf vocational training center. It offers internships and language programs, for example.
We want to strengthen our contributions to addressing major global challenges, and maximize the impact we make through our business, our brands and our technologies. Against the background of the need to reduce global emissions in order to protect the climate, Henkel has set itself the long-term aim of becoming a climate-positive company. Alongside this, we want to contribute to social progress and create shared value through collaboration with our partners along the value chain.
Sustainable palm oil

At Henkel, we strive to ensure that all of the materials related to palm oil and palm kernel oil that we buy and use in our products are produced through sustainable practices.

We recognize our responsibilities regarding the purchase and use of ingredients based on renewable raw materials.

Alongside environmental considerations, we place a strong focus on the rights of people who work in the palm oil industry or live in communities directly impacted by its activities. Our approach aims to drive physical progress toward sustainable palm oil and palm kernel oil – and make a positive impact on both the environment and the people affected by the industry.

Collaboration with representatives from across the industry is at the heart of our approach to supporting sustainable palm and palm kernel oil. Through partnerships, projects and dialog, we are able to engage with key players ranging from plantations, smallholder farmers and palm oil mills through to governments, non-governmental organizations and suppliers. These activities enable us to expand our contribution to sustainable practices in the palm oil industry.

We have three targets for 2020

**Cover 100 percent of our demand with Mass Balance certified oils**

All palm and palm kernel oil used in our products should be derived from sustainably cultivated sources in line with the Round Table on Sustainable Palm Oil (RSPO) Mass Balance model by 2020.

**Establish full traceability**

We aim to be able to trace the palm oil, palm kernel oil and derivatives we buy to known sources – first to the mill and then to the plantation.

**Increase the supply of sustainable palm oil and palm kernel oil by a volume equal to Henkel’s global demand**

We aim to increase the availability on the market through collaborative projects that enable smallholders to certify their crops as sustainable, increase productivity and improve their livelihoods.

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Around 17,500 smallholders and workers were trained in sustainable farming as part of a project with our partners in Honduras.

Million Chances

In 2016, Henkel launched the “Million Chances” initiative under the Schwarzkopf brand. Together with international and local charitable organizations, we implemented projects that support girls and women around the world in building a successful future.

At the start of the initiative, we joined forces with Plan International, a global children’s relief organization, to launch three focus projects in China, Egypt, and Colombia. The objective of all three projects is to create positive professional and private prospects for young women through better educational opportunities.

Shaping Futures

Another long-term project that helps young people around the world secure their future is “Shaping Futures,” which acts as a vital support for the Schwarzkopf Million Chances initiative. Since 2010, Schwarzkopf Professional and non-profit organizations have offered young people the opportunity to obtain training in basic hairdressing techniques and thus establish livelihoods. After launching in Cambodia, “Shaping Futures” has now expanded to other countries, including South Africa, the Philippines, India, Croatia, and Slovenia. Since the initiative was launched, more than 1,500 young people in 26 countries have been trained through the volunteer engagement of 280 hairdressers and employees.

More than 1,500 young people in 26 countries have received a training in basic hairdressing techniques.

Toward a more sustainable supply chain

In 2011, Henkel and five other companies in the chemical industry established the initiative “Together for Sustainability – The Chemical Initiative for Sustainable Supply Chains” (TfS). The TfS initiative aims to harmonize the increasingly complex supply chain management processes with regard to sustainability and to optimize the dialog among business partners. Thanks to shared assessments and audits, synergies are created so that resources can be used more efficiently and with a minimum of administrative effort, not only among the – now 19 – member companies but also by all of our shared suppliers.

www.henkel.com/sustainability/what-we-do/together-for-sustainability
Becoming climate-positive

We are aiming to become a climate-positive company. As a first step, we want to reduce the carbon footprint of our production, using more energy from renewable sources and help our customers and consumers to save CO₂.

With the Paris Agreement, the global community clearly committed to limiting global warming to well below 2 degrees Celsius. Against this background, Henkel aspires to be a climate-positive company.

As a first step we have a clear target to reduce the carbon footprint of our production by 75 percent by 2030. To do so, we also want to continually improve our energy efficiency by using more energy from renewable sources.

However, we also want to leverage the potential offered by our brands and technologies along the value chain to help our customers and consumers save 50 million metric tons of CO₂ between now and 2020.

Henkel will continue to develop products that enable the efficient use of resources, like our laundry detergents, shower gels and hotmelt adhesives. We also have some products, however, which make a relevant contribution toward avoiding energy consumption and CO₂ emissions – when insulating buildings or eliminating the need for superfluous wash cycles, for example.

“\textbf{We anchor environmental and social principles in our supply chains, and work on this together with our partners. This helps us to ensure the quality of our products, avoid risks for our business, and enhance our reputation.}”

Carsten Knobel
Executive Vice President
Finance (CFO) / Purchasing /
Integrated Business Solutions
Innovations, products and technologies

Our brands and technologies are used in millions of households and industrial processes every day. For this reason, expanding our contribution to sustainability is important to us. We put a clear emphasis on developing pioneering solutions that create more value for our customers and consumers, as well as on providing innovations, products and technologies that deliver even better performance – with a reduced environmental footprint.

Promoting sustainable consumption that conserves resources is an important objective within our strategy. This is why we concentrate on developing products that enable the efficient use of resources such as energy and water. Our aim is to enable our customers and consumers to save 50 million metric tons of CO₂ emissions by 2020 – by providing innovative products and sharing our expertise.
Our technologies are used in a uniquely diverse range of applications, from the automotive and aerospace industries through to DIY and many more. We support our customers by developing leading technologies that help them increase energy efficiency, cut waste and emissions, and increase worker safety. Our expert teams work with our customers to develop tailor-made solutions that overcome the specific challenges they face in their markets.

Our high-impact solutions and products are used in a comprehensive range of industrial and consumer applications – with sustainability playing a central role in our innovation processes.

Adhesive Technologies

Lightweight automobiles

Our automotive customers, for example, face the challenge of meeting increasing expectations for safety and comfort while producing lighter vehicles that consume less fuel and thus produce less CO₂ emissions. Our technologies for reducing noise and vibration in cars, known as Adhesive Technologies, are crucial in achieving these goals.

Around 130,000 industrial customers worldwide

We support customers with sustainable innovations.

Around 6,500 customer facing experts

We share our technical knowledge to drive sustainability.
Weight-saving, clean and efficient: automated application of LASD.

“With our unique portfolio and innovative technologies, we are excellently positioned to meet environmental and social requirements around the globe – within our own company and at our customers and partners.”

Jan-Dirk Auris
Executive Vice President
Adhesive Technologies

Liquid-Applied Sound Deadeners, or LASD, are a strong example how our innovations and expertise create value for our customer. The liquid material is applied to the floor, doors or roof of a car body, and is up to 20 percent lighter than the bitumen mats that were commonly used previously.

Along the value chain
In 2016, the Adhesive Technologies business unit launched a partnership with TerraCycle – a US company that offers recycling solutions for typically non-recyclable materials. This partnership has created the Adhesive Recycling program for our customers in the USA. It makes it possible for them to recycle our famous red Loctite anaerobic adhesive bottles instead of sending them to a landfill or incinerator.
Beauty Care

Through sustainable innovations and initiatives in our Branded Consumer Goods and Professional Hair Salon businesses, we want to create more value for society and to make people’s lives better.

More than 90% of the energy and water used with our rinse-off products is accounted for in the use phase.

More than 50,000 hairdressers have received trainings in sustainability by Schwarzkopf Professional in the Schwarzkopf Academies.

Our thoughts and actions are focused on the consumers of our cosmetic products. We develop high-performance, safe and attractive products that help our consumers save resources. At the same time, we increase awareness and motivate consumers to contribute to the responsible use of resources through their behavior.

The “BeSmarter” initiative informs consumers about the responsible use of water resources, especially when using our products. In our Hair Salon business we also try to promote sustainable behavior in our seminars.

Responsibility right from the beginning

Sustainability in the value chain of our cosmetic products starts with the use of raw materials. We were able to determine the CO₂ footprint of all our over 165,000 product formulas and are always in a position to analyze the optimization potential and, if possible, implement a more sustainable product profile. A com-
parable application is now being introduced for all packaging materials. In the coming years the application will help us reduce the environmental footprint of our cosmetics packaging.

**Smart packaging solutions**

One example of a sustainable packaging innovation is the metal can of Drei Wetter Taft hair spray. In collaboration with our supplier Ardagh, we reduced the thickness of the metal can while increasing its rigidity, resulting in a saving of over 15 percent of the material and water used in the production phase.

“*We want to inspire our customers and consumers with exciting innovations and brands. Beyond that, we also want to create more value for society. That’s why we support educational projects that help to make people’s lives better – especially those of young women.*”

Pascal Houdayer  
Executive Vice President  
Beauty Care
Laundry & Home Care

Our brands, like Persil, Somat and Pril, have become an important part of the daily lives of many consumers. As such, all of our products are expected to satisfy the criteria of quality, environmental compatibility and social responsibility.

Laundry & Home Care’s research and development strategy unites innovation and sustainability to focus on resource-efficient technologies and products. Each new product must make a contribution to sustainability in at least one of our six focal areas.

**Working together to conserve resources**

Our products are used daily in millions of households and often require water and energy. As much as 80 percent of the environmental footprint of our products is generated during their use. This is why we concentrate on developing products that enable the efficient use of resources such as energy and water.

Our phosphate-free Somat dishwashing detergent is one example of sustainable innovation. All of the European dishwashing products sold under Henkel’s Somat brand, which is also marketed as
Pril in some countries, have been phosphate-free since April 2016. The phosphates have been replaced with the power of citric acid. Somat makes an additional contribution to sustainability by reducing water pollution. If the annual savings of 10,000 tons of phosphate were used as an ingredient in agricultural fertilizers, this amount would be sufficient, for example, to fertilize the annual harvest of potatoes for 40 million people in Germany.

**Smart packaging solutions**

In order to minimize the volume of waste, our packaging developers work constantly to design smart packaging. In a pilot project, run for the first time in Germany, bottles for Perwoll Wolle & Feines were manufactured with 15 percent recycled high-density polyethylene (HDPE). This brings Laundry & Home Care a step closer to its target of including recycled materials in the packaging for over 1 billion products by the end of 2016.

> “Our strong brands contribute to sustainability. Looking ahead, we intend to continue developing innovations that combine performance, environmental compatibility and social responsibility in equal measure.”

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**Bruno Piacenza**

Executive Vice President

Laundry & Home Care
Would you like to learn more about sustainability?

More information about sustainability at Henkel in our Sustainability Report 2016:

- [www.sustainabilityreport.henkel.com](http://www.sustainabilityreport.henkel.com)

Our website offers access to all of the Environment Reports and Sustainability Reports we have published since 1992, which are also available as downloads. There you will also find our Annual Reports, Quarterly Financial Reports, Vision and Values, Code of Conduct, Code of Corporate Sustainability, Leadership Principles, SHE Standards, Public Affairs Standard, Social Standards and our Corporate Citizenship Magazine “Together.”

- [www.henkel.com/publications](http://www.henkel.com/publications)

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