



Press release
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Henkel Sustainability Report 2005

Sustainability: Basis for business success

Effective environmental protection and social responsibility are important foundations for business success. Henkel provides evidence of this in its most recent Sustainability Report, which was presented to the public today.

Düsseldorf – “We accept global challenges and work to solve them locally, in more than 125 countries around the globe.” This is the core message of the new Henkel Sustainability Report, which the Company presented at a press conference in Düsseldorf on Thursday, March 23.

“The challenges we face are global, but priorities and perspectives vary considerably from region to region. Viable solutions for the future can only be developed through a dialogue with the social groups in each of the communities and regions in which we operate. But,” said Prof. Dr. Ulrich Lehner, Chairman of the Management Board of Henkel KGaA, “appropriate solutions must indeed be found.” Henkel has committed to value orientation as a guiding principle in managing its business. Lehner: “Conducting all of our business activities sustainably is intrinsic to our understanding of responsible corporate management. We are dedicated to sustainability and corporate social responsibility because we are convinced that effective environmental protection and social responsibility are important foundations for our business success.”

Concrete examples from all operative business sectors show that “sustainability is not a nebulous notion, but is actively pursued by implementing a jointly developed sustainability strategy – worldwide, in every region, in every country, and at every site,” stated Dr. Wolfgang Gawrisch, Chief Technology Officer (CTO), Research/Technology, and Chairman of the Henkel Sustainability Council.

Henkel’s sustainability performance for the years 2001 to 2005 again showed positive results. The environmental indicators (per metric ton of output) reveal significant improvements:

- 69 percent less heavy metals,
- 47 percent less sulfur dioxide emissions,
- 35 percent less waste,
- 32 percent less wastewater load,
- 16 percent less energy, and
- 13 percent less carbon dioxide emissions.



During the same period, Henkel sales grew by 27 percent and profit (EBIT) rose by 50 percent. One especially satisfying result is the substantial reduction – by 63 percent – in occupational accidents.

Acquisitions in 2004 – especially Dial and Sovereign Specialty Chemicals – resulted in an increase of about 20 percent in the production volume of Henkel. This also explains why the consumption of water and volatile organic compounds has risen overall in the 2001-2005 sustainability performance figures. “We have already initiated measures to progressively improve the environmental situation of the newly acquired sites,” says Gawrisch.

Global challenges – Local responsibility

Acting on its principle of accepting global challenges and working to solve them locally, Henkel again asked four external sustainability experts to contribute to the current Report by describing the challenges they see in their countries and regions for a company like Henkel. The statements made by the experts reveal that the overarching themes in industrialized countries and emerging economies are similar, but priorities and perspectives differ widely from region to region. Emerging economies, in particular, expect multinationals to contribute to the development of their countries. In industrialized countries, in contrast, maintaining competitiveness is increasingly becoming a key challenge. “We have noted the main themes mentioned by the experts – economic development, ethics and management, employees and jobs, products and marketing, resource efficiency and climate protection, and social commitment – and aligned our objectives accordingly,” said Gawrisch. “In the future, we will be extending our corporate objectives to include regional and local objectives with a view to meeting these expectations.”

“Predict the future by creating it”

One of the sustainability experts is Professor Alejandro Sosa, Executive Director of the Global Environment Management Initiative (GEMI) in Mexico. During the presentation of the Sustainability Report, he commented on his country’s situation, saying: “Mexico today is undergoing an in-depth transition: Its economy is rapidly opening to the world and receiving large amounts of foreign direct investments. Mexico has made clear progress in environmental matters, though it is still necessary to fine tune the regulatory framework.” In Sosa’s view, the outlook for Henkel is generally encouraging. “Henkel can make a very significant contribution to resolving these challenges, meeting Mexico’s diverse social and economic needs through its activities.” Among the examples he cited were contributing to innovation, transferring knowledge and technology in safe, environmentally friendly products, and offering employees fair and safe working conditions.

Henkel in Mexico

Henkel began operating in Mexico in 1959. Today 1,380 people work for Henkel in this country, where the Company generated sales amounting to some 274 million euros in 2005. Speaking at the Sustainability Press Conference, Carlos-Eduardo Orozco, President of Henkel Latin America North, said: “For Henkel, Mexico is one of the most important markets in Latin America. We have therefore extensively modernized our four Mexican production sites.” All of the production sites have been audited according to Henkel’s globally binding standards for safety, health and environment. The audit results confirm compliance with the standards. “At the Toluca site, water consumption has been

reduced by 88 percent, carbon dioxide emissions by 48 percent, and energy consumption by 64 percent in the period from 2002 to 2005,” stated Orozco. The production volume had risen by 65 percent during the same period, he reported. Through targeted programs, the number of accidents at all four production sites had been reduced over the past three years from 21 to zero.

Henkel successfully produces and markets brands and technologies tailored for the local market in Mexico. One current example is an innovation launched under the Fester brand, a roof coating that not only reliably seals the roof, but also protects the house against heat and thus helps to save costs. Air conditioning and other thermal protection measures are no longer needed or can be considerably scaled down.

Through its corporate citizenship activities, which have been pooled under the Henkel-Smile program, Henkel sponsored eight projects in Mexico in 2005 as part of the MIT Initiative (Make an Impact on Tomorrow) to support the volunteering efforts of Henkel employees and pensioners.

— “Henkel - A Brand like a Friend”. Henkel is a leader with brands and technologies that make people's lives easier, better and more beautiful. Henkel, a Fortune Global 500 company, operates in three strategic business areas – Home Care, Personal Care, and Adhesives, Sealants and Surface Treatment. In fiscal 2005 Henkel generated sales of 11.974 billion euros. More than 50,000 employees work for Henkel worldwide. People in approximately 125 countries around the world trust in brands and technologies from Henkel.

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