

# The Sustainability Paradox

## Walking the walk: How Henkel is achieving its long-term sustainability goals

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Henkel, a German consumer goods and chemical company—owner of such brands like Schwarzkopf and Loctite—has spent decades building its sustainability strategies. “Sustainability is part of our DNA,” says Dr. Dirk Holbach, Chief Supply Chain Officer of Henkel’s Laundry and Home Care business unit, which is known for brands such as Persil, Purex, and Pril and has been at the forefront of many sustainability initiatives.

Henkel has been publishing a sustainability report for the past three decades, and since 2005 the company has been systematically measuring the environmental impact of its manufacturing processes. All of this is in service of achieving company-wide climate positivity—going beyond carbon neutrality to remove carbon dioxide from the environment—by 2040.

As it pursues that goal, Henkel’s Laundry and Home Care business unit has notched some impressive wins, including a reduction in its CO<sub>2</sub>-specific emissions by 65% over the past 15 years—approximately 3.5 million tons of the greenhouse gas, equivalent to the yearly private household electricity emissions of cities like Amsterdam and Vienna combined. And the company is on track to beat some of its own deadlines: one goal is to run its facilities completely on renewable energy by 2030, and it recently attained 60% renewable electricity usage. The company is already close to a complete conversion to using reusable, recyclable, or compostable materials in its packaging, again ahead of schedule.

These gains are supported by a robust reporting framework that provides in-depth visibility—an asset that began development eight years ago, with a plan for real-time monitoring of energy and water consumption in factories. “The starting point of our digital transformation journey was sustainability,” says Dr. Holbach. He envisioned an interface that allowed him to see real-time energy usage across Henkel’s manufacturing sites. “That would enable the local teams to start a continuous improvement process.” Over time, the need for visibility drove the development of a digital platform that now includes end-to-end supply chain planning, customer service, transportation, and deeper supply chain analytics.

Monitoring emissions and waste gets harder the further away from the factory one looks, so the company is

expecting a significant acceleration of efforts to extend transparency and visibility further up and down the value chain; going beyond the walls of its manufacturing and distribution facilities to collaborate with producers, suppliers, and consumers is critical to reaching its lofty goals. “Collaborating with our suppliers to invest in circularity—getting themselves CO<sub>2</sub>-neutral in their manufacturing processes”—is a key outcome, says Dr. Holbach.

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**Dr. Dirk Holbach, Chief Supply Chain Officer,  
Laundry and Home Care**

He also emphasizes steps to reduce the consumer footprint, an important consideration when more than 40% of the carbon emissions produced during a laundry detergent’s lifecycle are created during the use phase, mostly from the energy used for heating water for washing laundry or dishes, for example. One solution: “chemically smarter solutions to wash in shorter cycles with less water, with lower temperature.”

Henkel also works to make sure its employees are on board with its environmental goals. “One important part of our sustainability agenda is the safety and health of all our employees,” says Dr. Holbach. A few years ago, the company began training its employees across the Laundry and Home Care business unit—more than 10,000 people—on sustainability practices. That involved encouraging employees to participate in cleanup efforts in their communities, visiting schools to teach children about sustainability, and providing e-learning opportunities, all to create a positive impact on Henkel employees’ environment and a context for their own roles.

That program has now been extended to all the company’s 52,000-plus employees. Says Dr. Holbach, “Everyone can contribute something, even if it’s small. But at the end of the day everyone in the company has the opportunity to practice what we are preaching.”