

# Sustainability Report 2002



**Henkel**

*A Brand Like a Friend*

# Contents

Sustainability performance from 1998 to 2002		
Environmental indicators per metric ton of output*		
Volatile organic compounds	+ 2%	→
Waste	- 7%	↓
Wastewater pollution	- 8%	↓
Carbon dioxide	- 23%	↓
Energy	- 25%	↓
Water	- 40%	↓
Occupational accidents*	- 44%	↓
Heavy metals	- 50%	↓
Sulfur dioxide	- 73%	↓

The table shows the trend in environmental indicators and occupational accidents within the Henkel Group (for business performance, see page 2).

\* Without Cognis and Henkel-Ecolab; occupational accidents per 200,000 hours worked

**Sustainability Report**

Henkel began publishing an annual environment report in 1992. It has been successively expanded to include safety and health, then social commitment, thus evolving into a sustainability report.

## Our cover

Responsibility toward future generations is a central aspect of sustainable development. Our cover photo symbolizes this.

## The customer statements

Our first corporate value is: “We are customer driven.” For this year’s report, a number of Henkel customers were asked to contribute statements explaining why sustainability is an important aspect of their business relationship with Henkel.

Foreword	1
Henkel in brief	2
<b>Our vision of sustainability</b>	3
Key sustainability action	5
<b>Markets for tomorrow</b>	6
Laundry & Home Care	8
Cosmetics/Toiletries	10
Consumer and Craftsmen Adhesives	12
Henkel Technologies	14
<b>Management</b>	16
External assessments	18
<b>Employees</b>	19
Health promotion	21
<b>Social commitment</b>	22
<b>Production</b>	24
Asia-Pacific	27
Africa/Middle East	28
Europe	29
The Americas	30
<b>Indicators</b>	31
<b>Objectives</b>	37
<b>Dialogue</b>	40

**More information on the Internet**

The symbol ⓘ used at many points in this report indicates that more specific information can be found on the Internet. All links from the Sustainability Report 2002 are provided on the following Internet page:

[www.sd.henkel.com](http://www.sd.henkel.com)

## Focus on the future



Prof. Dr. Ulrich Lehner  
(right) and  
Dr. Wolfgang Gawrisch

Sustainability means future viability. Through its brands and technologies, designed to make people's lives easier, better, and more beautiful, Henkel wants to contribute toward building and safeguarding the economic basis of society. Accomplishing this requires an open partnership for healthy economic, social, and ecological development. Sustainability starts in the macrosystem – our economic system, our social order – and extends through business enterprises as corporate citizens to each one of us.

All of our activities are focused on our customers and the consumer. This is why we have systematically aligned the entire process chain, starting with Research and Development, to our markets and to innovative products and technologies.

Sustainability is reflected in our corporate values and is the basis for developing concrete programs and projects for the entire Henkel Group. Our scientists apply the principles of sustainable develop-

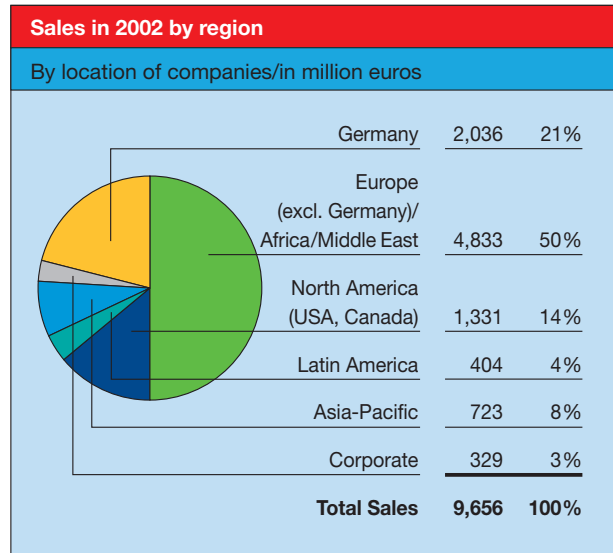
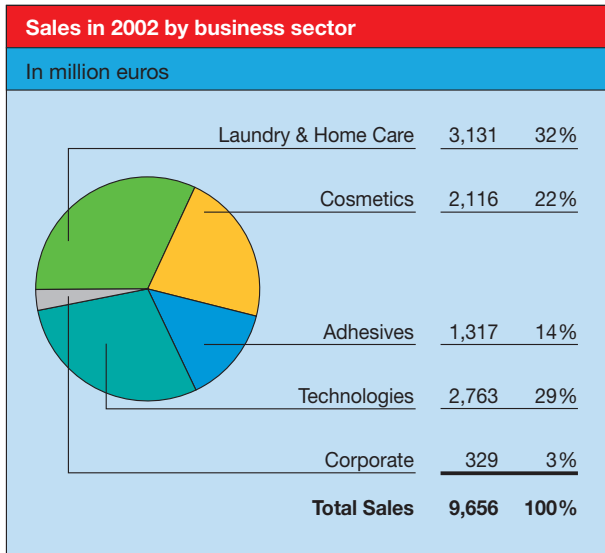
ment from the start of their research projects and throughout the product development process. Furthermore, the formulation of sustainability standards binds us Group-wide to ensure production and product safety, health and environmental protection, and quality. We monitor the implementation of these standards worldwide by carrying out audits. The progress achieved – in this past year as before – confirms that we are on the right course. We are proud that our efforts have also earned external recognition.

We have always been aware that our employees are our most valuable resource and are crucial to the success of our Company. With their hard work and innovative ideas, Henkel is well equipped to compete and achieve continuous progress in sustainable corporate development to make a tangible contribution to society. We are all focused on the future.

**Prof. Dr. Ulrich Lehner**  
President and Chief Executive Officer

**Dr. Wolfgang Gawrisch**  
Chief Technology Officer and  
Chairman of the Sustainability Council

# Henkel in brief



## Brands & Technologies

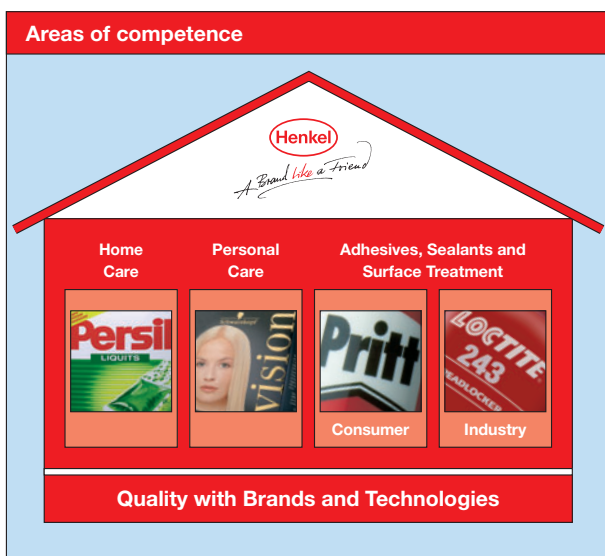
The Henkel Group is a leader in brands and technologies. It operates in three strategic business areas: Home Care, Personal Care, and Adhesives, Sealants and Surface Treatment.

These strategic business areas are organized into four globally operating business sectors within the Henkel Group:

- Laundry & Home Care
- Cosmetics/Toiletries
- Consumer and Craftsmen Adhesives
- Henkel Technologies.

The Company operates in more than 75 countries. In fiscal 2002, Henkel Group sales amounted to 9,656 million euros, of which 23 percent were generated in Germany and 77 percent in international markets. 68 percent of sales were achieved by consumer brands business and 29 percent by industrial business.

The controlling company is Henkel KGaA, headquartered in Düsseldorf. Henkel preferred shares have been traded on all German stock exchanges since 1985, and its ordinary shares since 1996. The Henkel Group employs 48,638 people worldwide, with 11,362 in Germany (23 percent) and 37,276 in other countries.



## Quality from Henkel

Henkel has consistently developed its strengths. It does so preeminently by continuously investing in consumer brands, through intensive research and development and effective marketing activities. In 2002, Henkel launched a major quality offensive, communicating the message "Quality from Henkel" in all media. This promise of quality also applies, of course, to the innovative technologies, high-tech systems, and services we provide in our business with industrial customers.

Guido Wagner,  
Top hairdresser, manager of two  
elite salons in Düsseldorf, and  
Schwarzkopf Professional partner  
[www.guido-wagner.de](http://www.guido-wagner.de)

“Our customers have become much more critical recently, and it is more important than ever for the price-performance ratio to be right – in all respects. Quality, environmental compatibility, health and performance must also be measurable for hair salon customers. Only with a professional partner like

Schwarzkopf Professional, which takes this to heart and creates innovative solutions for the market of the future, will we be able to build on our past and present success.”

## Our vision of sustainability

- ▶ Our vision: Making people’s lives easier, better, and more beautiful
- ▶ Main sustainability topics
- ▶ Looking to the future: Key sustainability action

### Our vision

Henkel’s vision is to be a leader with brands and technologies that make people’s lives easier, better and more beautiful. On the basis of this vision, the roots of which can be traced back to the Company’s founder, Fritz Henkel, Henkel has formulated ten fundamental values.

To ensure that Henkel’s activities are continuously aligned to sustainable development, the Company and its employees are guided by Henkel’s vision and values.

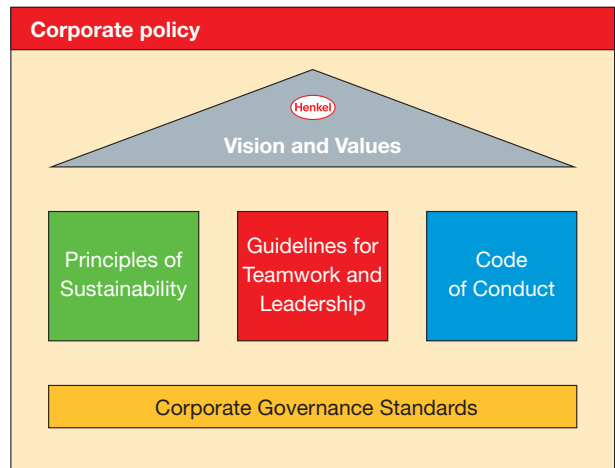
### Values

- We are customer driven.
- We develop superior brands and technologies.
- We aspire to excellence in quality.
- We strive for innovation.
- We embrace change.
- We are successful because of our people.
- We are committed to shareholder value.

- We are dedicated to sustainability and corporate social responsibility.
- We communicate openly and actively.
- We preserve the tradition of an open family company.

**Corporate policy**

The diagram on the right shows the globally binding elements of corporate policy which apply throughout the Henkel Group.



The Company wants to attain the following:

- Responsible and motivated employees
- Efficient, safe and economical processes
- Competitive advantages through sustainable products ⓘ

**Looking toward the future**

With sustainability as a guiding principle, Henkel improves its business processes step by step. In the coming years, special emphasis will be placed on six key aspects.

**Main sustainability topics at Henkel**



Sustainable development gives equal priority to economic, ecological and social aspects. Henkel strives toward a balance that will safeguard and strengthen its competitiveness on the globalized markets. Only an economically successful company can achieve effective environmental protection and social progress.

- |                               |                          |                                    |                       |
|-------------------------------|--------------------------|------------------------------------|-----------------------|
| • Consumer protection         | • Innovation management  | • Process optimization             | • Safety              |
| • Corporate governance        | • Jobs for the future    | • Product stewardship              | • Shareholder value   |
| • Environmental compatibility | • Life-cycle analyses    | • Profit sharing                   | • Social commitment   |
| • Equal opportunities         | • Market leadership      | • Renewable resources              | • Technology transfer |
| • Health protection           | • Open dialogue          | • Resource conservation            | • Training            |
| • Human rights                | • Precautionary approach | • Respect for the rules of society |                       |

# Key sustainability action

## Management systems for sustainability

To implement our Principles of Sustainability, we are defining binding, detailed Group-wide sustainability standards. By 2004, all sites must integrate these into their existing safety, health, environment and quality management systems. Our worldwide audit program monitors compliance with these standards.

## Zero occupational accidents

Every accident is avoidable. For this reason, Henkel has established a long-term program with the objective of reducing the number of occupational accidents. As a medium-term target, we intend to cut the number of occupational accidents by 25 percent by the year 2005 (base year 2000). We are concerned about the serious accidents suffered by employees of contractors working for Henkel. Consideration of such accidents will be fully incorporated in our Group-wide safety program. Experts at Henkel headquarters assess the causes of accidents and define necessary improvement measures.

## Suppliers and service providers

We expect our suppliers and service providers worldwide to conform to good business practices. However, our worldwide procedures for selecting and assessing suppliers do not yet include standardized sustainability criteria. By the end of 2004, we will review the existing ecological and social assessment criteria, use these as a basis for formulating locally and globally relevant standards, and integrate them into the Group-wide procurement processes.

## Sustainable research

Innovation is the key to sustainability. Consistent alignment to the needs of our customers and consideration of sustainability aspects at an early phase in our research strategy give us a technical lead and

competitive advantages. We draw on internal and external competencies to strengthen and expand our product portfolio and to enter new markets.

Henkel develops innovative basic technologies for new products in the biology, chemistry and technology areas of Corporate Research. These innovations are channeled into the business sectors and open up new markets for portfolio expansion. Besides its internal activities, Henkel holds equity in research companies. Through these partnerships, the Company works together with university professors in the fields of biotechnology, cell physiology, nanotechnology, and functional polymers.

## Career/family balance

Henkel is successful because of its people. We want to attract the best talents, enable them to develop their abilities, and encourage them to commit long-term to the Company. To this end, we help our employees to reconcile dedication to their career and plans for their private life. Henkel intends to use the available work-structuring opportunities even more flexibly and actively help young families seeking child day-care solutions. We have therefore designed appropriate programs suiting local circumstances, and are continuously improving them.

## Social commitment

Henkel supports the social commitment of those of its employees who devote some of their free time to nonprofit social, charitable or cultural projects. Henkel companies in 14 countries are now involved in the MIT (Make an Impact on Tomorrow) initiative. By the year 2005, MIT initiatives are to be established in all regions of the world. Support will be provided at a local level to the employees who do volunteer work.

## Markets for tomorrow

- ▶ **Fit for the future: Innovative basic technologies**
- ▶ **Market-oriented: Alignment to sustainability**
- ▶ **Systematic: Optimization of the entire product life cycle**

Part of Henkel's corporate strategy is to identify and satisfy customer and consumer wishes as early as possible. Even in the initial phase of research and development, Henkel aims to take long-term social priorities into consideration and do its part in shaping the future.

Through continuous innovation, the Company intends to strengthen its leading position in existing markets and to create new business.

### The future starts today

The Henkel Group has focused its research strategy on basic technologies with a viable long-term future. Henkel is thus influencing tomorrow's markets. Three key research fields are of special significance for sustainable development opportunities in all areas of business:

- Biologically-based hygiene concepts
- Highly effective active ingredients
- New materials and technologies

Pia Gaßmann,  
President of the Deutscher Hausfrauen-  
Bund e.V., the professional association  
of household managers in Germany  
[www.hausfrauenbund.de](http://www.hausfrauenbund.de)



**“Consumers want detailed information about the products they use in the home. Henkel's innovative and easy-to-use detergents and household cleaners have made a major contribution toward making work in the home easier and protecting the environment. I expect Henkel, as a globally**



**operating company, to implement this product and information policy in other regions of the world.”**



Advances in these research fields make it possible to develop new types of product concepts, which combine superior performance with improved environmental compatibility and greater social benefits. The aim is to create innovative products that will continue to make people's lives easier, better, and more beautiful in the future.

### Naturally effective

Henkel is working on completely new hygiene concepts for even milder cleaning in households and industry. The principle is no longer to destroy harmful organisms with aggressive substances, but rather to convert them into harmless forms by natural means. For example, the transmission of pathogens could be prevented during wash cycles at low temperatures, without the use of biocides. The formation of undesirable deposits and odors in baths and WCs could also be avoided. Optimized protective coatings and product additives also open up new perspectives in industrial applications for Henkel and its customers.

### Powerful performance

Innovative active substances are the key to better product performance and greater compatibility. For instance, Henkel is working on new enzymes for detergents, with a view to improving stain removal and care properties while considerably reducing the consumption of resources. The goal is to enhance performance while steadily decreasing detergent dosage.

In cosmetics research, Henkel also believes in innovative and extremely skin-compatible formulations. New active ingredients can be tested especially quickly and efficiently on an artificial skin model. In combination with a specially developed DNA chip, it has also become possible to measure the process of aging of the skin – a crucial prerequisite for tomorrow's cosmetic products, which will be designed to slow down and halt the skin's aging process.

### Mini particles, maxi effect

The smaller solid particles are, the more reactive, mobile and, therefore, effective they are. Henkel research on advanced materials focuses on nanoparticles, which considerably increase efficiency and open up completely new fields of application.

In cooperation with the research company SusTech Darmstadt, for example, Henkel has developed a tooth-like substance (Nanit<sup>®</sup>aktive), which can lead to completely new generations of dental care products. Tiny particles of this substance form a nature-identical protective film on the surface of the tooth. This layer considerably reduces the sensitivity of the tooth to pain. Nanit<sup>®</sup>aktive could be used for a series of other applications and open up new business opportunities.

Other sustainable business opportunities based on nanotechnology include household cleaners that impart soil-repellent properties to surfaces, and "release on demand" adhesives that make it possible to separate bonded materials for recycling.

#### Systematic progress

Aligning product policy to sustainability requires a systematic approach. This means that measures for optimizing product portfolios must be applied at the point in the product life cycle where the greatest improvements are possible. Life-cycle and substance assessments are the basis for this. A risk analysis is carried out for each new product and process. It is updated as soon as new scientific data become available. The business sectors implement the sustainability policy on the basis of market requirements. The examples on the following pages show how innovative products and technologies contribute to sustainable development.

# Laundry & Home Care

## Focus on sustainability

Henkel occupies a leading position in the hotly contested laundry detergent and household cleaners market. This has been achieved by responding to consumer needs and providing products that are safe and convenient to use. One of Henkel's success strategies is the use of specifically tailored regional brands. A Group-wide formulation information system helps to ensure that Henkel products will not pose any risk to health or the environment anywhere in the world. Only tested raw materials and approved formulations may be used.

A priority objective in product development is to combine steadily improving detergent performance with lower temperatures and continuous reductions in the amount of product that has to be used. Product life cycle assessments are fundamental to this. Recent examples of Henkel's innovative strength are its improved laundry detergent formulations and a protective component in dishwasher detergents. These products are gentler to items being washed, which thus retain their value longer and have a longer service life.

## On the agenda

Washing habits change. In Western Europe, for example, colored fabrics now make up more than half of those machine-washed. Modern washing machines are sparing in their use of water and need only 10 liters of water per kilogram of laundry. Not so long ago, the equivalent figure was 30 liters.

The ecological contributions of the European detergent industry, and Henkel in particular, have been many and varied. An outstanding initiative in this context is the Code of Good Environmental Practice of the European Soap, Detergents and Maintenance Products Industry Association, AISE. This voluntary initiative includes a catalogue of measures, to which Henkel makes a substantial contribution through development and marketing sup-

port. The targets include a 10-percent reduction in the per capita consumption of laundry detergents, a 10-percent reduction in the content of poorly degradable organic components, and a 10-percent reduction in packaging materials as well. In addition, consumers are encour-



aged to cut their energy consumption for washing laundry by 5 percent. The specified period for achieving all of these changes is 5 years. In the past business year, as part of its commitment to these objectives, Henkel has implemented a further reduction in the dosage of its powder laundry detergents. By reviewing its formulations and increasing their detergency, Henkel made it possible to save an additional 10 percent by weight per washing cycle. Whereas 150 grams of traditional powder product were needed 10 years ago, today, after the latest increase in concentration, only 109 grams are required – with still higher product performance. The formulation change was largely completed in the European markets by the end of 2002. Henkel has thus taken yet



another step toward optimizing every aspect of its detergents – to the benefit of its customers and the environment. This is a good basis for further strengthening its competitive position.

## A shining example

Frequent cleaning in the dishwasher can leave its mark on glasses. Long wash cycles and high temperatures can attack the surface, giving it a cloudy appearance. Henkel's experts have come up with a solution to this problem in the form of a newly developed Somat formulation, which contains a

glass protection system. Somat 3in1 Tabs help glasses to retain their shine and thus prolong their useful life. Glasses no longer have to be washed by



hand or in special glass washing cycles. The new Somat is already available in stores in Austria, France, Germany, Italy, and Switzer-

land. It is scheduled to be launched in Eastern Europe and Turkey in 2003.

### Production logistics

Liquid laundry detergents and household cleaners are popular with European consumers. Henkel fills several hundred million plastic bottles each year throughout Europe. A large proportion of these plastic bottles are manufactured right at Henkel production sites – usually by a specialized supplier. This simplifies production logistics and avoids unnecessary transportation. Instead of empty bottles – containing a lot of air – only the raw material, up to 20 times more compact, is delivered.

The significance of on-site production is illustrated by two current projects in Genthin, Germany, and Nemours, France. Around 3,000 truck trans-



ports annually will be eliminated at the Nemours site. With a distance of 250 kilometers per trip, this means savings of almost


500,000 liters of diesel fuel. For the detergent plant in Genthin, the equivalent figures are almost 250,000 liters and 3,600 truck transports. In addition, fewer trips means less road congestion, much reduced exhaust fumes, and cost cuts for Henkel and its packaging supplier. This is also a way of putting sustainability into practice.

### Sector sustainability study

With the active participation of Henkel, the Industrieverband Körperpflege- und Waschmittel e.V. (IKW – the association of the German body care and detergent industry) commissioned the University of Oldenburg to assess the sustainability of business practices in the sector and to determine future steps. In a dialogue with opinion formers from a variety of social groups, the researchers identified ten fields of action on which the detergent industry should focus on its path to sustainability:

- Lower washing temperatures
- Less pollution of surface waters
- Conservation of resources
- Economic efficiency
- Innovation capability
- Simplification of housework
- Maintaining the value of washed items
- Role distribution in the household
- Safe production and use of products
- Superior hygiene performance

In the next step, with the involvement of all stakeholders, the priorities for future action will be assessed in relation to what has already been achieved. Indicators have been proposed for each field to permit measurement of the progress made in the sector.

The European association AISE is also working on a pioneering initiative. It will be publishing a sector-wide Charter on Sustainable Development in 2003. 

# Cosmetics/Toiletries

## Focus on sustainability

When Henkel's cosmetics experts develop a new product, it has to be effective, of course, but it must also satisfy two other key criteria: It must not pose a risk to health, and it must be environmentally compatible. After all, this sector's products are applied directly to the body, and they later find their way into the environment. Only good, well-tolerated, and easy-to-use cosmetics can generate long-term consumer confidence.

This is why developers of cosmetics assign a high priority to continuous improvement of compatibility and ecological degradability. All cosmetics are subjected to an extensive testing program, which is continuously updated in line with the latest technical developments. Another emphasis of development is the use of new technologies. A current example is the work being carried out on new types of dental care products based on nanotechnology.

Henkel studies skin compatibility by means of in vitro tests of cell cultures and dermatological tests, which do not require animal testing. Henkel has worked together with independent institutes since the early 1980s to develop and optimize alternative test methods. The further development of test methods that do not involve live animals will continue to be an important objective of the Company.

## Following nature's example

Schwarzkopf & Henkel, with its Diadermine brand, is a leading supplier of skin care products in Europe. All of the products in this care series have one thing in common – they make use of a near-natural principle that mimics and supports the biological processes of the skin.

One example is provided by Diadermine Lift+ anti-wrinkle cream. A targeted activator stimulates the skin to produce natural collagen, which has a firming action. The skin is smoothed from inside, so to speak. From the very start, the cosmetics experts have given preference to plant-based raw materials. They are environmentally friendly and contribute naturally to improved skin compatibility. They account for more than 90 percent of the Diadermine series formulations, disregarding the water content.



One of the reasons for this high percentage is that Schwarzkopf & Henkel has developed and

launched a new 100-percent plant-based emulsifier system for cosmetics. Diadermine products are not the only ones to



benefit from this. The new system is now used in the Aok care products Milch Aktiv-Creme (active milk cream) and Pflegende Milch Aktiv-Maske (active milk care mask).

## Constant competence

In all regions of the world, Schwarzkopf & Henkel has established consumer service centers to provide competent answers to consumers' questions.

In Germany alone, some 70,000 inquiries are received, entered into a database, and answered each year. Questions regarding product use, production and packaging, availability, sales outlets, and health aspects are dealt with promptly and expertly.

All customer inquiries are handled systematically and thoroughly. When complaints are received, Henkel does its best to provide targeted assistance to solve the problem. Databases are used to evaluate the information and forward it to Product



Development and Marketing. The consumer service software installed in Germany, Belgium, and the Netherlands has proved so suc-

cessful that it is now to be introduced Europe-wide. By the end of 2003, all available information will be evaluated centrally, so that it can be applied internationally to optimize consumer benefit.

The next objective is to standardize the collection and evaluation of information worldwide. Data protection laws will, of course, be taken into account.

#### Monitoring the market

If individual consumers complain of skin irritation or allergic reactions, which they attribute to Schwarzkopf & Henkel products, the experts at Schwarzkopf & Henkel contact them directly and confer with them to determine the cause of the problem. The consumers help, as well, by returning the opened product and consulting a specialized medical practitioner. A dermatologist from Schwarzkopf & Henkel and an international institute with independent dermatologists support the coordinated search for the source of the problem. The complaints are analyzed in accordance with globally applicable guidelines.

The knowledge acquired through this systematic approach is channeled into product development and, for example, the wording of the text on the packaging.

#### Gentle cleaning

Scientists working on the development of toothpaste products at Schwarzkopf & Henkel have a special objective in view: optimal cleaning paired with minimal abrasion of dental enamel. Henkel has succeeded especially well in the case of Theramed Naturweiss toothpaste for smokers and tea drinkers.



The German consumer watchdog, Stiftung Warentest, confirmed this in January 2001. Of the 13 whitening toothpastes tested, Theramed Naturweiss was the only one with low wear. All other toothpastes in the Theramed line also profit from the use of especially mild abrasives. In comparison with the market average, they demonstrate much lower wear values.

#### Simply perfect

The new Theramed Perfect toothpaste has now been launched in almost all countries of the European Union. It has been so successful that in Spain, for example, where it is marketed under the name Licor del Polo, the retail trade voted it the best new product of 2001. Its special feature is a novel membrane closure, which enables the toothpaste to be dispensed extremely easily and hygienically. In fact, Theramed Perfect won the international WorldStar Award in 2002 for innovative packaging.



# Consumer and Craftsmen Adhesives

## Focus on sustainability

Henkel is a leader in adhesives and sealants, economically, technologically and ecologically. Solvent fumes are a major source of environmental pollution associated with bonding and are a significant health concern. For many years, Henkel has been consistently replacing solvent-based adhesives with high-performance waterborne products.

The examples on these two pages are just a few of the many successfully marketed product optimizations

Furthermore, the adhesives developers have continued to focus on renewable resources to optimize product characteristics. One example is the internationally known Pritt stick, whose formulation is based almost entirely on renewable raw materials.

Of fundamental importance in the sustained market success of Henkel adhesives is that they are designed for convenient, precise and safe use. A current example is the EasyFlex technology of the newly launched tile adhesives.

## Propellant-free assembly foam

When a craftsman fits a door frame into a wall, he needs assembly foam. For a long time, two-component foams with



climate-changing propellant gases seemed to be indispensable for such applications. Then Henkel launched its

propellant-free Ponal Rapido expansion adhesive, which is also extremely powerful. Ponal Rapido does not drip and can be applied cleanly to the wall joint, making the tiresome use of masking tape unneces-

sary. In its first year on the market (1998), propellant-free Ponal Rapido proved so popular that it was responsible for reducing greenhouse gas emissions by an amount equivalent to 2,500 metric tons of carbon dioxide.

Since that time, the market success of this Henkel innovation has steadily continued. Thanks to a further packaging refinement, Ponal Rapido can now be used with any common professional cartridge gun. The range of possible uses for the propellant-free assembly foam has also broadened, to include applications extending from fire protection foam to specialty products for pipe installation.

The sustainable business in figures: In the meantime, sales have increased four-fold, equivalent to a reduction in emissions of almost 10,000 metric tons of carbon dioxide.

Future applications are currently being studied with a view to opening up new markets.

## Roll-out solvent-free adhesives

Since 1997, Henkel has continuously increased the proportion of extremely low-emission flooring adhesives: in 2002, from 60 to 70 percent. This figure is expected to reach 90 percent by 2005.

Most unsatisfactory, for a long time, was the necessity of using neoprene adhesives, which have a high solvent content, for laying floor coverings on stairs and rostrums. Thomsit T 2001 FreeTack roll-out adhesive has now solved this problem. This solvent-free adhesive film is supplied on a stabilizing backing tape. The adhesive tape is easy to use, and the time-consuming application of liquid adhesive is no longer necessary. The floor covering adheres instantly and can be walked on immediately. There are plans to launch Thomsit FreeTack, which is currently avail-



able in Germany and Chile, in Western and Eastern Europe in the coming years, in line with marketing opportunities.

**Lighter, faster, further**

Henkel Bautechnik has launched a completely new generation of tile adhesives. Ceresit CM 18 EasyFlex has a much lower weight, a greater yield, and better application characteristics.

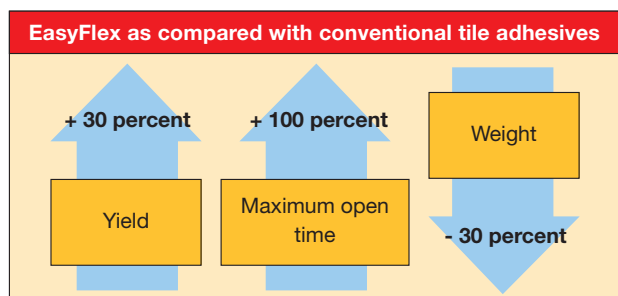


Thanks to the use of light-weight fillers made from glass recyclate, craftsmen no longer need to maneuver

the usual 25-kg sacks when laying ceramic tiles. The new packages weigh only 18 kilograms and can tile the same area.

Other advantages: Ceresit CM 18 EasyFlex is easier to mix, and laying the tiles is also much easier. The maximum open time of the tile adhesive is now twice as long. This means that more tiles can now be laid in the same time.

So it is no wonder that Ceresit CM 18 EasyFlex was an immediate hit with consumers and craftsmen. In the first year after its launch, sales were three times the originally planned production volume. Sales are expected to triple by 2005. The drive for increased business will be spearheaded by the opening up of new markets, especially in Eastern Europe, and by the transfer of the EasyFlex technology to other product categories.



**Kneady and powerful**

Pattex Power Putty is an innovative adhesive compound. This versatile Henkel product can be used to repair, assemble and bond almost all materials. If a hole for a dowel is too big, or a handle is broken and must be mended, or a leak in a drain has to be sealed, the two-component adhesive compound helps within minutes. It is ready to use after just a few minutes of kneading and is extremely resistant – even under water.



In the past, gloves had to be worn when work-

ing with this formable Power Putty. Now that the formulation has been modified, it no longer contains any irritating components, and the putty can safely be handled without gloves. This will give a further boost to the international market success of this innovative product.

By the end of 2004, the product should be available in more than 50 countries worldwide.

**Excellent service**

In June 2002, Henkel Belgium’s Consumer and Craftsmen Adhesives experts received the Best Service Award. This prize is presented annually on the recommendation of Belgium’s two major do-it-yourself associations, in which dealers and manufacturers of DIY products are represented. Of the five candidates, Henkel was voted into first place. This award reinforces Henkel’s commitment to continuous improvement in customer service.

# Henkel Technologies

## Focus on sustainability

Henkel Technologies offers individually tailored system solutions worldwide, discussing the specific problems involved with its industrial customers, and jointly developing new processes with them. Work is often carried out in a team context together with plant manufacturers and suppliers of raw materials. Henkel continuously develops innovative products and technologies which offer customers benefits in environmental and health protection and are also economically advantageous.

Society benefits from these innovations, as they reduce consumption of resources and prolong the products' service life. Examples include innovative corrosion-protection systems for car bodies, solvent-free adhesives for food packaging, and adhesives that are resistant to extreme temperatures for the aerospace industry.

A growing trend is for Henkel Technologies to provide full service onsite system solutions to its customers, thus allowing them to focus on their core competencies.

## World market for wound adhesive

With Indermil, Henkel Loctite is helping to advance medical progress in the field of wound closure.



Instead of using staples and sutures, surgeons can now close skin wounds with this tissue adhesive – simply and quickly. There

are several advantages to this. Indermil acts as a seal over the whole wound and can therefore reduce the risk of infection. After about 10 days, the wound adhesive peels off from the skin by itself. No stitches need to be removed. Moreover, the cosmetic result can be better than with traditional methods.

Indermil makes Henkel Loctite one of the three leading suppliers of wound adhesives. It is marketed in more than 40 countries around the world, so Henkel Loctite is well-placed in this future market.

In September 2002, the U.S. Food & Drug Administration approved the sale of Indermil in the USA. This means that Indermil can now also be distributed in the world's biggest market for tissue adhesives, which is growing by 30 percent each year.

## Energy of the future

Fuel cells are the low-emission, universally usable energy sources of the future. They are replacing heavy nickel-cadmium batteries in portable computers and the exhaust-intensive internal combustion engine in automobiles. In cooperation with leading manufacturers of fuel cells, vehicles, and portable systems, research teams from Henkel Technologies are developing ultrapure adhesives and sealants, which are a prerequisite for environmentally friendly energy generation in an extremely small space. The vision: Energy for sustainable mobility.

## Improved health protection

Industrial manufacturing without polyurethane hotmelt adhesives is inconceivable today. Their great strength and adjustable elasticity makes them indispensable in automotive engineering, bookbinding, and furniture manufacturing. However, the isocyanate fumes emitted



during processing pose a risk to health. Users therefore have to implement strict preventive measures to protect their employees. Henkel Technologies has developed a new generation of polyurethane hotmelt adhesives which are much safer for human health. As much as 90 percent less isocyanate fumes



are released during use, without compromising adhesive performance in any way. The new formulations are no longer categorized as harmful to health and represent a clear improvement in the technical standard of occupational health and environmental protection. This striking advance will enable Henkel Technologies, in cooperation with its customers, to further strengthen its leading market position.

### Firm foam

The three key demands on modern automotive manufacturers are that their vehicles be lighter and safer and use less fuel. Terocore structural foam



from Henkel Technologies demonstrates how these three requirements can be satisfied by a single product. It can strengthen

hollow structures and reinforce large surfaces so that they are more dent-resistant, especially important when accidents occur.

Since the structural foams are very light, they can bring about savings of up to 50 percent in weight compared with a conventional steel solution. Terocore thus supports the trend toward lightweight construction. Even if only a few kilograms of structural foam are used in a car, this helps to save energy. A weight reduction of 100 kilograms cuts fuel consumption by around 0.3 liters per 100 kilometers. Good reasons for the automotive industry to incorporate Terocore in increasing numbers of vehicles.

Some 11 million cars have been fitted with Terocore so far, and this figure is rising every day. Henkel Technologies works with almost all automotive manufacturers and is therefore competitively well-positioned.

### Shock absorbers

Some electronic components have to be very tough – for example, the electronic engine control system of an automobile or the internal components of mobile telephones, which are not always treated gently. Special adhesives from Henkel Loctite, known as underfills, can attach sensitive components to circuit boards so that they are impact- and vibration-resistant. However, once a component is firmly bonded in place, it cannot be removed again without becoming damaged. This can result in expensive loss of material. If a defective component is discovered during the production process or final inspections, for instance, the complete, valuable, component assembly has to be discarded. The adhesives specialists of Henkel Loctite solved this problem by developing an underfill with a thermal switch. In day-to-day use, it protects the electronics during bumps and jolts. When heated above the switch temperature, however, it releases the chip, which can then be replaced. This helps Henkel Loctite's customers to save on production costs and permits valuable electronic appliances to be repaired once they are in service.

#### Made-to-measure

The French Toyota plant in Valenciennes has been producing the Yaris compact car since 2001. More than 1,000 cars now roll off the production line each day. From the very start, the plant applied very high standards of environmental protection and thus involved Henkel Technologies intensively in production planning. Henkel experts adapted the cleaners and corrosion inhibitors individually to suit the materials used by Toyota. This made it possible to reduce the temperature of the treatment baths by 15 degrees Celsius, thereby saving energy, cutting costs, and reducing the burden on the environment. Carbon dioxide emissions are almost 800 metric tons per year lower than they would have been, and nitrogen oxide emissions have also been substantially reduced.

## Management

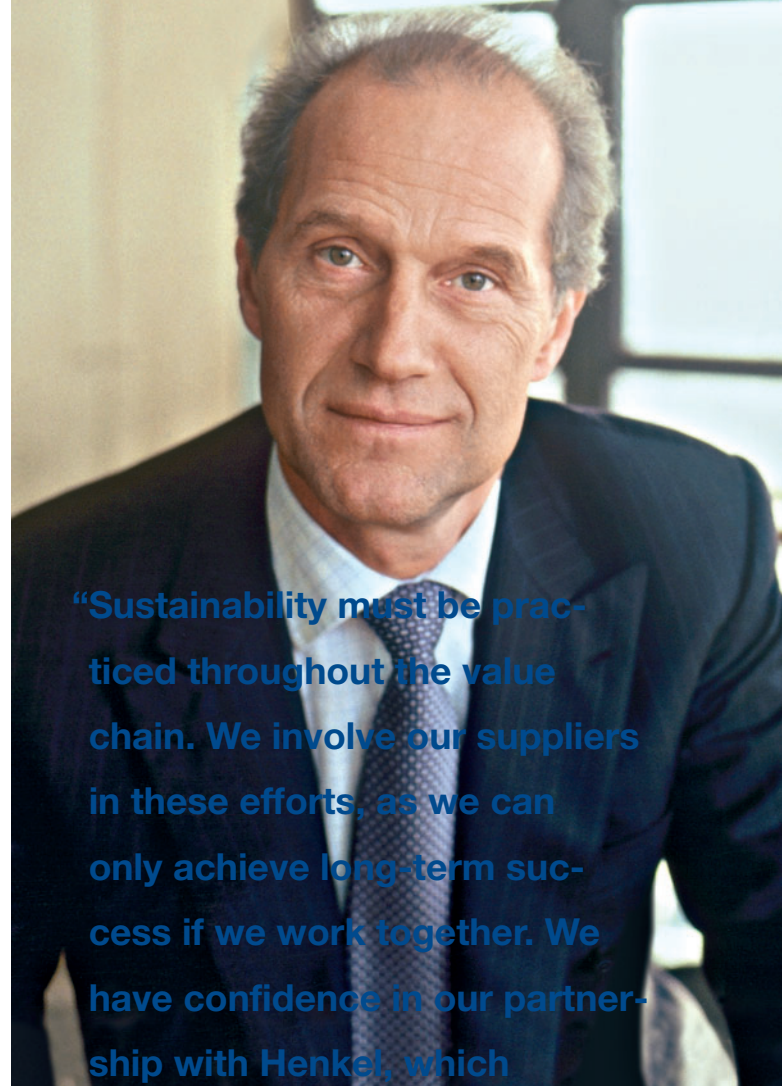
- ▶ **Group-wide organization for sustainability**
- ▶ **Compliance with Corporate Governance Code**
- ▶ **Leader in international sustainability ratings**

### Standards for sustainability

Henkel is in the process of consolidating all Group-wide requirements on sustainable business practices into sustainability standards. An international working group has been given the task of reviewing the existing standards, adding social responsibility requirements and integrating them in the existing management systems for safety, health, environment and quality. The group's work is based on internationally accepted agreements such as

- the UN Universal Declaration of Human Rights,
- the Social Accountability 8000 standard (SA 8000) of Social Accountability International,
- the OECD Guidelines for Multinational Enterprises,
- the UN Global Compact initiative, and
- the conventions of the International Labor Organization (ILO).

Zygmunt Mierdorf,  
Executive Board Member, Human  
Resources and Logistics, of Metro,  
a leading global trading group  
[www.metrogroup.de](http://www.metrogroup.de)



**“Sustainability must be practiced throughout the value chain. We involve our suppliers in these efforts, as we can only achieve long-term success if we work together. We have confidence in our partnership with Henkel, which**



**is geared to our customers' requirements, enables innovative solutions to be found, and thus serves the interests of society as a whole.”**

All requirements relevant to Henkel will be adapted to reflect the Company's business activities.

The first draft was presented in late 2002 and is now being discussed and edited within the Company. The standards will be approved by the Management Board in the course of 2003 and introduced throughout the Group in 2004. At the same time, the existing audit systems will be expanded to include the new requirements.

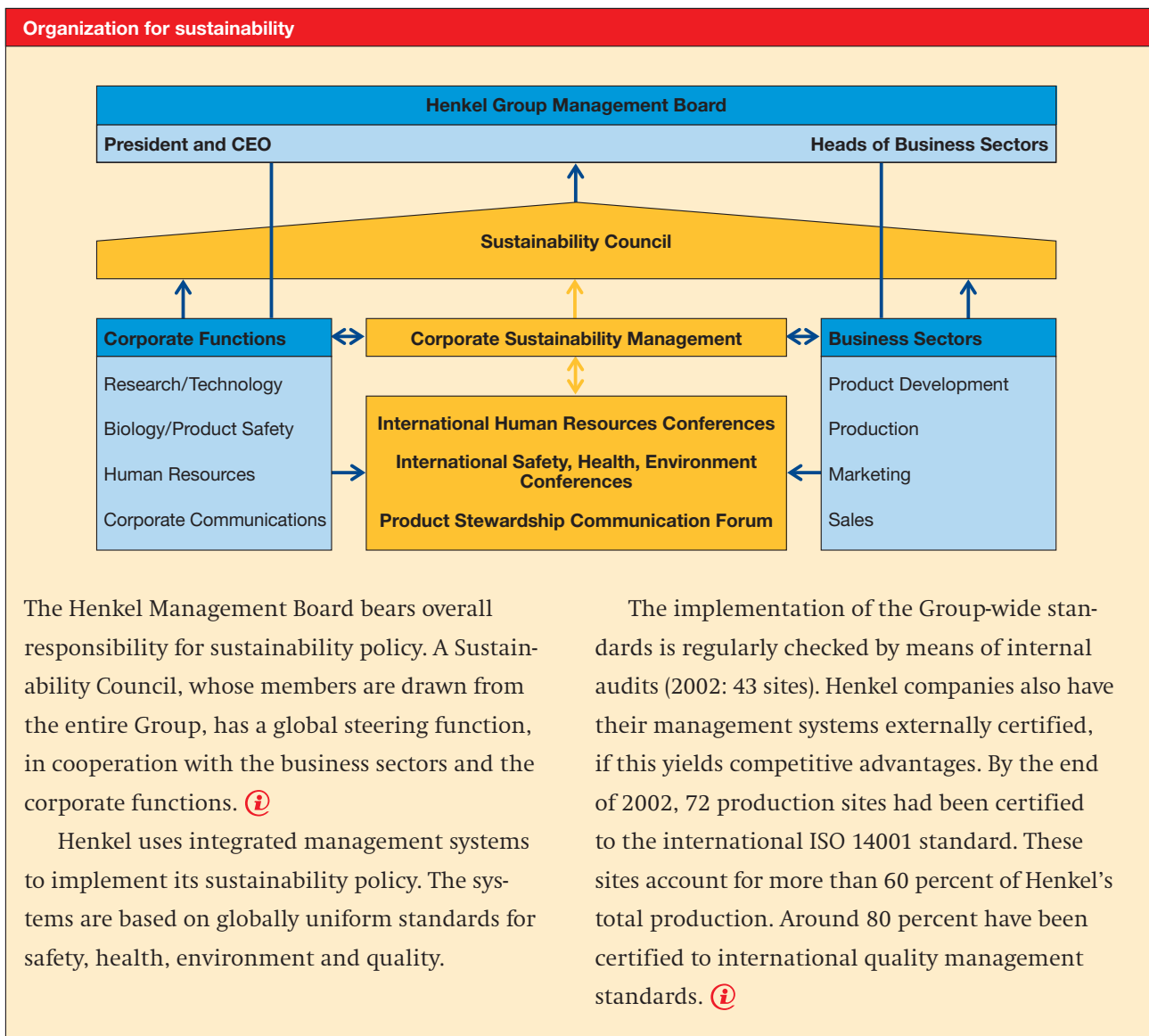
**Corporate governance**

Responsible corporate management and controlling, aiming at a long-term increase in value, has always been part of Henkel's identity and is practiced for

the benefit of the Company and its shareholders. With its alignment to sustainability, Henkel also underlines its commitment to corporate social responsibility.

Efficient cooperation, on a basis of trust, between the various corporate bodies and committees, the safeguarding of shareholders' interests, and open and transparent communication are also at the heart of our corporate governance policy.

Henkel welcomes the German Corporate Governance Code and complies in substance with its requirements. The exact text of the Declaration of Compliance can be found on the Internet, along with the related company-specific aspects. ⓘ



The Henkel Management Board bears overall responsibility for sustainability policy. A Sustainability Council, whose members are drawn from the entire Group, has a global steering function, in cooperation with the business sectors and the corporate functions. ⓘ

Henkel uses integrated management systems to implement its sustainability policy. The systems are based on globally uniform standards for safety, health, environment and quality.

The implementation of the Group-wide standards is regularly checked by means of internal audits (2002: 43 sites). Henkel companies also have their management systems externally certified, if this yields competitive advantages. By the end of 2002, 72 production sites had been certified to the international ISO 14001 standard. These sites account for more than 60 percent of Henkel's total production. Around 80 percent have been certified to international quality management standards. ⓘ

# External assessments

## Leader in worldwide ratings

In 2002, international rating organizations and sustainability analysts again confirmed Henkel's leading role in sustainable development. The Company benefits from the perspectives gained in its dialogue with the analysts.

## In the FTSE4Good ethical index again



London: In September 2002, Henkel was again included in the international ethical index FTSE4Good that was introduced in 2001 by the Financial Times and the London Stock Exchange. ⓘ

## New in the Ethical Index Global



Milan: In November 2002, Henkel was listed in the Ethical Index Global of the Italian financial services provider E.Capital Partners. ⓘ

## First place in Oekom rating



Munich: In April 2002, the rating agency Oekom placed Henkel first in its sustainability ranking of 16 international chemical companies. ⓘ

## Best grade from the ZKB



Zurich: In November 2002, Henkel was awarded the best possible grade – “AAA” – in the sustainability assessment of the Zürcher Kantonalbank (ZKB). ⓘ



## In the Dow Jones Sustainability Indexes for the fourth time in succession

Zurich/New York: Henkel was again listed in the worldwide Dow Jones Sustainability Indexes. The Henkel Group is the European leader and the Number 2 worldwide in the household goods sector. ⓘ



## Ethibel Index leader

Brussels: Henkel was ranked as the sector leader in the Belgian Ethibel Sustainability Index Global, established in July 2002. ⓘ

Prizes and awards 2002		
Country	Company	Prizes and awards
Austria	Henkel Austria, Vienna	Award of the city of Vienna for waste management
Belgium	Henkel Belgium, Brussels	Best Service Award of the Belgian DIY association
Great Britain	Henkel Consumer Adhesives, Winsford	Investor in People award for attractive employers
		First place in Business and the Environment competition
India	Henkel SPIC India, Karaikal	National Greentech foundation prize for occupational safety
Italy	Henkel Loctite, Cerano	Regional ethical prize for companies
Puerto Rico	Henkel Puerto Rico, Sabana Grande	Governor's recognition of successful integration of disabled persons
Slovenia	Henkel Slovenija, Maribor	Winner of national Learning Company competition
Spain	Henkel Ibérica, Barcelona	Sector winner in best employer competition (consumer goods)
USA	Henkel Loctite, Warrensville Heights, Ohio; Henkel Consumer Adhesives, Avon, Ohio	Recognized once more as attractive employer in the region
USA	Henkel Loctite, Olean, New York	Recognition by the U.S. Environmental Protection Agency

# Employees

In the fall of 2001, Henkel launched a Group-wide restructuring program under the slogan “Strong for the Future.” The aim was to improve competitiveness and ensure the future viability of the Company by optimizing structures in production, distribution and administration.

A number of sites were totally or partially closed down or merged with other sites to make structures, business processes, and production capacity more efficient.

In fiscal 2002, approximately 2,200 jobs were cut throughout the Henkel Group. At the same time, the Group gained another 3,700 employees as a result of selected acquisitions.

The Company’s employees are its most important capital for the future. This is why Henkel invests in highly skilled, motivated and innovative people. Since 2001, personnel have also been able to share the Company’s success by participating in Henkel’s worldwide employee share program.

Employees by region (as of December 31, 2002)			
	2001	2002	in %
Germany	11,460	11,362	23.4%
Europe (w/o Germany)	18,398	19,918	41.0%
Africa/Middle East	2,172	3,456	7.1%
North America	4,675	4,474	9.2%
Latin America	2,870	3,042	6.2%
Asia-Pacific	7,048	6,386	13.1%
<b>Henkel Group</b>	<b>46,623</b>	<b>48,638</b>	<b>100%</b>

Three-quarters of the 48,638 employees work outside of Germany. Worldwide, more than 7,920 employees hold managerial positions, and 21 percent of them are women.

## Socially responsible practices

When jobs are eliminated, it is essential for this to be done in a socially responsible manner. Henkel does everything within its power to minimize personal hardship for those affected. Natural attrition and early retirement always take precedence when staff reductions are planned. Moreover, Henkel

**Human resources efforts**

- In Europe, the restructuring program reflects the consolidation of the European economy and the changed market situation. In mid-2002, the detergent site in Herent, Belgium, was closed down, and the production of liquid detergents was discontinued in Ponthierry, France. In both cases, the reasons were a declining market and increasing excess capacity, which could not be compensated for despite product innovations.
 

The placement of employees in appropriate new jobs proved effective. In Herent, more than two-thirds of the 214 employees found a new position within four months.
- Production capacity was cut back in China and Russia, too, with an overall loss of almost 1,600 jobs.
 

Stagnating markets for detergents and cosmetics were the primary reason for this. In China, sales difficulties were exacerbated by the problem of pirate products. Thanks to the dynamic labor market, most employees quickly found new work.
- In the USA, four small sites with a combined workforce of less than 100 were shut down or merged with other facilities. Production structures needed to be more sharply focused following various acquisitions in the Henkel Technologies business sector. Social hardship was avoided here through extensive early retirements and natural attrition.

actively supports personnel in their search for new employment through targeted placement with other companies and by arranging for assistance by external consultants. The appropriate internal bodies are informed at an early stage, and recommendations of the employees' representatives are considered whenever possible.

**Managing, assessing, developing**

Henkel assigns a high priority to recognizing individual performance and promoting the systematic development of all employees. For this purpose, the company has introduced two central instruments for managerial staff. These are the regular assessment of management competencies and agreement on individual performance targets. They serve as a basis for the development of core skills and for individual, performance-based bonuses.


Henkel thus aligns the involvement and skills of its managers to the very factors that are essential to successful business management.

**Global objective – local implementation**

In contrast to internationally operating management staff, the human resources development of non-exempt employees [i.e. employees subject to salary tariffs] is subject to local yardsticks and reflects different cultural and geographical factors. The assessments on which development is based have one thing in common, however: They are carried out in confidential meetings between an employee and his or her supervisor and are repeated at regular intervals to determine the progress made.

**Rewarding performance**

The principle of performance-oriented management is also applied to non-exempt employees. Personal assessment meetings provide feedback about their strengths and the areas in which they need to

improve, and these meetings serve as a basis for specific development measures. Sometimes individual performance targets are defined and linked with achievement bonuses. Employee teams often participate in economic success through department- or site-related target systems. 

Henkel places great emphasis on regular assessments and the individual development of its personnel. Subsidiaries in more than 30 countries already carry out systematic meetings with more than two-thirds of all non-exempt employees. In 2003, Henkel companies in Algeria, Egypt, Greece, Russia and Turkey will join them.

**Employee share program**

The employee share program, which was introduced worldwide in 2001, is continuing with great success in 2003. More than 10,000 Henkel employees in 48 countries took advantage of this opportunity to share in the economic success of their company.

The program enables Henkel employees to buy shares at preferential terms. For each euro an employee invests in Henkel shares, Henkel contributes another 50 cents as a bonus. Up to 4 percent of an employee's annual income – with a ceiling of 4,000 euros – can be invested advantageously in this way.

The idea is to bind the interests of Henkel employees even more closely to those of the Company, while also giving employees an attractive opportunity to provide individually for their future and their retirement.

**Strong participation**

	2002	2003
Countries:	40	48
Participants:	10,100	10,400

## Health promotion

For Henkel, the promotion of health at the workplace goes beyond physical health. The personal life balance of employees must be in equilibrium if they are to feel well and function successfully in both the occupational and private spheres. Henkel underlined its commitment to this holistic philosophy by joining the Unternehmen für Gesundheit [companies for health] network. Furthermore, in March 2002, Henkel also signed the European Union's "Luxembourg Declaration on Workplace Health Promotion in the European Union" of 1997. ⓘ

In designing their health programs, the Henkel sites emphasize different aspects, depending on national and cultural factors. The examples on this page illustrate the wide range of health promotion measures. In many cases, the involvement of the Henkel companies goes far beyond the site gates and



includes relatives, employees of other companies, and neighbors in jointly implemented health-promoting measures.

### Düsseldorf, Germany

The Company medical staff at the Henkel Group's largest production site, located in Düsseldorf-Holthausen, have developed comprehensive programs for promoting health. One of the focuses in 2002 was information events and seminars on personal stress management.

In addition, several thousand employees had tests to detect cancer and thyroid disease, were inoculated against influenza, or participated in a jogging program for beginners under the supervision of specialists in sports medicine.



### Sabana Grande, Puerto Rico

In August 2002, Henkel Loctite in Sabana Grande held its first family health day – with the support of doctors, nutritionists, and the national ministries for health and the environment. More than 350 employees and family members came to have various medical tests and to receive health advice and up-to-date information about, for example, diseases spread by mosquitoes. The children were involved in enjoyable activities, including a painting contest and a clown show as the main attractions.

### Alrode, South Africa

AIDS is one of the most serious socioeconomic problems facing South Africa today. Together with the health authorities and local employee and trade union representatives, Henkel South Africa has developed a company AIDS policy. Providing comprehensive information to employees on protection against infection is one of the main emphases.

Other preventive measures include making free condoms and HIV testing available. The AIDS policy provides guidelines for interaction with employees who are HIV-positive or are suffering from AIDS. The two most important aspects are avoiding any form of discrimination and maintaining confidentiality.

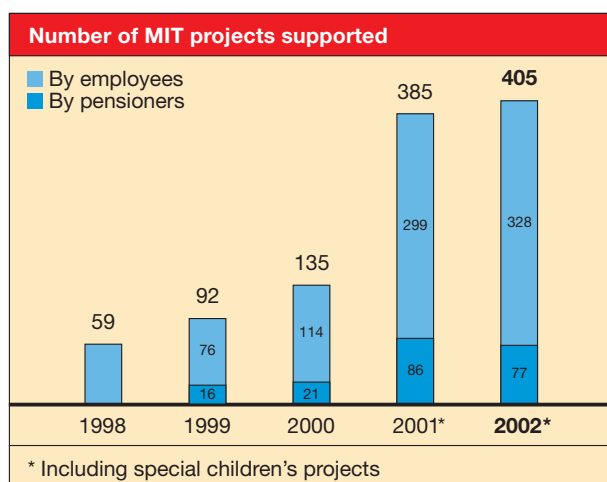
# Social commitment

The Henkel Group has a long tradition of accepting social responsibility. In its more than 125 years of existence, Henkel has helped people and supported their interests in many different ways. This is anchored in its Corporate Principles. For Henkel, corporate citizenship is an all-encompassing social involvement that goes beyond business activities. The focused support of employee projects has proven to be a successful instrument enabling effective help to be provided directly while also developing Henkel's corporate culture. ⓘ

## International MIT work

The MIT (Make an Impact on Tomorrow) initiative, which was first launched in 1998 in Düsseldorf, has become a permanent feature of Henkel's corporate culture in the meantime. Henkel companies in 14 countries participate in the initiative, which provides targeted support for the volunteer work of employees and pensioners. Henkel supports non-profit projects by helping people to help themselves. It provides financial and in-kind resources or may allow employees to take paid leave for their volunteer work. Since the start of the MIT initiative, more than 1,000 projects have been launched and supported worldwide; of these, 257 were special children's projects.

Henkel's goal is for its employees to establish local MIT initiatives in all Henkel Group regions by the year 2005.



## Support for children

Children's projects are an important part of the MIT initiative. The first such projects were initiated to mark Henkel's 125th anniversary year in 2001. More than 10,000 children in need were helped through 126 projects in more than 50 countries. The success of the anniversary year projects, to which Henkel contributed 1.25 million euros, and the overwhelming response from its employees encouraged Henkel to continue with this form of social involvement. In 2002, the Company donated up to 10,000 euros to each of an additional 131 children's projects initiated by Henkel employees and pensioners in 52 countries. The internationality of these projects is an important factor in establishing MIT initiatives at Henkel companies in all regions of the world. ⓘ

## Exemplary children's projects: Living with AIDS

Karl Theodor Morsbach, long-time Managing Director of the Henkel subsidiary in Bangkok, has worked to help the socially disadvantaged in Thailand for more than 20 years. The situation of children affected by AIDS moved him to found the Baan Gerda children's village in 2000. HIV-infected



children, many of them orphans, receive professional care and medical treatment at the village. The children at Baan Gerda, now 42 in number, are thus given an opportunity to enjoy a normal childhood despite their illness.

Claus-Uwe Schmidt, formerly in Detergents Export at Henkel in Düsseldorf and now retired, also supports a project to help children who have



lost their parents as a result of AIDS. The orphanage of the Bethzatha AIDS Resource Center in Kenya provides more than 70 boys and girls between 3



and 15 years of age with food, clothing, education, and medical care.

Henkel's support made it possible to build an additional dormitory for the orphanage. The construction of a training workshop is planned for 2003.

### Help for flood victims

Henkel responded to the catastrophic flooding of the Elbe and Danube Rivers in the summer of 2002, and the devastating after-effects, by initiating relief action on an international scale. Immediate help was provided for flood victims in Austria, the Czech Republic, Germany, Hungary, Poland, Romania, and Slovakia in the form of goods valued at 1.3 million euros. Furthermore, Henkel employees were given leave to help with the relief work in the regions affected by the flooding.

In August, 2002, in response to the wishes of many employees and pensioners in Germany, Henkel also launched an internal aid appeal. The results were impressive; donations amounted to more than 270,000 euros, which the Company itself then more than matched with an additional 300,000 euros.

Volunteers from Henkel – coordinated by Henkel Förderwerk Genthin – lent a helping hand by distributing relief supplies in the flooded regions.

The experts at Metylan, the leading German wallpapering and home improvement brand from Henkel, provided immediate help to the flood vic-

### Helping people in difficulties

Through Henkel Förderwerk Genthin e.V., a non-profit association, Henkel has provided support since 1991 for the structurally weak region in eastern Germany where its Genthin detergent plant is located. The first contact center for all Henkel projects was the Förderwerk Genthin, which organized immediate, non-bureaucratic, help for the flood victims. This form of speedy assistance is now being expanded to cover international emergencies. As of summer 2003, the new Henkel Friendship Initiative will coordinate prompt and practical help from the Henkel Group and its employees all over the world.

tims. Some 100 homes damaged by the floods were renovated in cooperation with local craftsmen. The costs were borne by Metylan Marketing. At the same time, Henkel experts provided practical support and advice in all of the affected regions, with a mobile advice center and a dedicated hotline. The marketing department for Thomsit – the Henkel brand specializing in flooring products – also helped by offering considerable price reductions, technical advice, and product deliveries.

### Targeted giving

The Henkel Group supports nonprofit organizations all over the world by giving money and goods valued at several million euros per year. Donations are made in the following fields:

- Social
- Environment
- Education and science
- Schools and young people
- Culture and art
- Sports

Effective as of this year, an international donations profile defines the standard approval criteria within the Henkel Group. This will ensure that all donations by the Company, whether financial or in-kind, can be focused effectively.

## Production

- ▶ Results of worldwide audits: High standard
- ▶ More than 60 percent of production: Certified to ISO 14001
- ▶ Overview: Site information by region

### Realignment

As a consequence of its strategic realignment toward strong brands and forward-looking technologies, Henkel divested its chemical subsidiary Cognis and sold its shares in the European hygiene business Henkel-Ecolab, effective November 30, 2001. Henkel sold more than 30 major production sites, which are therefore no longer covered in the regional reporting. In 2002, Henkel continued to concentrate on profitable core businesses. Two sites were sold in South Africa and Morocco.

As part of its restructuring program, "Strong for the Future," Henkel reviewed and bundled its existing capacities with the objective of increasing the efficiency of its Group-wide production structures. A total of 10 production sites were closed in the Americas, Asia, and Western Europe. On the other hand, 17 sites of companies acquired in recent years were incorporated in the worldwide reporting system.

Corinne Henry-Munoz,  
Manager of the Carrefour Supermarket  
in Saint-Brice-sous-Forêt near Paris  
[www.carrefour.com](http://www.carrefour.com)



**"As a leading retailer, Carrefour's mission is to satisfy the multiple needs of our customers by providing quality products at the best price while remaining a responsible economic actor and corporate citizen. In our stores one action is to sort packaging waste so that it can be recycled. When suppliers, such as Henkel,**



**optimize their packaging it makes it easier for our staff to recycle packaging waste and often means we have less waste to handle. For these reasons we expect Henkel and our other suppliers to continue optimizing packaging materials."**

### Worldwide responsibility

Sustainability is the goal of all Henkel sites. To this end, they have set objectives and initiated programs that reflect their needs and their regional situations. This section describes the activities at a number of individual sites and provides an overview of the major production facilities.

#### Austria: Excellent waste management

A project team at Henkel Austria analyzed waste management at the Vienna site and identified



further potential for improvement. As a result, waste was reduced by 20 percent and disposal costs by 15 percent. Additional training courses raised employee environmental awareness.

Almost 400 metric tons of residuals are now recycled annually. Another project team discovered that switching to different plastic bottles for liquid products would cut rejects and production waste by 60 metric tons per year. Moreover, bottle weight was decreased by 15 percent. The city of Vienna awarded the site waste manager an environment prize for this achievement.

#### Germany: Energy savings

Sustainable business practices go beyond site boundaries. This was recently demonstrated at the hotmelt adhesives plant in Düsseldorf. Henkel, its suppliers of raw materials, and a major customer are jointly reducing energy consumption. Producers used to cool and grind around 1,000 metric tons of resins for delivery to Henkel in sacks. Today the resins are delivered to Henkel by tank truck in hot, liquid form for immediate further processing.

The finished hotmelt adhesive is supplied to major customers in liquid form as well, thus again saving energy. Costly cooling and melting are no

longer necessary. An economically attractive solution that benefits Henkel, its suppliers, its customers – and the environment.

#### Great Britain: Pollution prevention pays

The first place in the Business and the Environment competition went to the Winsford site of Henkel Limited (UK). This prize is awarded to companies that have improved their environmental performance while simultaneously increasing their profitability. The site reduced its wastewater volume by almost one third. The lower disposal costs, together with process optimization, resulted in savings of more than 150,000 euros per year. The basis for this success was a joint project launched in 1998, in which Henkel formed a team with the local water utility, universities and schools to track trade effluent. Employees from all departments used this information to develop an extensive improvement program and put it into practice successfully.

#### Spain: Attractive employer

In July, 2002, the Spanish business magazine *Actualidad Económica* named Henkel Ibérica as the best employer in its sector. Career opportunities, basic and advanced training, flexible working hours, rates of pay, and the general working climate were all evaluated. Henkel Ibérica scored well above average in all of these areas.

The respected Spanish business college *Escuela de Alta Dirección y Administración (EADA)* in Barcelona also assessed Henkel's human resources management positively. Henkel Ibérica gained the top ranking for the year 2001/2002 in the category of employee training.

#### USA: Saving resources

At its site in City of Industry, California, Henkel Loctite produces specialty adhesives for the electronics industry. The raw materials for these prod-

ucts are expensive and have a limited shelf life. When these raw materials become unusable, they have to be disposed of at considerable expense as hazardous waste.

A new materials management and production scheduling system now helps to reduce stock levels and turnover times. This means more efficient production processes, less wastage of raw materials, and savings of almost 30,000 euros per year.

Moreover, used solvent cleaners are now recycled and reused. Compared with the year 2000, the volume of hazardous wastes was cut by 30 metric tons.


### USA: Leader in environmental protection



In February, 2002, the U.S. Environmental Protection Agency (EPA)

accepted the Olean, New York, site of Henkel Loctite into the National Environmental Performance Track program. The site is thus being recognized for its continuous improvement in environmental protection and its open dialogue with its neighbors.

Especially appreciated were the significant reduction in hazardous wastes and the substitution of mercury compounds, which were of particular concern. The site has committed to cutting waste volumes and water consumption still further in the future.

Also among this group of top environmental performers is Henkel Loctite of Seabrook, New Hampshire, one of the program's charter members. 

### Thailand: Certification to social accountability standard



In 2002, Henkel Thai of Bangpakong, near Bangkok, became the first Henkel site in the world to be certified to the international Social Accountability 8000 (SA 8000) standard. Besides respect

for basic human rights and the prohibition of child labor and forced labor, this standard defines mini-

mum workers' rights such as equal treatment, fair pay, and limitation of overtime.

The management system of Henkel Thai had already been certified to international quality, occupational safety, and environmental management standards. Its social accountability aspects have now also been verified by external experts.

### Saudi Arabia: Eco-efficiency

In early 1998, Henkel entered into a joint venture with a regional detergent manufacturer in Riyadh. Since then, Henkel has continuously modernized the production lines. Liquid wastes from production have been reduced by almost 90 percent, resulting in appreciably lower costs. Two new filling lines have increased the capacity of the site, while making working conditions better and safer. A supporting, comprehensive safety training program has also been established for employees.

### South Africa: Continuous learning and improvement

Henkel South Africa in Alrode places great emphasis on involving all of its employees in the continuous improvement of all business processes. One example of this is a project for reducing the reject rate in industrial adhesives production. Employees now bear greater responsibility for the quality of the products they produce.

For additional motivation, a competition is held to identify the team with the lowest reject rate. In 2002, wastage was already cut by more than 50 metric tons, saving 30,000 euros.

The company wants to accomplish still more. Employees who have not had elementary schooling – and who frequently carry out unskilled work – are taught basic literacy and numeracy skills in courses lasting 8 to 10 months, thus acquiring the qualifications for more challenging tasks.

# Asia-Pacific



Asia and the Pacific region are one of Henkel’s most important growth markets. Henkel has continued to strengthen its presence there through strategic investments.

During the last two years, 17 sites in this region were audited, five of them for the second time. The follow-up audits revealed a generally good, and in some cases exemplary, standard of safety, health and environmental protection.

The results of the 12 first audits varied. Most sites conformed to the Henkel requirements. At three sites, however, urgent action needed to be taken to remedy the inadequate fire protection situation. Production was shut down at one of the three sites and transferred to another facility. In the other two cases, Henkel immediately carried out the most urgent measures and initiated a long-term improvement program.

## Australia

- Caringbah/Sydney
- Dandenong/Melbourne
- Kilsyth/Melbourne\*
- West Heidelberg/Melbourne

## China

- Beijing
- Changchun
- Guangzhou\*
- Guilin\*
- Shanghai/Nanhui\*
- Shanghai/Yangpu
- Shantou\*
- Siping\*
- Tianjin\*

- Xuzhou\*
- Yantai/Shandong
- Zhaoqing

## India

- Calcutta\*
- Chennai/Ambattur
- Coimbatore
- Gurgaon\*
- Jejuri\*
- Karaikal\*
- Kodur

## Indonesia

- Cimanggis/Jakarta\*

## Japan

- Osaka

## Korea

- Icheon
- Jincheon-Kun/Choongbook\*
- Kyung-Ju\*

## Malaysia

- Ipoh\*
- Shah Alam/Selangor
- Sungai Buloh\*

## New Zealand

- East Tamaki/Auckland\*
- New Lynn/Auckland

## Philippines

- Binan/Laguna

## Thailand

- Bangpakong/Bangkok\*
- Chon Buri

## Vietnam

- Binh Duong Province

\* One of the 117 sites contributing to the Group data

- Certified to ISO 14001
- SHE audit carried out
- Objectives published
- Site portrait on the Internet ⓘ

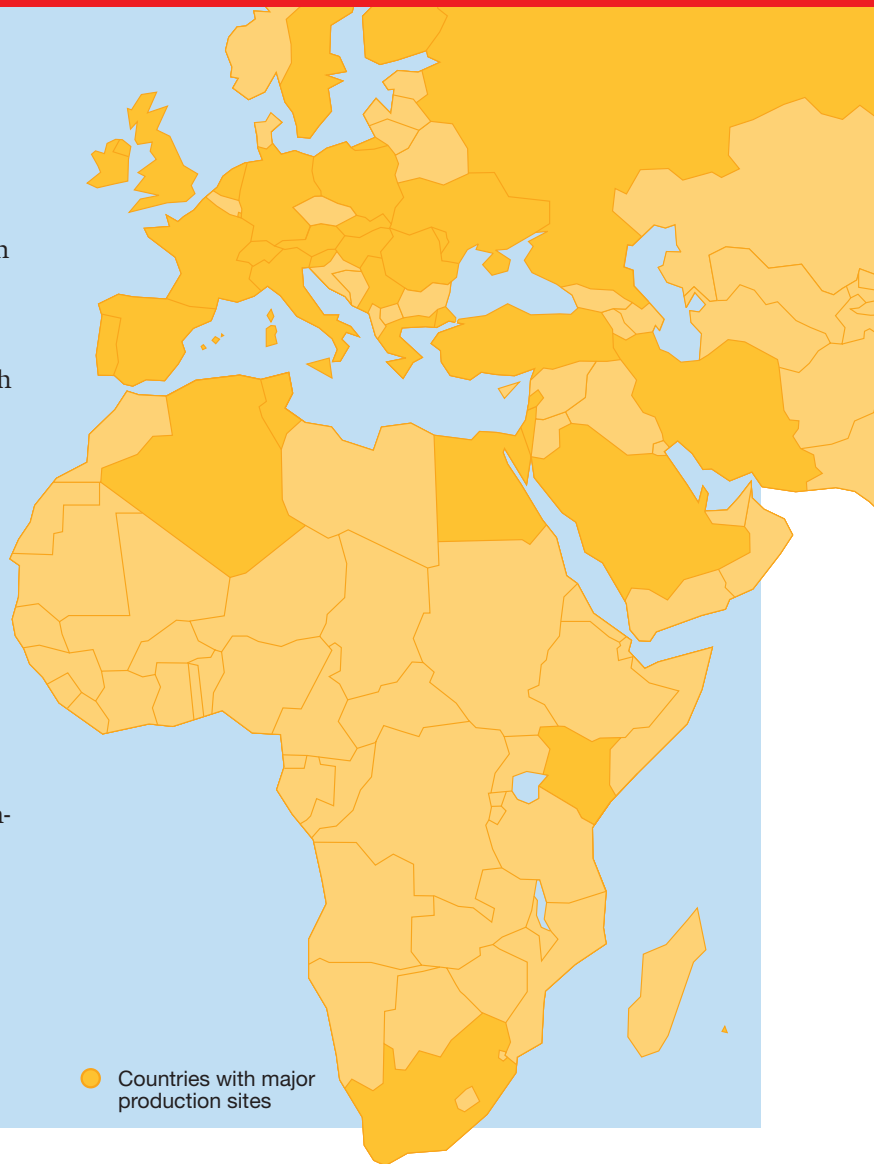
# Africa/Middle East

The focal point of Henkel's operations in the Africa/Middle East region is the Mediterranean area. Henkel expanded its business in the region through acquisitions in Algeria and Iran.

Since 2001, the Company has carried out a total of nine audits in the region, seven of which were follow-ups.

Considerable improvements in environmental performance have been achieved at the sites audited for the second time. However, action still needs to be taken in safety management. Henkel has introduced long-term training programs to effectively raise its employees' safety awareness.

At the two sites audited for the first time, the auditors identified shortcomings in the handling of organic solvents. The necessary technical and organizational remedial measures were initiated immediately.



## Algeria

Ain Temouchent  
Chelghoum Laid  
Reghaia/Algiers

## Egypt

6th of October City\* ■■  
Port Said\* ■■■

## Iran

Ghazvin\* ■■  
Teheran

## Israel

Haifa\* ■■■

## Kenya

Nairobi\* ■■■

## Lebanon

Beirut\* ■

## Mauritius

Terre Rouge ■

## Saudi Arabia

Jeddah\* ■  
Riyadh\* ■■■

## South Africa

Alrode/  
Johannesburg\* ■■■

## Tunisia

Tunis/Mornag\* ■■■  
Sfax\* ■■

- \* One of the 117 sites contributing to the Group data
- Certified to ISO 14001
- SHE audit carried out
- Objectives published
- Site portrait on the Internet ⓘ

# Europe

With more than 70 percent of total sales, Europe is traditionally Henkel's principal market.

Independent Henkel auditors have visited 28 European production sites since 2001, most of them for the second time. During these follow-up audits, the auditors checked the implementation of the main improvement measures specified in the first audits and confirmed that safety, health and environmental standards were generally high. Nevertheless, some deficits were detected. In most cases, the companies had to eliminate shortcomings in the management system.

In two newly acquired sites, however, clear deviations from the Henkel standard were identified. At one of them, insufficient precautions to protect soil and groundwater needed to be rectified, while at the other there were safety deficits in the handling of solvents. The plant concerned was closed down until the weaknesses had been eliminated.

## Austria

Vienna\*

## Finland

Valkeakoski\*

## France

Châlons-en-Champagne\*

Cosne-sur-Loire\*

Lièpvre\*

Louviers\*

Nemours\*

Reims\*

Royaucourt-et-Chailvet

Senlis

## Germany

Bopfingen\*

Düsseldorf-Flingern\*

Düsseldorf-Holthausen\*

Genthin\*

Hannover\*

Heidelberg\*

Heidenau\*

Herborn-Schönbach\*

Krefeld\*

Porta Westfalica-Neesen\*

Paderborn

Sankt Augustin

Unna\*

Viersen-Dülken\*

Wassertrüdingen\*

## Great Britain

Belvedere\*

Dunstable

Hemel Hempstead\*

Winsford\*

## Greece

Kato Kifissia/Athens

Metamorfossi/Athens\*

## Hungary

Barcs\*

Körösladány\*

Szolnok\*

Vác\*

## Ireland

Ballyfermot\*

Tallaght\*

## Italy

Caleppio di Settala\*

Casarile/Milan\*

Cerano\*

Ferentino\*

Lomazzo\*

Parma

Zingonia/Bergamo\*

## Luxembourg

Foetz\*

## Netherlands

Ravenstein\*

## Poland

Ciechanów

Dzierżoniów\*

Racibórz\*

Stąporków\*

Wrząca\*

## Portugal

Alverca\*

## Romania

Bucharest

## Russia

Engels\*

Perm

Syzran

Tosno\*

## Serbia-Montenegro

Krusevac

## Slovakia

Nové Mesto\*

## Slovenia

Maribor\*

## Spain

Abrera/Barcelona

La Coruña\*

Malgrat\*

Montornés\*

Navalcarnero

San Adrián\*

Santa Perpétua\*

Sevilla/Alcalá de Guadaira\*

## Sweden

Gothenburg

Möln dal\*

## Switzerland

Erlinsbach\*

## Turkey

Cayırova\*

Izmir\*

Tuzla

## Ukraine

Uzhgorod

Vyshgorod/Kiev

# The Americas



In North and South America, the Henkel Group is especially active in the adhesives and technology sectors. Henkel has strengthened its market position through strategic acquisitions. In Central America, it has succeeded in entering the detergents market.

In 2001 and 2002, a total of 21 sites were audited in the region. All of the 14 follow-up audits revealed a high standard.

There were no general regional problem areas, although action was needed to remedy specific deficits at individual sites. At one production facility, for example, the coordination of contractors carrying out work on the site had to be improved.

First audits were carried out by Henkel at seven newly acquired sites. Considerable improvements in the management systems were necessary at four of these production facilities. Individual technical improvements were also defined and implemented.

## Brazil

- Diadema/São Paulo\* ■ ■ ■ ■
- Itapevi/São Paulo\* ■ ■ ■ ■
- Jacareí\* ■ ■ ■ ■

## Canada

- Brampton, Ontario\* ■ ■ ■
- Etobicoke, Ontario\* ■ ■ ■

## Chile

- Santiago de Chile\* ■ ■ ■

## Colombia

- Santafé de Bogotá ■

## Mexico

- Ecatepec de Morelos\* ■ ■ ■
- Toluca\* ■ ■

## Puerto Rico

- Sabana Grande\* ■ ■ ■ ■

## USA

- Aurora, Illinois\* ■ ■ ■ ■
- Avon, Ohio\* ■ ■
- Bay Point, California\* ■ ■ ■
- Brooklyn, New York\* ■ ■
- Calhoun, Georgia\* ■ ■ ■ ■
- City of Industry, California\* ■ ■ ■

- Delaware, Ohio\* ■ ■ ■
- Elgin, Illinois\* ■ ■ ■
- Hayward, California\* ■ ■
- Homer, New York\* ■ ■ ■
- Jackson, Tennessee\* ■ ■ ■ ■
- Lewisville, Texas\* ■ ■
- Oak Creek, Wisconsin\* ■ ■ ■ ■
- Olean, New York\* ■ ■
- Seabrook, New Hampshire\* ■ ■ ■ ■
- St. Louis, Missouri\* ■ ■ ■ ■
- Tucker, Georgia\* ■ ■
- Warren, Michigan\* ■ ■ ■ ■

- Warrensville Heights, Ohio\* ■ ■ ■

## Venezuela

- Guacara/Caracas\* ■ ■

\* One of the 117 sites contributing to the Group data

- Certified to ISO 14001
- SHE audit carried out
- Objectives published
- Site portrait on the Internet



Manfred Maus,  
Co-founder and Supervisory Board  
member of the international OBI  
do-it-yourself chain  
www.obide

**“Ecological responsibility is an important component of the OBI philosophy. Together with all of our partners, we continuously optimize our range of products and services so that everyone profits from this.**

**We work with suppliers who actively support our goals, and Henkel has been one of them since our company was first established**

## Indicators

- ▶ **Worldwide coverage:  
Data from 117 sites**
- ▶ **Open information:  
Accidents and  
operational incidents**
- ▶ **Comparability:  
Indicators based  
on current  
business activities**

### Transparency

Improvements in sustainable development should be comprehensible to and assessable by both internal and external observers. For this reason, the Henkel Group publishes key data each year and reports on its progress. Henkel uses the core indicators developed by the European Chemical Industry Council (CEFIC) as a basis, as well as additional Company-specific indicators.

### A worldwide picture

The sustainability data were determined at 117 major production sites in 45 countries (see regional maps on pages 27 to 30) and aggregated to obtain Group performance indicators. These sites were selected on the basis of their production volumes, the quantities and types of emissions, and the resources consumed. They account for 90 percent of the production of the entire Henkel Group.

Environmental data from 45 countries		
Australia	Iran	Portugal
Austria	Ireland	Puerto Rico
Brazil	Israel	Russia
Canada	Italy	Saudi Arabia
Chile	Japan	Slovakia
China	Kenya	Slovenia
Egypt	Korea	South Africa
Finland	Lebanon	Spain
France	Luxembourg	Sweden
Germany	Malaysia	Switzerland
Great Britain	Mexico	Thailand
Greece	Morocco	Tunisia
Hungary	Netherlands	Turkey
India	New Zealand	USA
Indonesia	Poland	Venezuela

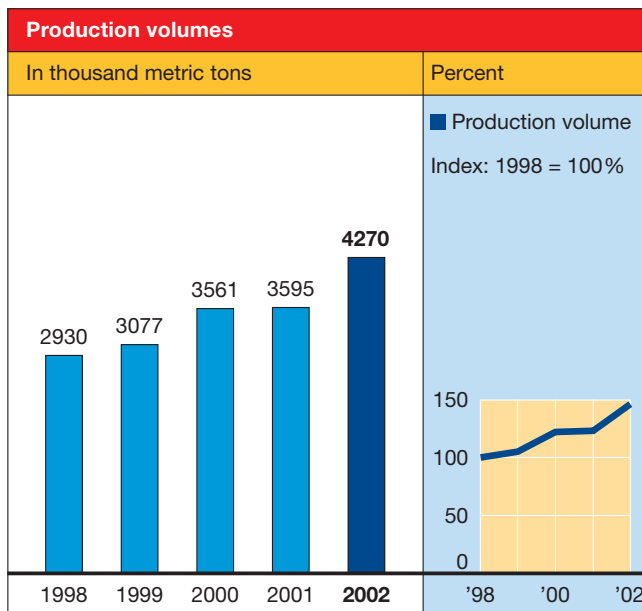
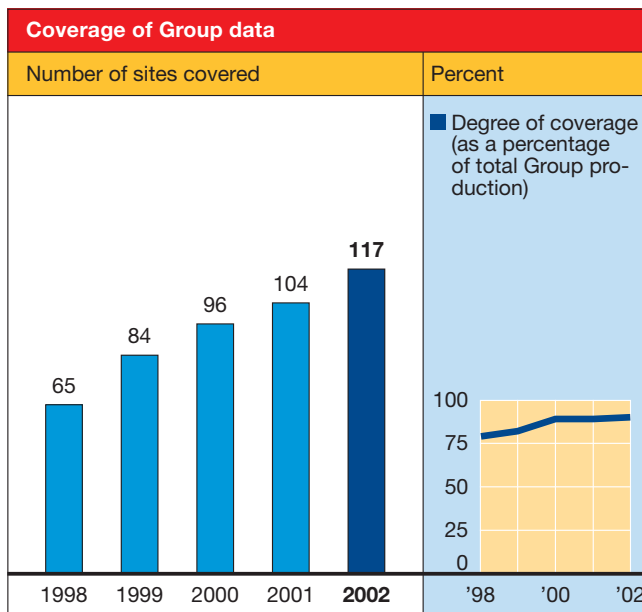
### Wider scope

The number of sites contributing data to the Group indicators has increased considerably (from 65 in 1998 to 117 in 2002). Changes in the production structure have resulted in jumps in some of the figures. The production volume of the sites covered is therefore included alongside the environmental data as a reference value.

In the case of accident data and complaints from neighbors, the number of employees or sites covered is given as supplementary information.

### Comparable data

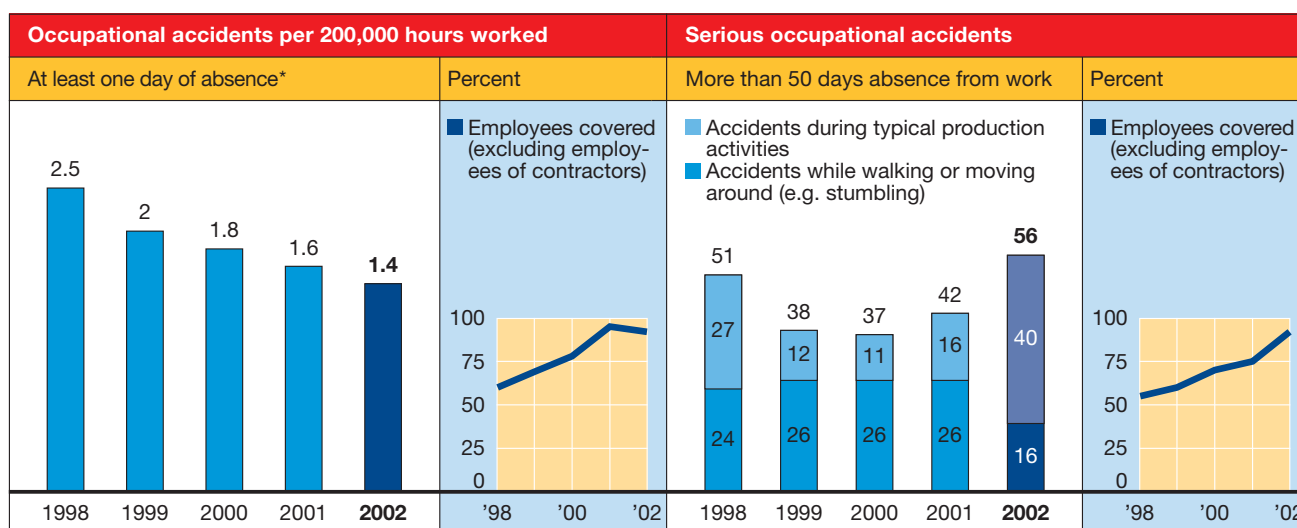
The Group indicators have been recalculated for the years 1998 to 2001 on the basis of the Henkel Group's current business activities, i.e. without the divested chemicals subsidiary Cognis and the European hygiene business Henkel-Ecolab. The Henkel Group data for the year 2002 are therefore comparable with those of the preceding years. For atmospheric emissions, energy generation and wastewater, the calculations have been revised to take account of specific factors in each individual country.



Production volumes of the Henkel Group sites contributing to the Group's aggregated data (2002: 117 sites).

Complaints from neighbors					
	1998	1999	2000	2001	2002
Number of sites covered	65	84	96	104	117
<b>Sites that received complaints</b>	<b>12</b>	<b>14</b>	<b>10</b>	<b>14</b>	<b>18</b>
<b>Number of complaints</b>	<b>43</b>	<b>44</b>	<b>33</b>	<b>27</b>	<b>62</b>
Of these, due to					
- odor	23	25	18	7	22
- noise	11	14	12	15	32
- dust	9	5	3	5	8
<b>Improvement measures initiated</b>	<b>22</b>	<b>36</b>	<b>19</b>	<b>21</b>	<b>48</b>

In 47 cases, the causes of complaints were already eliminated in 2002.



\* Excluding commuting accidents

Until 2001, data on serious accidents were only gathered from production sites. In 2002, a standardized worldwide reporting system was introduced for the entire Group.

### Serious accidents and operational incidents

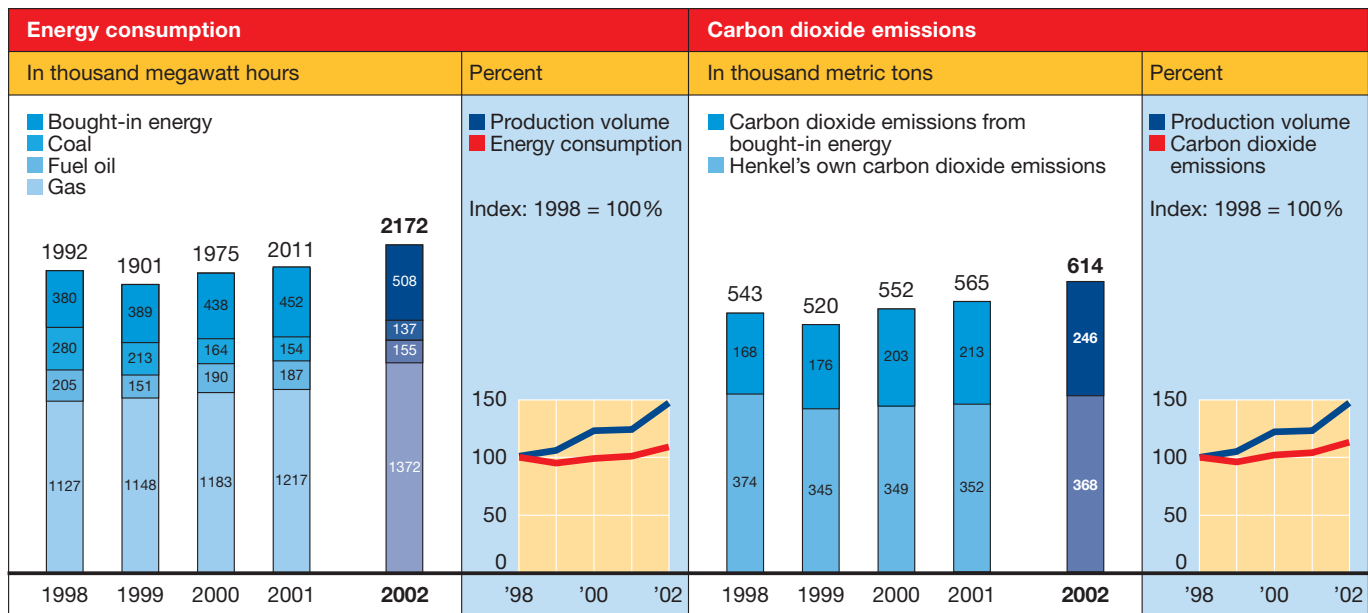
Henkel openly reports serious accidents and operational incidents and the measures taken in response when the consequences include at least one of the following:

- Lethal injury to a Henkel employee or an employee of a contractor carrying out work for Henkel,
- Endangerment of the neighborhood or the environment,

- Tangible losses of more than 50,000 euros,
- A high level of public reaction.

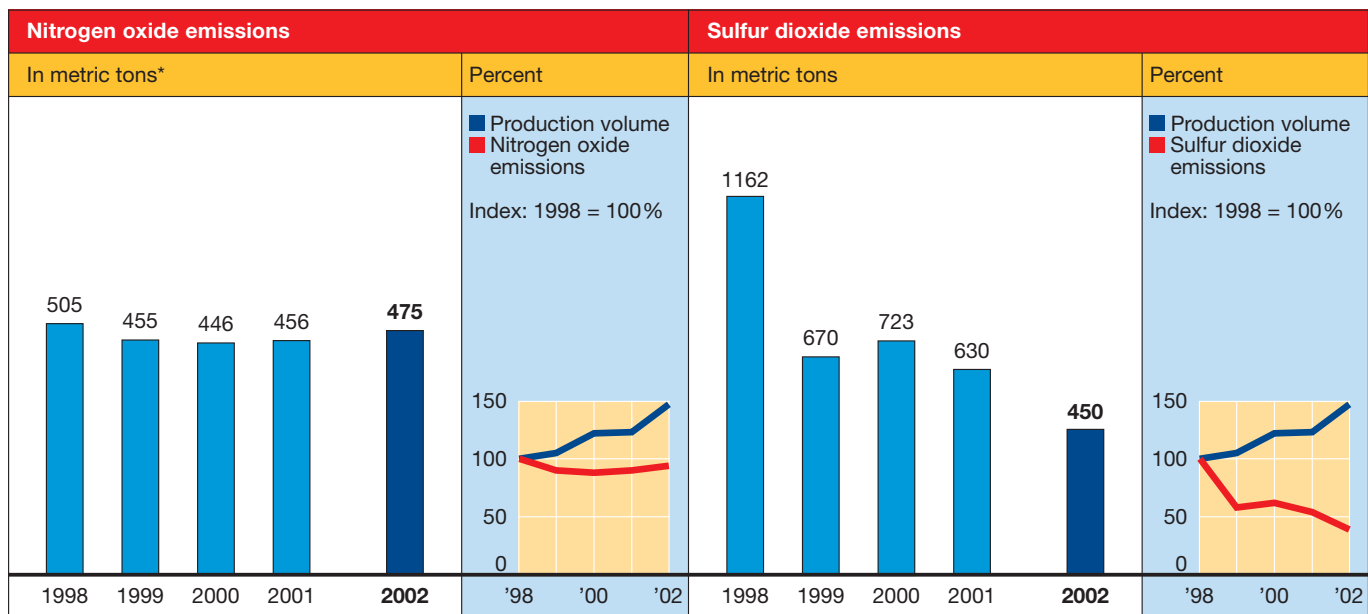
In the year 2002, no Henkel employees died as a consequence of occupational accidents, but a total of five employees of contractors suffered fatal injuries while carrying out work for the Henkel Group.

Country	Accident/operational incident	Measures initiated
<b>Slovenia</b>	A truck driver employed by an external transport company was killed on January 21, 2002, at the Maribor site in Slovenia. Ignoring the regulations, the driver attempted to couple his trailer to the truck by hand on his own, on a slope. After releasing the brake, he lost control of the rolling trailer and was crushed against the truck.	Henkel Slovenija informed all transport companies about the accident and insisted on compliance with the prescribed safety regulations. When a driver has to couple or uncouple a trailer and has no co-driver to help him, he must always request the assistance of a qualified Henkel employee. In addition, Henkel Slovenija has tightened controls at the site.
<b>Belgium</b>	On September 26, 2002, in a warehouse of a contractor in Haasrode, a computer-controlled forklift truck ran out of control and crashed into a high bay. The high bay toppled, carrying other bays down with it. Five hundred pallets of Henkel surface-treatment products crashed to the floor, and some of the products started to leak. The local fire department evacuated the buildings of neighboring companies as a precaution before it was clear that there was no danger to people or the environment.	After conferring with the local fire department, the Henkel Düsseldorf site fire department carried out the clean-up operations and transported the products to Germany for safe disposal and recycling. As the damage limitation support provided by the contractor did not measure up to Henkel standards, Henkel terminated its working relationship with this warehousing company.
<b>Mexico</b>	At the site of a Henkel customer in Mexico City, four employees of a contracted company were killed and three others were injured on October 24, 2002, while a wastewater treatment plant was being shut down. The accidental introduction of a chemical resulted in the release of a toxic gas. Although safety training had been provided and protective equipment was available, the gas formed so rapidly and unexpectedly that nothing could be done to prevent this tragic accident.	To avoid such accidents in the future, throughout the Henkel Group a risk assessment must now be carried out before similar work is undertaken and suitable precautionary procedures must be defined. The technical condition of the plant involved and the possibility of human error must also be taken into account.

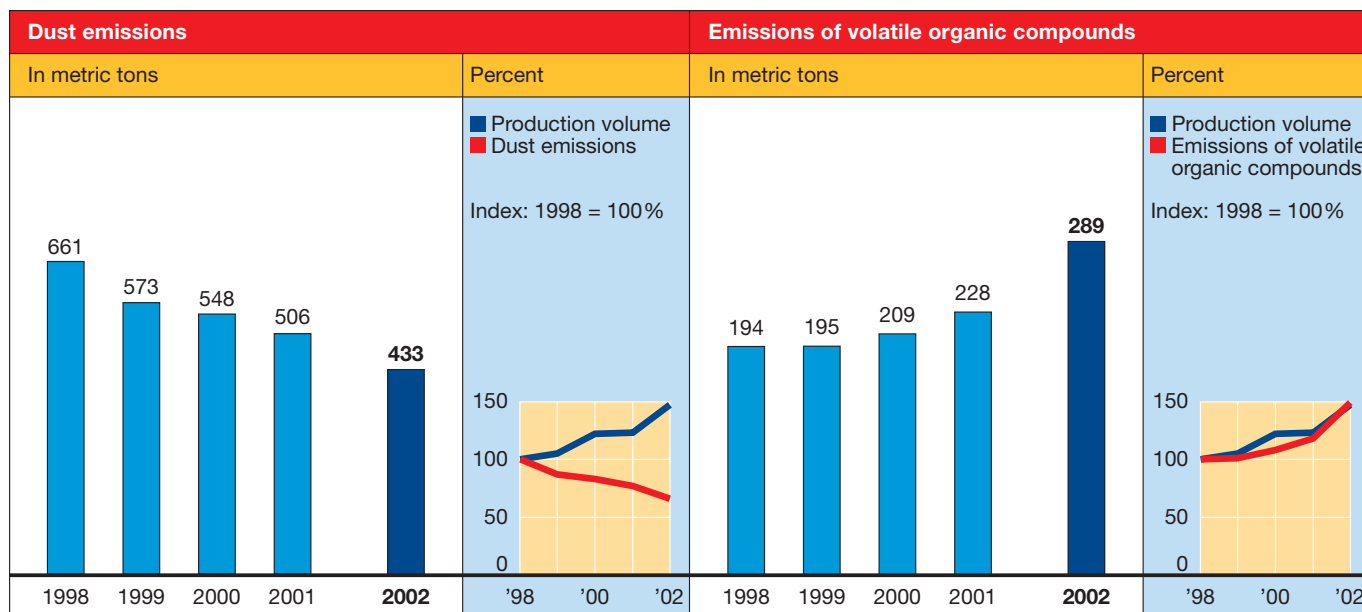


Bought-in energy is electricity, steam and district heating that is generated outside the sites.

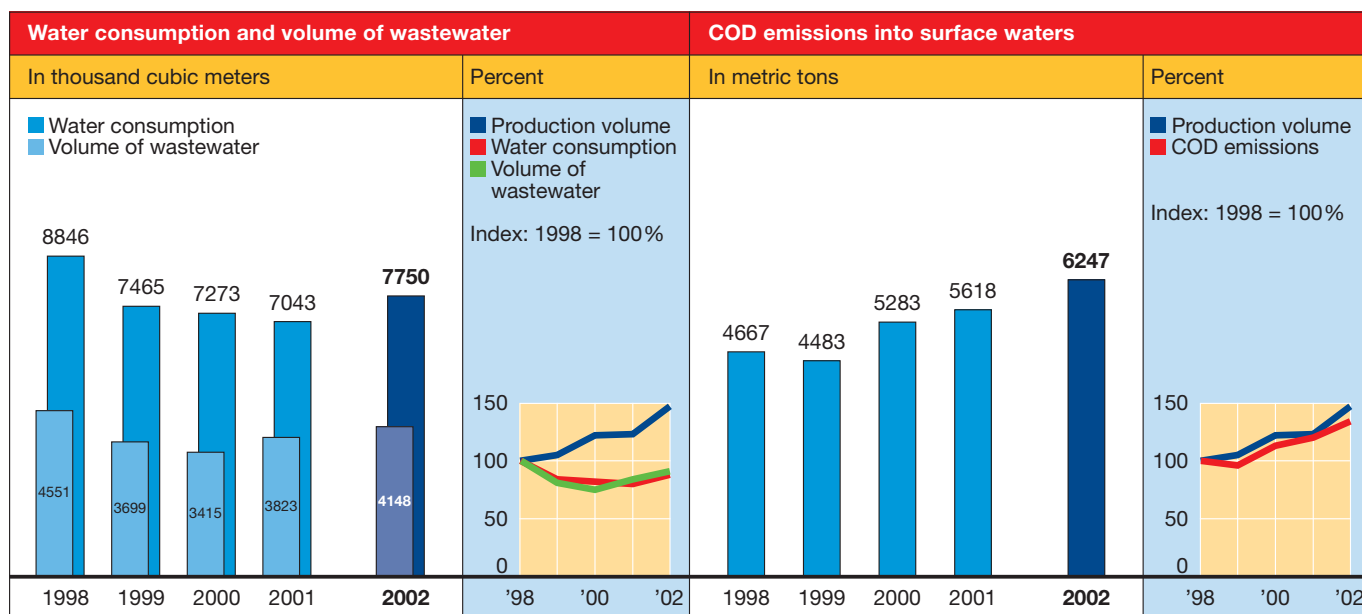
Energy generation accounts for almost all of the carbon dioxide released as a result of Henkel Group activities. The given values include carbon dioxide formed during the generation of bought-in energy at non-Henkel sites. The amount has been estimated with the help of generally accepted factors.



\* Calculated as nitrogen dioxide

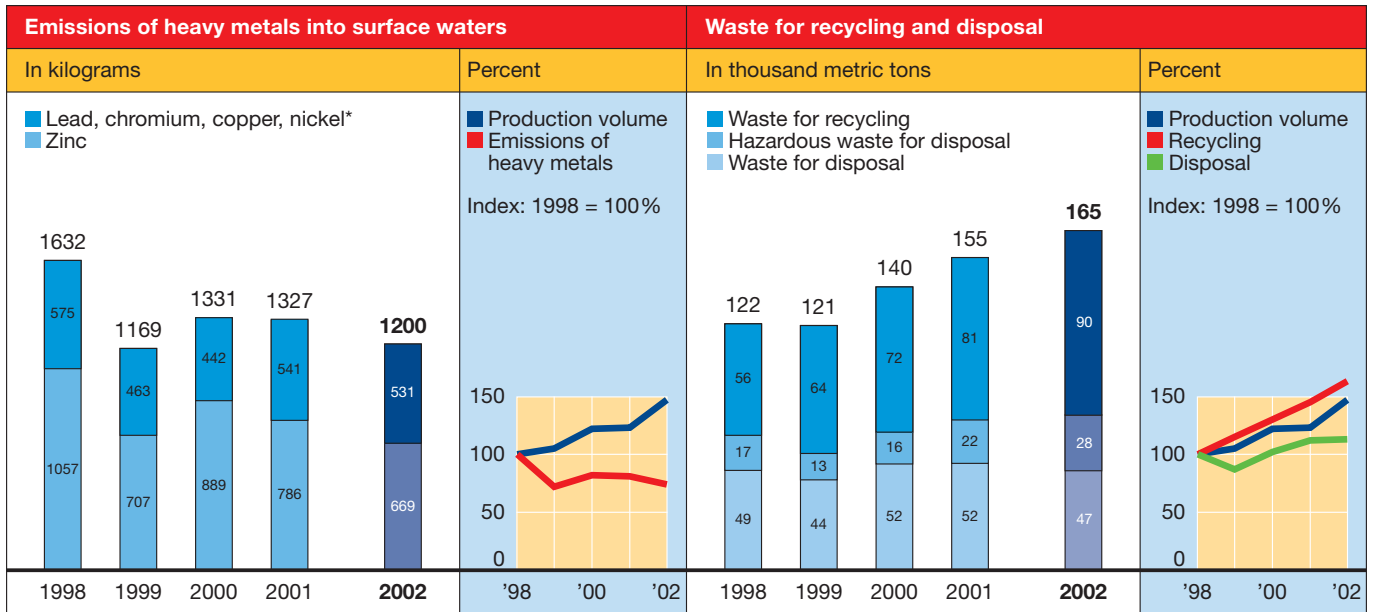


The values include aerosols, as they are difficult to distinguish from dust with the available measuring technology.



The values include all water, whether bought-in or extracted from Henkel's own sources. Most of this water is process water. Because water is lost by evaporation and water is contained in many products, the volume of wastewater is smaller than the volume of water consumed.

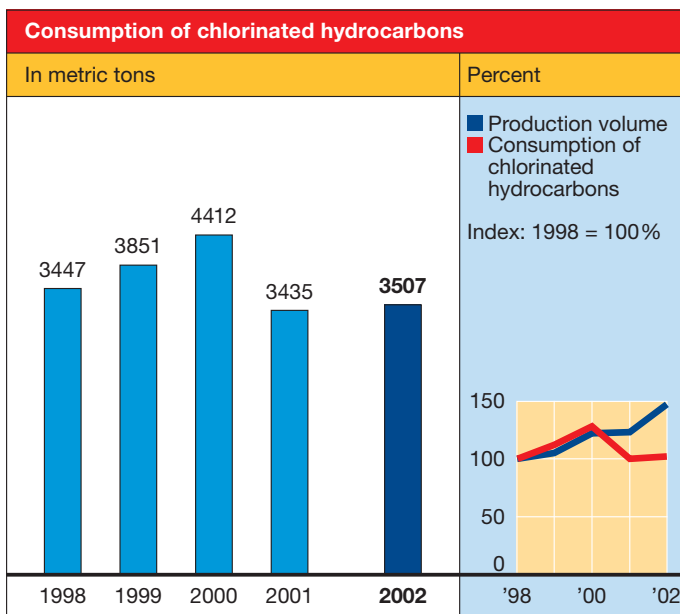
Chemical oxygen demand (COD): Measure of the pollution of wastewater with organic substances.



Zinc is traditionally counted as a heavy metal. As zinc is usually less harmful than other heavy metals in terms of its effects on the environment, the zinc load is shown separately.

\* Particularly hazardous heavy metals, such as mercury and cadmium, are not relevant.

“Hazardous waste for disposal” includes all kinds of waste that are classified as hazardous under the laws of the respective countries and the hazardous wastes listed in the Basel Convention of 1989. Because individual countries continue to extend their list of hazardous wastes, it is possible for the volume of hazardous waste to increase without any change having occurred in the waste situation in the Henkel Group.



Methylene chloride, which is used in Great Britain in paint strippers, accounts for most of Henkel's consumption of chlorinated hydrocarbons.

Ludger Pant,  
Co-Managing Director of Kurt Kunze GmbH.  
The company specializes in laying floor  
coverings.  
www.kurt-kunze.de

“Our business relationship with Henkel Bautechnik goes back many years and is characterized by innovative products and professional support. The development of extremely low-emission flooring adhesives represents a major advance for us. They protect the health of our floorers and have made a major contribution to almost completely eliminating customer complaints about indoor air pollution.”

## Objectives




- ▶ Looking ahead:  
New Group objectives
- ▶ Objectives of the  
business sectors:  
Innovative  
developments
- ▶ Worldwide action:  
Site objectives on the  
Internet

### Corporate objectives

Henkel's business portfolio is organized along business sector lines. It is, therefore, the business sectors that primarily define the Company's globally applicable sustainability objectives. These objectives are listed on pages 38 and 39. They show how Henkel develops innovative solutions contributing to sustainability in its own and its customers' operations and thus aims to generate competitive advantages. Objectives that apply to all business sectors are listed as Group objectives.


### Site objectives on the Internet

More and more production sites are publishing site objectives of their own. In the year 2002, 110 of them did so. Henkel reports in detail on all of these objectives – and their achievement status – on the Internet. ⓘ

Objectives	Status
<b>Laundry &amp; Home Care</b>	
	<p>Group-wide certification of environmental management systems to international standards</p> <hr/> <p>Achievement of the target reductions per wash cycle, as agreed by the European soap and detergents association (AISE) with the EU Commission, by the end of 2001 (base year 1996):</p> <ul style="list-style-type: none"> <li>• Energy consumption: -5 percent</li> <li>• Amount of detergent: -10 percent</li> <li>• Amount of packaging: -10 percent</li> <li>• Poorly biodegradable organic ingredients: -10 percent</li> </ul> <hr/> <p>Continuous innovation focusing on greater convenience, better performance, and lower dosages</p>
<b>Cosmetics/Toiletries</b>	
	<p>Use of renewable raw materials, preferably vegetable-based</p> <hr/> <p>Further development of testing methods that make no use of animals</p> <hr/> <p><b>New:</b> Systematic assessment of the environmental compatibility of the raw materials used in cosmetic products</p>
<b>Consumer and Craftsmen Adhesives</b>	
	<p>Group-wide certification of environmental management systems to international standards</p> <hr/> <p>Permanent revision and consistent optimization of the entire range of products in line with safety, health and environment considerations</p> <hr/> <p>Increase in the proportion of extremely low-emission dispersion-based flooring adhesives with the EMICODE EC 1 quality mark to 90 percent by the end of 2005</p> <hr/> <p>Use of renewable raw materials for overall optimization of product characteristics</p> <hr/> <p><b>New:</b> Expansion of the market for very light and economical tile adhesives, and technology transfer to other product categories</p>

19 sites certified in Europe and Asia; other sites preparing for certification.

Additional changes in formulations and production have been implemented (see page 8). It is expected that the final report and the official results of the AISE initiative will be presented by the EU Commission in spring 2003. \*

\* The Henkel Internet site will then be immediately updated. 

Permanent objective: See examples on pages 8 and 9.

See page 10.

Alternative methods are already being used; another method of assessing compatibility (skin penetration) has been officially accepted.

Assessments are already available for substances used in major quantities; the assessment system is now being systematically expanded to cover all old and new substances.

11 sites certified in Europe and South America; other sites preparing for certification.





See examples on pages 12 and 13.

Products successfully launched (see page 12); EMICODE EC1 share increased from 60 percent to 70 percent.

Current focus is water-soluble polymers based on starch and cellulose.

See page 13.



Objectives	Status
<b>Henkel Technologies</b>	
 <p>Group-wide certification of environmental management systems to international standards</p>	51 sites certified worldwide; other sites preparing for certification.
<p>Expansion of the market for solvent-free adhesive systems in the shoe manufacturing sector</p>	Conversion of uppers manufacturing for sports footwear is complete; expansion to sole bonding and other areas of the leather industry is in progress.
 <p>Expansion of the market for solvent-free laminating and coating adhesives in cooperation with customers</p>	Worldwide market position has been further expanded; technology lead has been increased through adhesives systems with greatly shortened curing times.
<p>Development of PVC-free coating and sealing systems for car bodies</p>	Long-term tests have been started in collaboration with customers; the scope of the objective has been broadened to include sound-absorbing coatings.
 <p>Development and marketing of chrome-free conversion processes</p>	Aluminum treatment products are established in the automotive industry and construction sector; used for steel panels in the automotive industry for the first time.
<p>Elimination of nickel from rinse water in car body pretreatment</p>	Successful conversion of first production plants in Europe; several pilot plants in operation worldwide.
<p>Development and expansion of the market for biodegradable water treatment products</p>	Established for process water circuits in the food industry; expansion to core businesses: power plants and refineries.
<p><b>New:</b> Further development of ultrapure adhesives and sealants for fuel cells</p>	See page 14.
<b>Henkel Group objectives</b>	
 <p>Expansion of Group-wide safety, health, environment and quality management to establish a sustainability management system by the end of 2004</p> <ul style="list-style-type: none"> <li>● Standards</li> <li>● Audits</li> <li>● Reporting</li> </ul>	Draft standards have been formulated (see pages 16 and 17).
<p>Long-term objective: Zero occupational accidents Medium-term objective, by the end of 2005: 25 percent reduction (base year 2000: 1.8 accidents per 200,000 hours worked)</p>	1.4 accidents per 200,000 hours worked (see page 33).
<p>Continuous expansion of the number of training courses available online within the Henkel Group. By the end of 2003, 20 percent of training courses should be available online.</p>	International rollout of "Click & Learn" learning portal for the Henkel Global Academy is largely complete; seminars for almost all management topics are available online; new focus: linking of e-Learning and presence seminars.
<p><b>New:</b> Facilitating career/family balance</p>	See page 5.
<p><b>New:</b> International rollout of the employee initiative "Make an Impact on Tomorrow" (MIT) by 2005</p>	See page 5.
<p><b>New:</b> Development of standardized sustainability criteria for integration in Group-wide procurement processes by the end of 2004</p>	See page 5.

## Dialogue

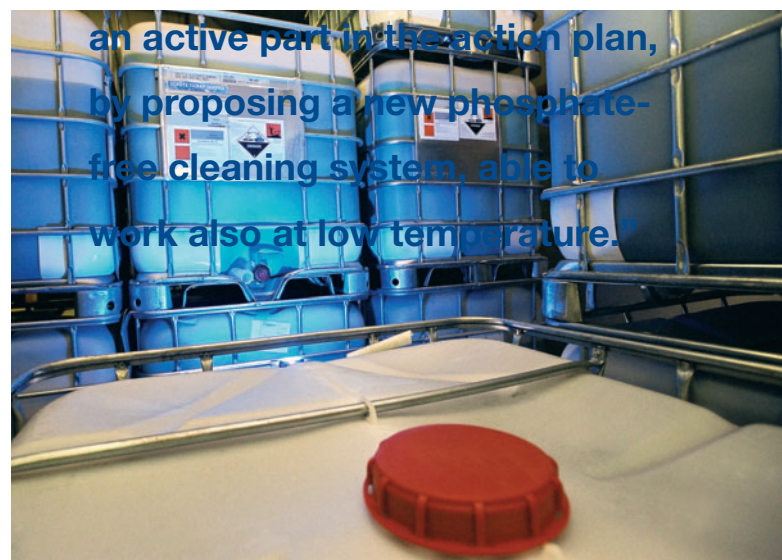
- ▶ **Acclaim for Sustainability Report 2001**
- ▶ **Intensified dialogue with investors and rating organizations**
- ▶ **Questionnaire: Your opinion on this report**

Henkel uses a wide variety of media to address stakeholders and is continuously developing these communication channels. In 2002, alongside the ongoing exchange of ideas with customers, employees, neighbors, government authorities and research institutes, Henkel deepened its dialogue with sustainability analysts and investors. ⓘ

### Top rating for Sustainability Report 2001


SustainAbility, the strategic management consultancy and think-tank headquartered in London, has published its second ranking of sustainability reporting in cooperation with the United Nations Environment Program (UNEP). Henkel's Sustainability Report 2001 is again rated as one of the world's top 50. Henkel leads the global field in non-cyclical consumer goods and ranks third among the 15 German corporations whose sustainability reports were rated. ⓘ

Patrick Raux,  
Manager of the Surface Treatment  
Line, Toyota Valenciennes  
[www.toyota.com](http://www.toyota.com)



# Questionnaire on the Henkel Sustainability Report

**Fax: +49-(0)211-798-5598**

Thank you for the interest you have shown in our Sustainability Report. Please let us know your views on it. You can send us the completed questionnaire by fax or mail. An online version is also available on the Internet at [www.sd.henkel.com](http://www.sd.henkel.com). 

**1. My overall rating of the report is**

- very good
- good
- moderate
- unsatisfactory

**2. I was especially interested in the following section(s)**

- Our vision of sustainability
- Markets for tomorrow
- Management
- Employees
- Social commitment
- Production
- Indicators
- Objectives
- Dialogue

**3. I would like Henkel to give more information about the following:**

---

---

---

**4. In terms of my information needs, the Henkel Sustainability Report is**

- too short
- just right
- too long

**5. I am a**

- first-time reader
- second-time reader
- regular reader since \_\_\_\_\_

**of the Henkel Sustainability Report**

**6. I have visited the Henkel Sustainability site on the Internet**

- Yes
- No

**7. I would like to make the following comments/suggestions concerning Henkel's communications on sustainability**

---

---

---

---

---

**8. Voluntary information about your professional sphere:**

- Trade, industrial customer
- Politics, regulatory body
- Financial institution, bank
- Henkel shareholder
- Consumer
- Henkel Group employee
- School, university, research institute
- Environmental/consumer organization
- Industry association
- Press, media
- Private/other

\_\_\_\_\_

**Thank you for your support.**

**Sender**

Henkel KGaA  
R&D and  
Sustainability Communications  
40191 Düsseldorf  
Germany

---

Title, first name, last name

---

Company/Institute/Association

---

Street

---

Zip code, City

---

Country

**I would like to receive the following Henkel publications:**

- I would like to be added to the distribution list for the Henkel Group's annual Sustainability Report.
- My address has changed (see return address).
- Please remove my name from the distribution list.

- 2002 Annual Report, Summary
- Vision and Values
- MIT Initiative. A component of the Henkel Corporate Citizenship Program
- in view of tomorrow – Research and Development at Henkel
- Sustainable Business Investor/Henkel – From environmental protection to sustainability

In accordance with the German Data Protection Act, the sender's personal data will be processed by Henkel KGaA solely for the purpose of providing the sender with the requested publications.

## Sharing ideas

Henkel is always receptive to new ideas and willing to share its experience with others. This approach characterizes the Company's participation in international sustainability reporting initiatives. Henkel has actively supported the following initiatives in recent years:

- Reporting Guidelines of the European Chemical Industry Council (CEFIC),
- The Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI),
- The Best Practice Toolbox for sustainability reports of the World Business Council for Sustainable Development (WBCSD).

Henkel is currently cooperating with ECC KohtesKlewes communications consultants and other firms in an international project to survey reader expectations of sustainability reports. 

## Dialogue with investors

Henkel maintains an intensive dialogue with analysts and investors. To play a role in shaping the growing demands for sustainable business practices voiced by the financial markets, the Company actively participates in specialist forums on the subject of sustainable investment. In 2002, Henkel took part in conferences organized by the Deutsches Aktieninstitut [German institute for stock trading], Investor Relations Magazine, and the Institut für Markt, Umwelt, Gesellschaft [Institute for Market, Environment, Society].

## Memberships

Henkel supports the following four sustainability initiatives:



World Business Council for Sustainable Development



Responsible Care®




**BAUM.**  
Bundesdeutscher Arbeitskreis  
für Umweltbewusstes  
Management e. V.



**econsense**  
Forum Nachhaltige Entwicklung

Henkel is cooperating with the Institute for Environmental Management and Business Administration at the European Business School in Oestrich-Winkel in a project aimed at improving environmental and sustainability transparency for stock markets.

The many sustainability ratings of independent index providers, research institutes, and specialized investment funds have now become a regular feature of day-to-day business. Henkel supports these external assessments and provides information about the results in this report and on the Internet. 

Open house days in 2002	
In 2002, 14 Henkel sites held open house days:	
<b>Brazil</b>	Diadema/São Paulo Itapevi/São Paulo Jacareí
<b>Finland</b>	Valkeakoski
<b>France</b>	Châlons-en-Champagne Louviers
<b>Great Britain</b>	Winsford
<b>India</b>	Jejuri
<b>Indonesia</b>	Jakarta
<b>Israel</b>	Haifa
<b>Malaysia</b>	Ipoh
<b>Poland</b>	Staporków
<b>Russia</b>	Engels
<b>Tunisia</b>	Sfax

#### Further information

##### R&D and Sustainability Communications

Phone: +49 (0)211 797-9336

Fax: +49 (0)211 798-5598

Email: wolfgang.zengerling@henkel.com

##### Corporate Sustainability Management

Phone: +49 (0)211 797-1829

Fax: +49 (0)211 798-9393

Email: rainer.rauberger@henkel.com

##### Investor Relations

Phone: +49 (0)211 797-3937

Fax: +49 (0)211 798-2863

Email: magdalena.moll@henkel.com

##### Corporate Citizenship

Phone: +49 (0)211 797-4191

Fax: +49 (0)211 798-4040

Email: gabriele.staats@henkel.com

##### Mailing address

Henkel KGaA  
40191 Düsseldorf  
Germany

##### Internet address

www.henkel.com  
www.sd.henkel.com

#### Credits

##### Published by

Henkel KGaA, Düsseldorf

© 2003 Henkel KGaA, Düsseldorf

##### Editorial work and coordination

R&D and Sustainability Communications:

Jan-Dirk Seiler-Hausmann,

Wolfgang Zengerling;

Corporate Sustainability Management:

Dr. Michael Bahn, Uwe Bergmann,

Dr. Rainer Rauberger, Michaela Raupach

##### English translation, coordination and proofreading

ExperTeam®, Neuss: Dave Brandt, Alice Milne,

Susan Salms-Moss

##### Design

Kuhn, Kammann & Kuhn AG, Cologne/Munich

##### Typesetting

workstation gmbh, Cologne

##### Photos

Thomas Bauer, Michael Dannemann,

Getty Images Deutschland GmbH,

Steffen Hauser, Rudolf Holtappel,

Wilfried Wolter, Henkel Archives

##### Production consultant

Klaus Dettmann, Langenfeld

##### Printing

Universitätsdruckerei H. Stürtz AG, Würzburg

PR: 03 03 16.000

ISBN: 3-923324-88-X

This publication was bound so as to be suitable for recycling, using Purmelt QR 3317, Sani-Care 6540 and cover finishing with Liofol laminating adhesives from Henkel. Printed on paper made from pulp bleached without chlorine. The printing ink contains no heavy metals.

The product names are registered trademarks.

Any forward-looking statements contained in this publication represent our best judgement as to what will occur in the future. The Company's actual results could differ materially from those contained herein and will depend on a number of competitive and economic factors, some of which will be outside the control of the Company.

