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Recovery and new beginnings

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Vision 2050: performance based on sustainability – innovations for sustainable lifestyles

The growth in world population and the steady increase in the average standard of living call for a radical reassessment of our production methods and consumption. Currently, private consumption accounts for a large part of global greenhouse gas emissions. A decisive reduction in carbon dioxide emissions could therefore be achieved by encouraging people to change their consumption habits. Through its many products and services, industry has tremendous potential to make positive contributions to social challenges such as climate protection and resource conservation.

Henkel's ambition is to combine product quality with responsibility toward people and the environment, thus driving change toward innovative, sustainable consumption. With regard to its laundry and home care brands, Henkel refers to this combination as "Quality & Responsibility." Through this logo, which has been printed on our laundry detergents and household cleaners since 2008, we aim to make it easier for consumers to reach responsible purchasing decisions.

People will always consume. The essential thing is to make this consumption as sustainable as possible. Henkel's aim is to develop ever better products and solutions. These are designed to reflect the three dimensions of sustainable development – ecology, economy and social progress. The company is thus setting a new quality standard in the market. "Performance

based on Sustainability is the decisive innovation driver of the new decade and a strategic competitive advantage," says Christian-André Weinberger, Corporate Senior Vice President and Global Chief Marketing Officer in the Laundry & Home Care business sector.

To achieve this, Henkel has defined five overarching focal areas: energy and climate, water and wastewater, materials and waste, health and safety, and social progress. A central feature of our commitment is that each new product contributes to sustainable development in at least one of our focal areas. We consider it essential to act responsibly throughout the entire value chain – from the selection of raw materials to manufacture, and to the use of our products in the home. Henkel has been using ingredients based on renewable raw materials for decades. The washing active substances (surfactants) in our laundry detergents and household cleaners, for example, are derived from renewable raw materials such as palm kernel oil. Since 2003, we have therefore actively participated in the Round Table for Sustainable Palm Oil (RSPO). In 2008, we were the first company worldwide to purchase certificates for sustainable palm kernel oil – for our Terra Activ brand products. As a result, palm kernel oil from sustainably managed plantations was integrated into the supply chain for the production of surfactants for the first time. Building on this, we are now planning the next steps to align our

overall product portfolio to certified sustainable palm oil and palm kernel oil by 2015 at the latest.

The combination of “Quality & Responsibility” is the innovation driver of the future

“We see the combination of ‘Quality & Responsibility’ as a powerful innovation engine to drive ahead the development of intelligent solutions and products,” explains Weinberger. “Performance based on Sustainability” therefore applies to 100 percent of the product concepts in our innovation pipeline. The focus is not necessarily on the development of green products, but rather on offering more intelligent solutions. The basis for this is an exact analysis of our value chains. For all our laundry and home care product categories, we have carried out life cycle analyses on sample products to enable us to identify suitable starting points for improvements. Sustainable consumption can only be achieved if we all work together. Communication with our consumers is therefore just as important as the development of sustainable products. Through the “Quality & Responsibility” logo printed on our laundry detergents and household cleaners since 2008, we aim to make it easier for consumers to reach responsible purchasing decisions. The logo indicates to consumers that, by buying this product, they will not only obtain superior performance but a sustainable solution as well.

To drive this change Henkel also draws on its many years of experience and its leading role in the field of sustainability. Our innovations are used daily in millions of households, and therefore offer great potential to actively help to shape the sustainable lifestyles of tomorrow. We work to develop products that enable consumers to make more efficient use of energy and water. Our laundry detergent Persil ActicPower, for example, is based on technology that enables enzymes to act at low temperatures, and therefore performs effectively even at 15 degrees Celsius. And our dishwasher detergent Somat 9 delivers excellent cleaning performance at just 40 degrees Celsius. Energy savings of up to 20 percent are achieved over comparable programs that require temperatures of 50 or 55 degrees Celsius. Henkel brands around the world also repeatedly set new benchmarks. Purex Complete 3-in-1 Laundry Sheets have taken laundry detergent concentrates to a new level in the USA. Thanks to the 10 times concentrated detergent formula, one laundry sheet contains all of the detergent, softener and anti-static needed for one wash cycle and the following dryer cycle. The low weight and volume reduce the carbon dioxide emissions associated with transport by almost 70 percent, and the Laundry Sheet refill pouch generates 45 percent less packaging waste – in both cases, in comparison with a bottle of a conventional laundry detergent concentrate.

Working together to achieve responsible, innovative and sustainable consumption

Making consumption more sustainable is certainly an immense challenge. If millions of households saved energy by washing their laundry at lower temperatures, this would already make a significant contribution to climate protection. Every individual consumer can do his or her part in everyday life by developing an awareness for climate protection and acting accordingly. This is why Henkel is now using Quick Response (QR) codes and the mobile Internet. We thus offer consumers the possibility to use their mobile phones even when buying our brands to find out how they can use laundry and home care products in the most environmentally compatible way – and save money at the same time. These tools enable the company to talk directly to consumers and to encourage them to adopt sustainable

usage methods and habits. QR codes are small black and white patterns that contain a link to mobile-enabled websites. Mobile phones with a camera and loaded with the appropriate free ‘app’ (application software) can “read” these QR codes and therefore retrieve the associated mobile internet pages. The mobile internet is already widely available and user numbers are increasing from day to day – especially among young consumers. By providing QR codes on its product packs, Henkel is able to meet a growing demand for the immediate availability of query-specific information.

The worldwide introduction of the Quick Response codes is a logical progression of “Quality & Responsibility” – the sustainability initiative of Henkel’s Laundry & Home Care business. The QR code and its innovative technology presents a further opportunity for Henkel to promote innovative and sustainable consumption worldwide. Since the beginning of 2010, Henkel has been gradually introducing the new QR codes on all the company’s major international laundry and home care brands, to make it as easy as possible for consumers across the world to make responsible decisions when purchasing and using products.

Henkel’s efforts have repeatedly earned excellent ratings – from many different national and international institutions and from its customers. In 2010, the company has already received two major German awards: Henkel’s Laundry & Home Care and Cosmetics/Toiletries business sectors were recognized with the Best Innovator Award for their successful and sustainable innovation management. And Henkel proved once again that its name is synonymous with sustainability by winning the Best Brands Award. Based on criteria such as environmental alignment, resource conservation, social engagement and employee responsibility, the high-caliber jury selected the best sustainability brand in Germany – with the majority deciding in favor of Henkel. Henkel is also successful on a global scale. At the most recent World Economic Forum in Davos, Corporate Knights – a magazine focusing on responsible business practices – presented its list of the Global 100 Most Sustainable Corporations. Henkel took 11th place as the second best German company.

In a rating of DAX 30 companies published in January 2010 by the sustainability rating agency Sustainalytics, Henkel also achieved an excellent second place. In 2009, Henkel was again included in the Dow Jones Sustainability World Index (DJSI World) as the sustainability leader in the Nondurable Household Products sector. Within this index, Henkel is also among the companies that made most progress in sustainable development during the period under review.

“Performance based on Sustainability is the strategic successfactor to stay in the lead and drive change towards innovative sustainable consumption”

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