



Our innovation teams integrate sustainability metrics into the product development process as part of a unique approach that focuses on every single stage in the value chain. Here's how it works...

Sustainability and innovation are central elements of Henkel's long tradition of success. Since its foundation as a laundry detergent company in Germany in 1876, the company has developed brands and technologies for over 140 years and holds globally leading market positions in both the consumer and industrial sector. Its well-known brands such as Persil, Schwarzkopf and Loctite reach customers and consumers with technologies ranging from homecare products and consumer hygiene products to industrial adhesives, sealants and functional coatings. Its success story owes much to its culture of innovation and strong commitment to leadership in sustainability. These two characteristics will be at the core of the company's future because metrics related to sustainability enable Henkel to align its business with global challenges and expectations, drive progress, strengthen its communications and integrate sustainability into product development activities.

Henkel's commitment is clear: Each new product must continue to make a contribution to sustainability. To achieve this, products are analyzed along the entire value chain – from raw materials right through to use and disposal – in two dimensions, value creation and environmental footprint reduction. In pursuing this objective, Henkel concentrates on six focal areas: Its value-related activities focus on performance, health & safety and social progress, while its footprint activities are centered around materials & waste, energy & climate and waste & waste water. The focus areas are taken direct from the company's sustainability strategy, which is built around its ambitious long-term goal: "To triple the value we create for the footprint made by our operations, products and services by 2030."

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Creating Value and Maximizing Efficiency Through Metrics

Written by Uwe Bergmann

Decoupling growth from resource consumption is one of the central challenges facing the planet. How can companies respond? With sustainable innovations driven by ambitious goals, like Henkel's: It aims to make all of its products and processes three times as efficient by 2030, by creating more value for its customers and consumers, the communities it operates in, and for the company itself – at a reduced environmental footprint.

## Delivering more value

All new products are assessed with regard to quality, functionality, reliability, convenience, durability and cost efficiency. However, for Henkel, delivering more value also means contributing to social progress as well as safety and health.

Henkel analyzes new products' contributions to health and safety as a top priority, with a focus on product safety – for customers and consumers. All raw materials and finished products are subjected to numerous assessments and tests to ensure a high level of safety during production, use and disposal. This is based on ensuring compliance with legal regulations and farther reaching Henkel standards.

Furthermore, as an employer and business partner as well as directly through its brands and technologies, Henkel contributes to social progress. For example, the company aims to improve workplace conditions for one million employees in its supply chain and reach 200,000 children with its education initiatives.

## Reducing the footprint

In terms of footprint reduction, Henkel focuses on three areas: materials & waste, energy & climate, and waste & waste water. Henkel's approach to materials and waste includes resource-efficient production techniques, optimizing product packaging and reducing waste as well as initiatives related to renewable raw material use and extending product life.



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### Facts & Figures

Metric	Value
Products assessed according to sustainability criteria	100%
Life cycle analyses conducted	70%

**100 percent** of Henkel's products are assessed according to sustainability criteria throughout the innovation process.

Henkel has conducted representative life cycle analyses covering around **70 percent** of its sales across all product categories.

Assessing progress in terms of energy and climate includes reductions in energy use, as well as prevention of greenhouse gas emissions, in Henkel's own operations and for the production of its raw materials or in logistics. In addition, many products and technologies enable customers and consumers to save energy and contribute to climate protection.

Contributions to the focal area water and wastewater include products that enable customers and consumers to reduce their water consumption as well as ingredients optimized for biodegradability.

**Sustainability#Master® as central tool**

Teams from Henkel work with various measurement methods to identify those actions that have the greatest effect on sustainability along the value chain. The Henkel Sustainability#Master® is a central tool for this: Its core element is a matrix that can be used to assess changes in value creation and footprint by comparing new products against the previous generation products or standard products they replace. The matrix compares performance in Henkel's six sustainability focal areas across all relevant stages in the value chain: Raw materials, production, logistics, retailing or industrial processing, service or use, and disposal.

Did you know that getting involved as early as possible and shifting the mindset from “enforcer” to “enabler” will pay dividends in managing third-party risks.



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The Henkel Sustainability#Master® matrix uses scientific measurement methods to identify hot spots – the fields with the greatest relevance for sustainability – for a given product. By using this tool, Henkel's life cycle analysis experts enable product development teams to better understand what environmental impacts occur, to what extent, and in which phase of a new product's life. Henkel's researchers use these findings to drive continuous product improvements.

#### Leveraging insights from Life Cycle Analysis

Henkel's approach to integrating sustainability metrics into product development relies on its expertise in product life cycle assessment. These analyses show the impacts of its products along the different steps in their value chain – and enable its innovation teams to identify key areas for improvements to specific product categories. For example, laundry or dishwashing detergents consume the most energy (and emit the most CO<sub>2</sub>) while being used in the washing machine or dishwasher – so Henkel focuses on developing products that can be used at lower temperatures, with less water. Other product categories call for an increase in the resource-efficiency of Henkel's production processes: In these cases, it targets increased use of renewable raw materials, improved biodegradability, or reduced packaging materials. This information is made available early in the development process, which means improvement measures can be applied where they are most needed.

When preparing life cycle analyses, Henkel uses its own primary data as well as data from partners along the supply chain. If such data is not available, secondary data from existing databases on life cycle analyses, average values and emission factors are used to fill the gaps. Teams from Henkel also collaborate with external partners to develop metrics and indicators related to topics such as product carbon footprints and water footprints, in addition to participating in international initiatives such as The Sustainability Consortium and the Consumer Goods Forum's Measurement Group.

#### Prepared for future challenges

Henkel's organizational metrics ensure its products and technologies make a positive contribution to its customers and consumers, as well as the communities it operates in – and of course, to the company itself. They form part of a holistic approach that maintains a balance between economic success, protection of the environment, and social responsibility, and responds to the resource challenges of the future by driving innovation. At Henkel, this brings employees together to embrace the principles of sustainable development in their daily work.

#### Author Biography

**Uwe Bergmann** heads the Sustainability Management department at Henkel and coordinates Sustainability across the company.

He holds an M.Sc. in Environmental Technology from Imperial College, London and a B.Sc. in Environmental Sciences from the University of East Anglia, Norwich. Prior to joining Henkel in 2000, he worked as a Researcher and Consultant at the Institute for Environmental Management at the European Business School, in Oestrich-Winkel, Germany.

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