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## Sustainable, your honour

### "We never take the easy way"

Henkel is a brand that continually makes good on its promise to make people's lives easier, better and more beautiful with its brands and technologies. No wonder it tags its name with the line 'A Brand like a Friend', an ambitious statement to say the least. Henkel is currently active in more than 125 countries worldwide, sporting brands like Dial, Dixan, Fa, Le Chat, Loctite, Pattex, Persil, Pritt, Purex and Schwarzkopf. Its main segments – laundry homecare, cosmetics and adhesive technologies – are an integral part of the day-to-day lives of millions of consumers. Which is a mighty big responsibility in itself, but, according to Uwe Bergmann, Sustainability/CSR Manager at Henkel, can be used to the earth's advantage too. Sustainable Development and Corporate Social Responsibility (CSR) go hand in hand, and Henkel has fully embraced global leadership in both. During its more than 130 years history, the brand has gone out of its way to protect the world and the people in it. Uwe: "We combine excellent performance with responsibility toward people and the environment. Sustainability is simply written in our DNA."

### Thinking twice for once

The 'why' of all this is simple. After all, the unavoidable truth is that water, energy and other resources are running out. Henkel has devised a plan with the central premise that their limited availability can best be battled locally, and aims to do so in all of its 125 countries. Christian-André Weinberger, Corporate Senior Vice President and Global Chief Marketing Officer Laundry and Home Care at Henkel, knows exactly how to explain Henkel's strategy when it comes down to sustainability: "Consumers choose to buy a product for a combination of reasons. One is, and will remain, excellent performance at an adequate price. In future, delivering performance that is both based on sustainability and recognized as added value will become increasingly important for consumer choices. The environmental footprint of the product in terms of production and disposal and – in many cases even more importantly – the proper use of the product with respect to its environmental impact will be decisive."

Let's not beat around the bush: naturally, sustainability also has its downsides. Working with high standards like Henkel's, induces a fragile price-cost ratio, as well as a relentless demand for innovation in the product development department. In marketing it is the same way. Christian-André: "We never take the easy way. Our standards are higher than others, so we cannot simply launch a product. All new products need to contribute to sustainability in at least one of the five focal areas we defined. Sometimes that means thinking twice, and coming up with more creative solutions – smarter consumer-relevant solutions that link top product quality to the shared responsibility of producers and consumers. This also means working closely with consumers in terms of the sustainable use of our products, communicating the added value of sustainable products and enabling behavior changes."

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Henkel

*A Brand like a Friend*



#### The circle of life

Henkel's vision is crystal clear: to be a leader, with brands and technologies that make people's lives easier, better and more beautiful. Its values –Henkel's ten commands– are most appreciated when written in the first person plural:

1. We are customer driven
2. We develop superior brands and technologies
3. We aspire to excellence in quality
4. We strive for innovation
5. We embrace change
6. We are successful because of our people
7. We are committed to shareholder value
8. We are dedicated to sustainability and corporate social responsibility
9. We communicate actively and openly
10. We preserve the tradition of an open family company

Based on its Vision and Values, the company has defined five areas to focus on throughout the value chain.



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#### The green gene

Starting with Fritz Henkel's 1907 revolutionary self-acting detergent Persil, Henkel has continuously paired performance with breakthrough social and environmental progress. This includes pioneering work in enzyme research, launching the first phosphate-free Persil in 1986 and the development of compact detergents. Sustainable development is in its genes as much as quality performance is, and its firm belief in innovation as a key driver has made the brand renowned experts in maintaining a sound equilibrium between economic, ecological and social objectives throughout the value chain. "The 'Quality & Responsibility' strategy is a clear innovation driver and thus offers an opportunity to create long-term economic added value, that is, definite competitive advantages", says Christian André.

"However, it's not just detergents that get attention when it comes down to sustainability," Uwe adds. "In cosmetics it has always been an issue as well. Our success is based on well tolerated cosmetics and toiletries that are safe to use and meet the expectations of customers and consumers. To assure the health compatibility of our cosmetic products we use in-vitro (test tube) tests on cell cultures and dermatological tests. With the aim of replacing legally prescribed animal tests, we have been collaborating with external institutes since the early 1980s to develop and optimize alternative test methods. By replacing mineral-oil-based ingredients in our formulations with renewable raw materials, we make contributions to resource conservation and climate protection. Our soaps and shower gels for example, are mainly based on renewable ingredients".

To meet the growing demand among consumers for cosmetic products with natural-sourced ingredients, Henkel has intensified their research in this area. "Many of our most recently launched product innovations meet this wish. But our commitment goes beyond the products themselves. As part and parcel of our philosophy, we offer consumers and hairdressers extensive services. This includes providing advice through consumer service lines, product guides on the Internet, and the internationally oriented Schwarzkopf Academy (ASK) for hairdressers that was established in 1989. The engagement of our brands in activities that benefit society is an integral aspect of our broad understanding of sustainability."

Uwe: "Henkel is worldwide leader when it comes down to solvent-free adhesives. Pritt stick, for example, clearly is a front runner in environmental protection. Not only is it solvent-free, it also is made from 90% renewable raw materials. And when it comes to surface treatment, harmful chemicals are replaced by alternatives and Henkel products are developed to protect durable goods and make them even more durable."

"These examples show, that we lead the field in sustainability in the markets that are important for us and that Henkel thus takes a definite role as a trailblazer," Christian-André sums up.

#### Putting the extra back in ordinary

Henkel analyses the life cycle of its products, to pinpoint which part consumes the most resources and generates the most emissions and waste. Take the mundane grind of laundry duty, where the brand's ever-evolving formulas have reduced the amount of detergent, water and energy used per wash-cycle considerably. How? For examples by using enzymes that speed up biochemical reactions and thus get dirty clothes to the closet faster and cleaner. Henkel thinks beyond innovating its product, and takes on the process as a whole while it's at it.

To enable Henkel to demonstrate process improvements to its industrial customers in a transparent and easily understandable manner, they have developed a new tool: the Value Calculator. This helps to identify potential savings in the consumption of energy, water and raw materials, and to improve customers' processes. Even if customers have to pay more for an innovative Henkel product, the complete solution from Henkel means lower total costs, because it reduces resource consumption, wastewater costs, and waste costs, and extends the service life of the end products.

Henkel's internal efforts have not gone unnoticed either and the results are simply staggering. Between 1998 and 2007 waste production went down 37 percent, energy consumption fell 40 percent and occupational accidents were reduced 86 percent. Feel better? We thought you might.

#### You the man!

Working for Henkel must be nothing short of a thrill and an honour. Translating the brand's sustainable spirit to the DNA of its employees is an important piece of the puzzle, explains Uwe. "Sustainability is not only in Henkel's genes, but also in its employees, in us. It is part of how we work at Henkel, it is how we look at processes and innovations. That includes turning of light when we do not use it, in the office and in the plant. We even had a training in efficient driving here!" And it works the other way around as well: "Henkel is attractive to people that already think sustainably, and provides them with a matching mindset."

#### What friends are for

As it has been for the last 130 years, the next century for Henkel will be all about the evolution and preservation of the general quality of life. The brand realises that it takes two in order to make sustainability work, as both Henkel and consumers share one giant responsibility. To keep the ball rolling, it has set tangible reduction targets for the next five years, in the fields of waste production (10 percent), energy consumption (15 percent), water consumption (10 percent) and occupational accidents (20 percent). Furthermore, Henkel has added three extra targets to its mindset. First of all: every newly developed product must contribute to a minimum of one focal area. Second, employees receive training and continuing education, to ensure that they are appropriately qualified for their tasks. Lastly, all suppliers must meet the brand's policies.

Uwe: "I am sure that thinking sustainably as a company or brand is already paying off; especially when it's combined with high quality and competitive prices. For all this, Henkel is a great company to work for. And working with CSR is an exciting challenge that keeps on giving." Cool stuff. It seems like Henkel is one of those rare brands that more than match expectations. It's all so simple, if you put it Henkel's way: Sustain this world, this life, today and tomorrow. Just like a true friend would.

CEO Kasper Rorsted | Number of employees 55,000 worldwide | Brand values customer driven, superior brands & technologies, excellent quality, innovation, embrace change, be successful, increase shareholder value, CSR & sustainability, communicate openly & actively, to be an open family company | Brand pay off 'A brand like a friend' | Main target group all consumers in retail, industrial and service | Primary advertising media all | Revenues 13,074 m

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