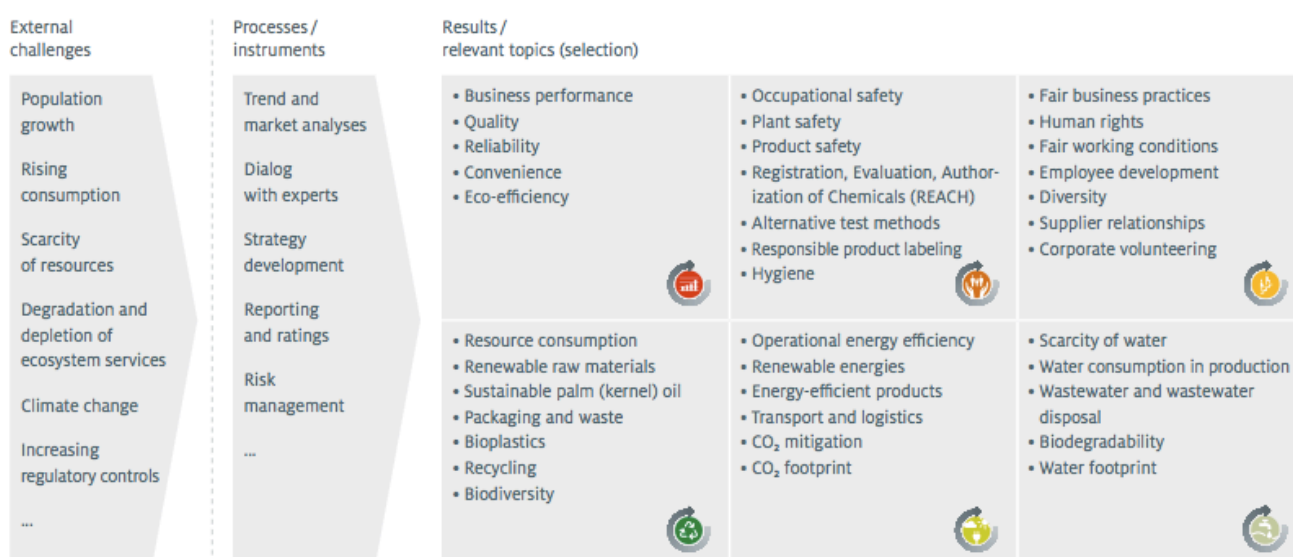


Company:	Henkel
Sector:	Household & Personal Products
Report Year:	2013
Headquarters:	Germany
Standard Application:	GRI 3.1
Format:	Listing

**In dialog with stakeholders: Identification of key topics for our sustainability management**



Materiality analysis: We use a series of different instruments and processes to analyze global challenges and identify topics of relevance for Henkel's sustainability management and reporting.

## Integrated dialog

Around 47,000 Henkel employees all over the world are called upon to assume responsibility in their working environment and to base their decisions on the principles of sustainable development. Dialoguing with stakeholders is also an essential aspect of each employee's job. In this way, we ensure that local and regional challenges are discussed by the appropriate experts in our company and the stakeholder groups involved. We develop strategies and solutions at the very place where they will be assessed and put into practice. The instruments, topics, duration and intensity of the dialog are aligned to the individual stakeholder groups and their specific issues.

In 2013, Henkel employees in many countries met again with politicians, scientists and scholars, businesspeople, and members of the general public. Over the course of the year, Henkel took part in about 150 sustainability events in 24 countries.

## Dialog with politicians and government authorities

Policymakers and government authorities often seek out the expertise of companies in their political decision-making processes. A framework of this kind makes it possible for us to describe how political considerations impact Henkel, its employees, and business partners and for us to provide pertinent experience-based knowledge. Our worldwide "Representation of Interests in Public Affairs" standard provides clear guidance on conduct for this. We also openly provide information about our fields of interest and the scope of our work involving governmental or political affairs through our entry in the Transparency Register of the European Union.

The same applies when we collaborate with associations. Henkel participated, for example, in the Consumer Goods Forum (CGF), the Sustainability Consortium, and the International Association for Soaps, Detergents and Maintenance Products (A.I.S.E.) in 2013 to develop a common methodology and basis for measuring the contribution that products make to sustainability along the value chain.

Henkel also participated as a sponsor in the conference organized by the Argentine Institute for Corporate Social Responsibility (IARSE), where representatives of Henkel presented the company's sustainability strategy and discussed management responsibility and sustainability with participants.

As a partner to the annual German Diversity Award, Henkel has participated since 2011 in honoring employers, individuals, and innovative projects aimed at creating an innovative culture of diversity at work. Kathrin Menges, Executive Vice President Human Resources, took part in the award ceremony in June 2013.

In 2013, Henkel also joined the "Save Food" initiative, which promotes dialog between business, research, politics, and civil society on the topic of food. Henkel supports the initiative, which promotes safe food and less waste, with its expert knowledge in the area of food packaging adhesives.

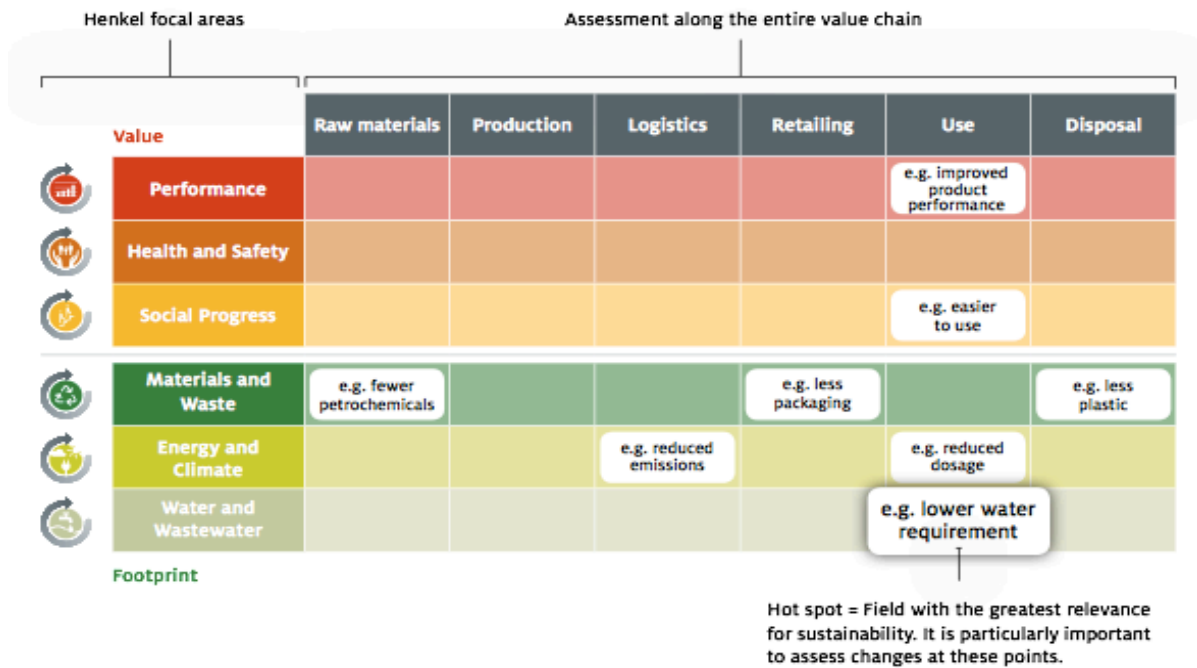
Henkel's application with the A.I.S.E. for the Product Environmental Footprint (PEF) project was accepted by the European Commission for the second time in 2013. Over the next three years, Henkel will participate in the development and testing of the PEF process in the area of liquid heavy-duty detergents with the objective of measuring the environmental footprint on a common basis.

## Identification of key issues

Society and business enterprises alike are facing many different global challenges. In order to filter out which topics are relevant to our business activities, we analyze sustainability challenges using a variety of instruments and processes and assess their significance for the company.

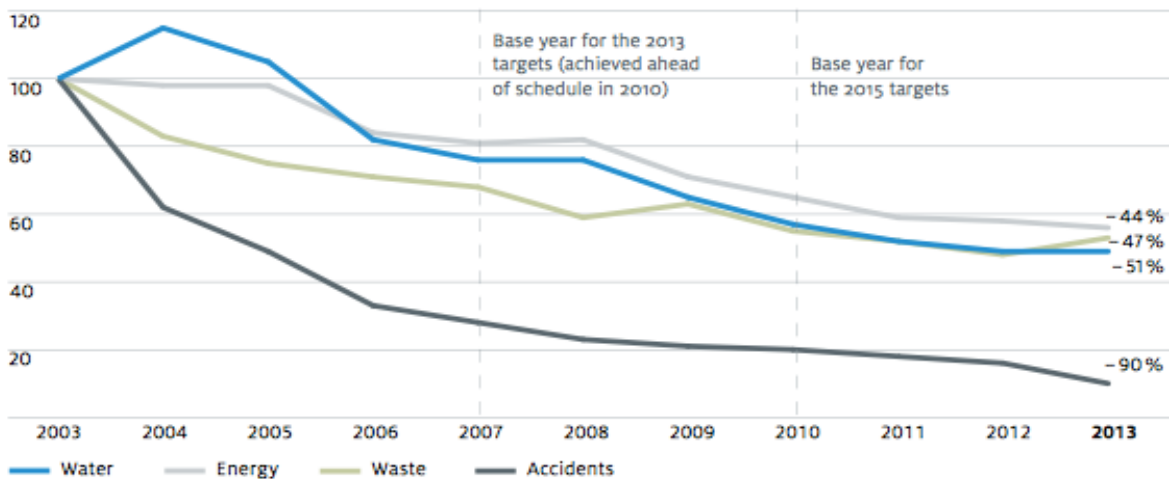
In doing so, we dialog with sustainability-focused institutions, international rating agencies and analysts, and academia. We also consider the assessment criteria of various financial and sustainability-oriented indices and the guidelines of the Global Reporting Initiative (GRI). The results of this continuous process are organized on the basis of our six focal areas for driving sustainable development worldwide through our products and business activities (see graphic).

## Henkel Sustainability#Master® – Sustainability assessment of products and processes



### Long-term trend: Sustainability performance from 2003 to 2013

Environmental indicators per metric ton of output, occupational accidents per million hours worked; base year 2003



We have been working to increase the efficiency and safety of our production processes for decades. Our sustainability performance over the past eleven years illustrates this very clearly. In all three business units, our optimization efforts focus on improving value creation and occupational health and safety in our production operations while reducing our environmental footprint. Building on the progress achieved, we aim to reduce our energy and water consumption, our waste footprint, and the accident rate still further (see page 5).

## Major risk categories

Risk category	Probability	Potential financial impact
<b>Operating risks</b>		
Procurement market risks	Low	Major
Production risks	Moderate	Moderate
Macroeconomic and sector-specific risks	High	Major
<b>Functional risks</b>		
<b>Financial risks</b>		
Credit risks	Low	Major
Liquidity risks	Low	Minor
Currency risks	High	Major
Interest rate risks	Moderate	Minor
Risks from pension obligations	Low	Major
Legal risks	Low	Major
IT risks	Low	Major
Personnel risks	High	Minor
Risks in connection with our brand image or reputation of the company	Low	Major
Environmental and safety risks	Low	Major
<b>Business strategy risks</b>	Moderate	Moderate

## Classification of risks in ascending order

<b>Probability</b>	
Low	1 – 9%
Moderate	10 – 24%
High	≥ 25%
<b>Potential financial impact</b>	
Minor	1 – 49 million euros
Moderate	50 – 99 million euros
Major	≥ 100 million euros

*Above: Risks as reported in Henkel Annual Report 2013*