

**From:** [REDACTED] (ENV)  
**Sent:** lundi 11 mai 2020 16:13  
**To:** [REDACTED]  
**Cc:**  
**Subject:** Henkel's position and policy papers  
**Attachments:** A digital Green Deal.pdf; Circular Economy.pdf; Single Market.pdf; Henkel presentation for EU COM 06.05.20.pdf

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**From:** [REDACTED] <[\[REDACTED\]@henkel.com](mailto:[REDACTED]@henkel.com)>  
**Sent:** Thursday, May 7, 2020 10:34 PM  
**To:** [REDACTED]  
**Subject:** Thank you for our meeting

Dear Ms [REDACTED]

Thank you very much for our fruitful and open exchange yesterday.

We are glad that our presentation met your interest and I have attached a copy of the slides for your convenience and use. I have also taken the liberty to provide you with three position papers compiling our views on the Single Market, the Circular Economy and on touch points between digitalisation and sustainability objectives. I partially mentioned them during our meeting already. We hope you receive them well.

As a follow-up I would like to continue our exchange particularly on the following points:

- 1.) Batteries initiative: Could we have a separate meeting to understand better, what the Commission is currently discussing and which measures are likely to be proposed? Henkel offers many key applications and adhesive solutions for the cell, the modules or battery packs incl. conductive coating, sealing, metal pretreatment or structural bonding for the battery value chain. We are therefore very much interested in exchanging on this topic with you and your policy experts and offer technical expertise at your earliest convenience.
- 2.) PPWD: May I ask for a separate meeting also on this topic particularly in view of a study that the Centre for European Policy at Freiburg University has conducted recently. In this study, key challenges for both the Single Market and the transition to a Circular Economy for plastic packaging are discussed.

Moreover, we would be happy to receive more information on the Observatory for LCA-assessment that you mentioned yesterday.

Again, thank you for your time yesterday. We are looking forward to continuing our exchange.

Kind regards,

[Redacted]

[Redacted]

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Public Affairs & Governmental Relations

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## Background

In Henkel, digitalization has profoundly transformed the way we work and produce. Via a strong internal digital infrastructure, we have gained manifold experiences with data-use and digital tools to upgrade production processes, value chain management or warehouse inventories to enhance the sustainability profile of our production and products. We have embraced the opportunities of digitalization as an integrated driver for business growth to gain competitive edge in global markets by direct to consumer sales on platforms (D2C) or as a tool for trend detection in our consumer business.

Moreover, as a global leader in material bonding solutions, Henkel is as **key enabler for digitalization technologies** with surface sealants and adhesive technologies solutions serving our industrial customers' needs in **the connectivity megatrend** along many different value chains.

We are pleased to see that the European Commission has further risen the profile of digitalization in its current long-term work plan. In its communication on "The European Green Deal" of December 2019, the European Commission stresses the need for addressing the "twin challenge of the green and digital transformation". The recently published communication on Shaping Europe's Digital Future reinforces the potential of digital solutions to "advance the circular economy, support the decarbonisation of all sectors and reduce the environmental (...) footprint of products."

Companies like Henkel play a vital role in **leveraging this potential**.

**Industry 4.0** promotes automation, sensorics, data exchange and analytics in real time to plan, produce and deliver products smarter, faster and more efficiently.

- **By innovating operating systems**, we can increase efficiency as well as reduce waste, resources and emissions. Existing initiatives can become the blueprint for modernizing European industry. Henkel's unique cloud-based "Digital Backbone" data platform was recognized as one of three European leaders of the Fourth Industrial Revolution by the World Economic Forum in January 2020<sup>1</sup>.
- **The use of digital printing** enables customized manufacturing of parts for prototyping and industrial as well as consumer goods for a broad range of sectors. This technology - also known as **Additive Manufacturing** or **3D Printing** – bears big potential to increase material efficiency and reduce the generation of waste. Engineers at Henkel are developing and scaling up these solutions in close collaboration with our partners<sup>2</sup>.

Digital solutions can help addressing the significant **challenges** that remain in order to **improve the quantity and quality of recycled material and thus drive sustainability**.

- At Henkel, we are connecting digital transparency with resource efficiency and sustainability, in order to achieve our ambitious packaging targets. We have developed the "Black Masterbatch", an **innovative recycling solution for black plastic packaging**. It enables the recycling of bottles with carbon-free black by allowing scanning by near-infrared technology for automated sorting at recovery facilities.

<sup>1</sup> [Link to press release "World Economic Forum recognizes Henkel as frontrunner in the 4th industrial revolution"](#)

<sup>2</sup> [Link to article "Henkel improves sustainability in Additive Manufacturing"](#)

## A digital Green Deal for Europe



- **Digital watermark technology such as the Holy Grail initiative** under the Ellen MacArthur Foundations' New Plastics Economy improves the recyclability of plastics<sup>3</sup>. Products are tagged with a "digital passport" that contains information on the material, the manufacturer, types of layers used.

**Digital technologies replacing physical on-product information** make it possible to **reduce packaging waste** while simplifying compliance with legal requirements and making production more efficient.

- Examples are **e-labelling, 2D codes** that enable end-to-end traceability as well as the implementation of a **Unique Formula Identifier (UFI)**. Nevertheless, while we fully support the call for more transparency on the ingredients of a product, the information provided must ultimately be useful for the consumer. Also, companies should be free to choose between different forms of e-labelling.

### **| Call for action**

Henkel welcomes that the Commission is recognizing the crucial importance of leveraging the potential of digitalization in order to deliver on the Green Deal objectives and further enable a circular economy. To drive sustainability and digitalization under the current mandate, Henkel calls on policy makers to:

- ***Engage with industry, allow technology neutrality and further promote Circular Economy as a strategic priority***  
EU Institutions must use industry as an enabler and provider of solutions in line with the Circular Economy agenda. Future-oriented industrial policy should integrate various policy goals and consider global competition as well as respect technology neutrality for European industry to remain competitive and innovative.
- ***Allow companies to use digital means for providing mandatory product information***  
In its communication on the Green Deal, the Commission states that "digitalization can also help improve the availability of information". We support the view that digital means offer an important opportunity to provide consumers with better and more transparent information on the ingredients, the production, as well as the recyclability of a product.
- ***Ensure that companies and consumers can benefit from the digital information technologies***  
There should be a strong emphasis on accessibility, management and the protection of data. However, overregulation must be avoided. Setting fair rules and establishing a code of conduct are proper measures to address this challenge.

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<sup>3</sup> [Link to digital leaflet „HolyGrail: tagging packaging for accurate sorting and high-quality recycling“](#)

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## Making a Circular Economy a reality in Europe



### Background

In its recently published **Circular Economy Action Plan**, the European Commission announces its plan to establish a sustainable product policy framework based on the idea of circularity and to develop a waste policy that supports waste prevention. Henkel welcomes this proposal as an opportunity, to fully realize the circular economy by addressing the loss of resources as well as tackle illegal export of waste with its negative environmental and social consequences.

Henkel was supportive of these initiatives from the very beginning: Participating in the **voluntary pledging exercise** of the European Commission, signing the **Circular Plastics Alliance Declaration**, and organizing **Circular Economy Missions** to promote the circular economy to third countries, both Henkel and the EU have clearly demonstrated their strong commitment to circularity.

With more than 185 production sites worldwide and around 20 billion Euros in sales in 2019, Henkel is not only a European but also a global company. Nevertheless, Europe is the biggest market for Henkel, with over 50 production sites and about 20,000 employees, generating roughly half of the global sales.

As an advocate for the Circular Economy, Henkel is actively working on **further improving the recyclability and sortability of its consumer goods packaging**. This also reflects in our **sustainable packaging targets until 2025**:

1. **100 per cent of packaging to be recyclable** or reusable;
2. **50 per cent reduction of plastic from fossil sources** in our consumer products by increasing the proportion of recycled plastic to more than 30 percent, reducing the plastic volume, and using bio-based plastics;
3. **No plastic waste in the nature** by supporting waste collection and recycling initiatives, investing in innovative solutions and technologies and providing consumers targeted information about recycling (e.g. through logos)

To make the Circular Economy a reality in Europe, substantial technological progress is needed to tackle persisting obstacles in recycling technologies and to unleash the full circular potential of packaging of fast-moving consumer goods in general. Engineers at Henkel are continuously working on **further improving the recyclability and sortability of our consumer goods packaging**. By substantially increasing the use of standard packaging materials (PET, PE and PP), mono-material solutions and transparent or light colors, **more than 80 per cent of our packaging is fully recyclable already today**.

New design for recycling solutions such as the recent introduction of **recyclable black plastic packaging** ("Black Masterbatch") or a **zipper for sleeved plastic packaging** are currently being rolled out across the European market. To ensure that these solutions are implemented along the whole value chain, Henkel has established **partnerships with key stakeholders of the Circular Economy**, such as the Ellen MacArthur Foundation's **New Plastics Economy**, the global initiative **Plastic Bank**, the **Alliance to End Plastic Waste** (AEPW) or the EU Commission's **Circular Plastic Alliance** (CPA).

Another strategic focus at Henkel is to **improve the compatibility and debondability of products** with innovative adhesive and coatings solutions. Two technology examples are optimized adhesives for chemical recycling of flexible plastics as well as the separation of flexible packaging waste. Amounting to about 5 per cent of the product composition, the adhesives and coatings enable recyclability of the



## Making a Circular Economy a reality in Europe

remaining 95 per cent while being recyclable themselves. Another example is the replacement of plastic wrap for pallets with specific adhesives (hotmelt applications), offering substantial savings of 160 to 410 grams of plastic wrap per pallet.

### **| Call for action**

To make a Circular Economy a reality in Europe and support European industry in their effort to further develop and implement sustainable technologies and business models, Henkel calls on policy makers to:

- ***Enable a functioning Single Market for secondary raw materials***  
To make a more circular and sustainable economy a reality in Europe, a functioning Single Market for secondary raw materials is a fundamental element. As outlined above, Henkel perceives itself as being part of the solution to this key challenge. To realize this, it is necessary to ensure **better enforcement of existing waste legislation** and to conduct a **critical review of the existing legal framework** with a view to detect provisions impeding progress on the Circular Economy. This should be the basis for the development of appropriate indicators for a Circular Economy including resource efficiency to provide legal clarity to Member States and industry stakeholders in the future.
- ***Shape and fine-tune the regulatory framework***  
From a regulatory point of view, the introduction of **binding EU-wide definitions of recyclability and minimum quality standards for recyclates** while differentiating between different materials and uses is of crucial importance – notably concerning non-food applications. Furthermore, **harmonised collection and recycling systems across Europe** must be established to incentivise the use of existing recycling capacities and further stimulate private infrastructure investments. Additionally, **further harmonisation and extension of economic instruments across different schemes for extended producer responsibility (EPR)** regarding recyclability is needed. This should be accompanied by a more strategic allocation of public funds for the development and application of innovative technologies including **high-quality mechanical and chemical recycling** to tackle the increasing costs of R&D.
- ***Maintain and promote Circular Economy as a strategic priority***  
Looking ahead, Henkel calls on the EU Institutions to promote **industry as an enabler and provider of solutions** in line with the Circular Economy agenda. This must be reflected in the EU's overall Strategic Agenda for 2024. The strategy for a future-oriented industrial policy should integrate various policy goals and **enable a circular and environmentally as well as socially sustainable European economy while respecting technology neutrality** for European industry to remain competitive and innovative. A Circular Economy 2.0 shall include these individual elements and ensure proper coherence of policy objectives and related measures.

# A virtual exchange on the Circular Economy

6 May 2020





## | Who we are

### Some facts and figures

- Henkel founded in **1876**
- First 'sustainability report' in **1992**
- **20,1 billion €** global turnover in **2019**
- Products and technologies **worldwide**
- Employees from **120 nations**
- Strong presence in emerging markets:  
**40% of sales, 53% of employees**
- **185 (61 in EU) manufacturing** and  
**23 major R&D sites** worldwide





## | Leading positions in consumer and industrial businesses

### Adhesive Technologies



**LOCTITE**  
**TECHNO**MELT  
**TERO**SON

### Beauty Care



Schwarzkopf  
Dial  
syoss

### Laundry & Home Care



**Persil**  
**Bref**  
**all**

## | Henkel Covid-19 Solidarity Program

### Our engagement

- ✓ Donation of **2 million euros to WHO/UN Foundation COVID-19 fund** and selected organizations
- ✓ **Donation of 5 million units** of personal and household hygiene products
- ✓ **Production of disinfectants** in Henkel plants
- ✓ **Flexible payment terms** for hairdressers
- ✓ Ensuring **health and safety of employees** on site and working from home

# | Ambitious targets from 2025 to 2040

## Milestones to drive progress (Green Deal in application today)

### Climate-positive company 2040



- 75% reduction in the CO<sub>2</sub> emissions of our production
- 100 % electricity from renewable sources
- 100 million tons of CO<sub>2</sub> saved together with our consumers, customers and suppliers

### Zero plastic waste into nature



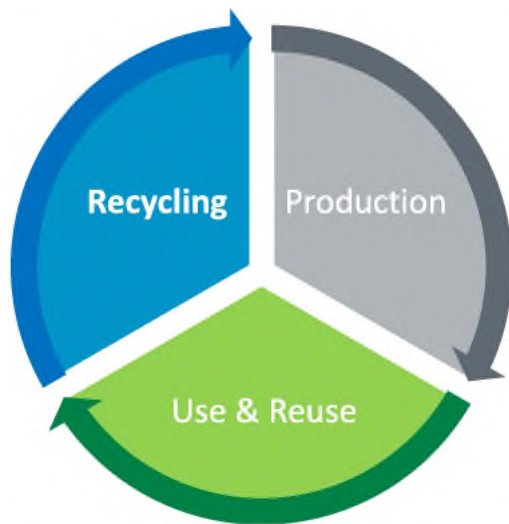
- 100% recyclable or reusable plastic packaging
- 50% reduction of fossil-based virgin plastics
- Stakeholder fora engagement (Plastic Bank, AEPW, EU plastics pledge, CPA)

### Improve 20 million lives globally



- 100% responsible sourcing
- More than 50,000 engaged employees

## | The Henkel approach towards a Circular Economy in packaging value chains

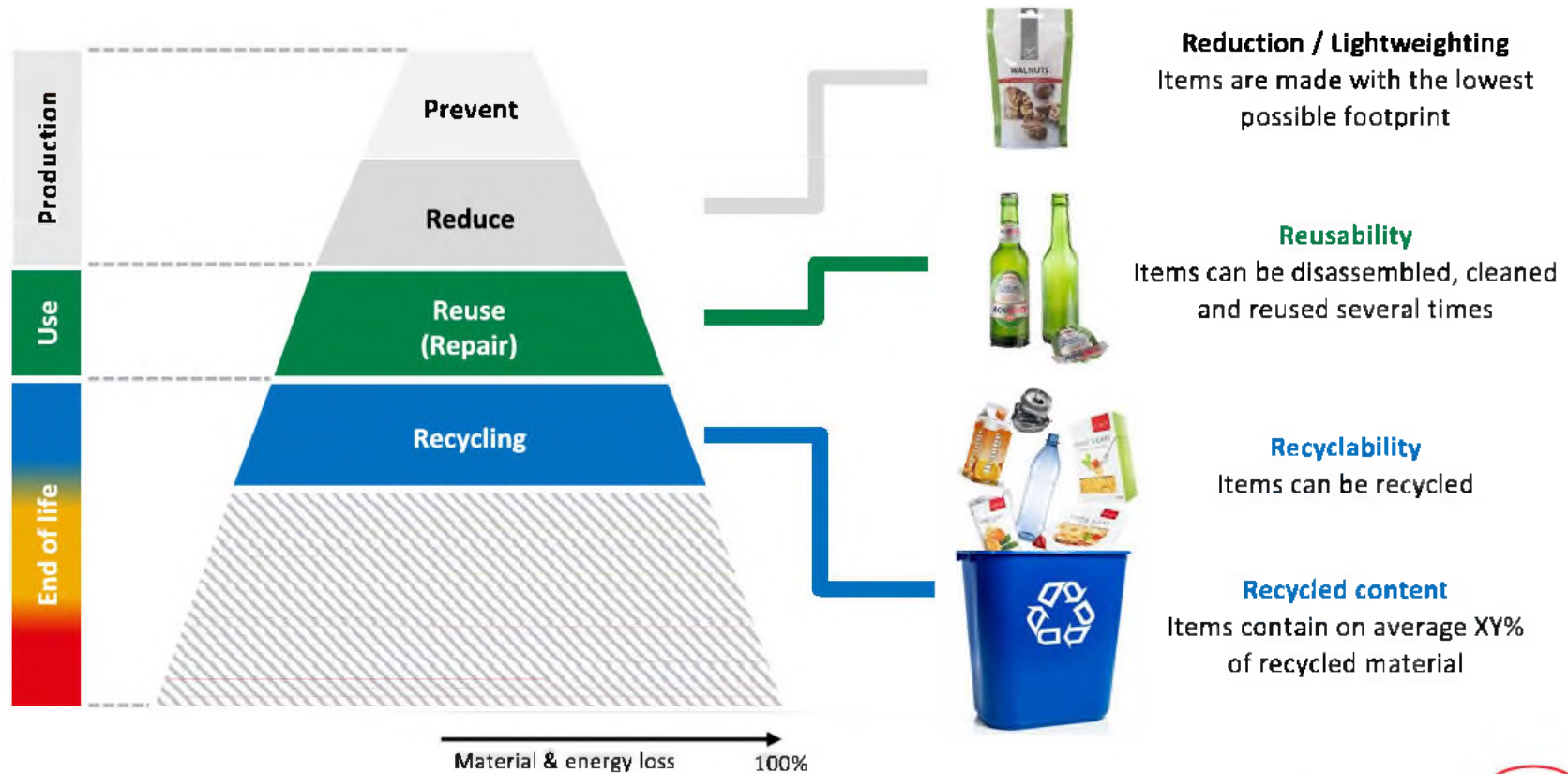


- Continue to **increase resource efficiency**
- Support **reuse** applications
- Enable **design for recycling**
- Increase **quality of recycled material**

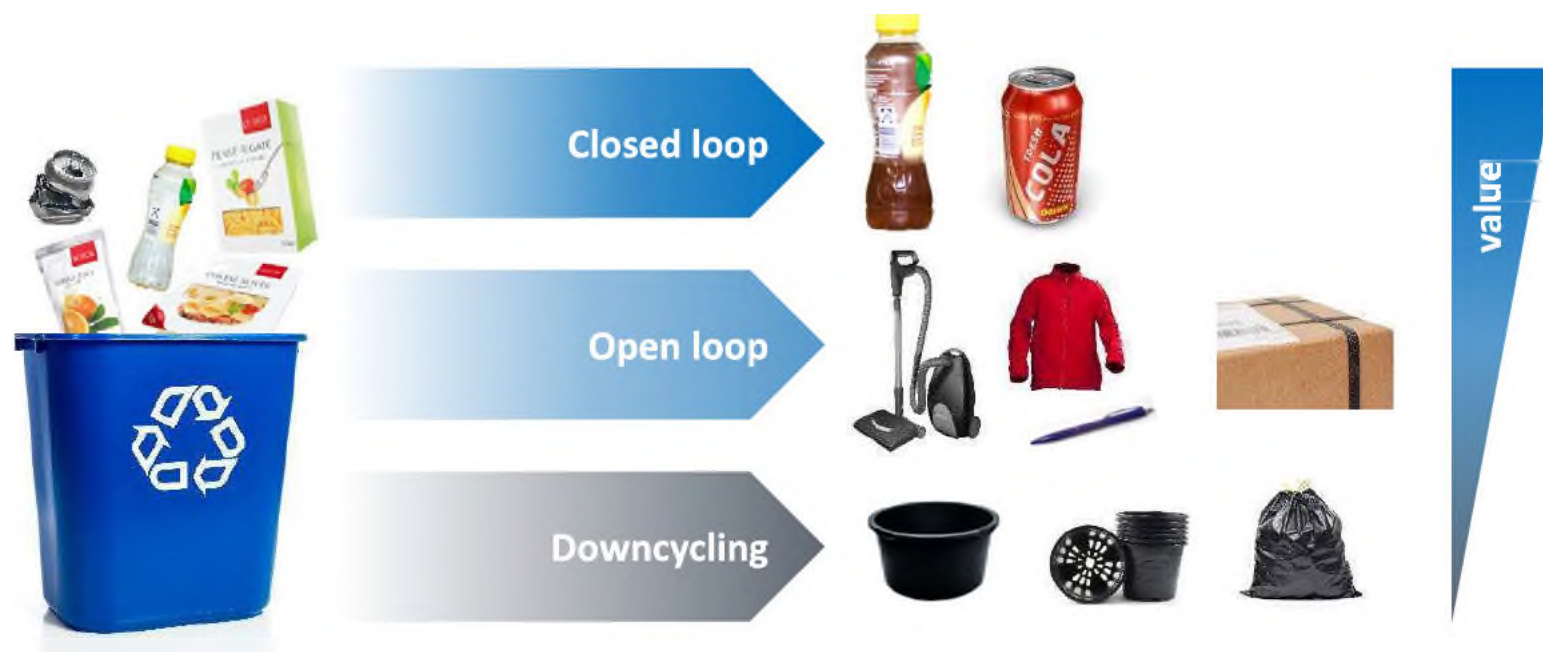
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Turn **waste into value**

## | Minimizing resource input and waste



## | The impact: enabling different loops of recycling



**Adhesives and coatings can have a strong impact on how well items can be recycled.**



# | Henkel adhesives & coatings for a Circular Economy





## | Packaging – Examples for plastic packaging challenges

### Black packaging



Use of recycled materials



sortability



Development of a sortable black masterbatch accomplished

### Sleeved packaging



Use of recycled materials



sortability



Sleeve with zipper / perforation needs consumer engagement

### Flexible packaging



Material weight



Multi materials



CEFLEX initiative

# | Circular Economy in Industry & Consumer Goods

## Legal framework conditions for technologies & packaging

### Product design in B2B

### Recycling processes

### Market for 2ndary raws

Enabling a viable (profitable) business model under Single Market rules & globally



- Value chains & lifecycles
- Design for recycling
- Usage of recycled content



- EPR & collection schemes
- (Digital) sorting technologies
- Sectoral upgrade (investment)



- Availability
- Needed quality & quantity
- Competitive prices

# The Circular Economy

## Henkel Key Messages

1. Enforce and safeguard the **Internal Market (the legal basis of the PPWD)** to ensure the free movement of packaging and packaged goods (B2B / B2C / D2C).
2. Ensure a **life-cycle approach and product innovation** along the entire value chain.
3. Ensure relevance of the **EU EPR “general requirements”** for the packaging waste stream, alongside nationally and clearly defined roles and responsibilities, for all actors involved in EPR implementation (**eco-modulation criteria**).
4. Allow **free competition** so that producers can choose the packaging most appropriate for the product and distribution system and **resist national measures** to promote island solutions.
5. Set **realistic and achievable packaging “preparing for reuse”/recycling targets**, based on an updated ex-ante impact assessment, known starting points, as well as a **harmonised and clarified measurement point and calculation methodology**.

**Thank you!**



## | The Alliance to end Plastic Waste (AEPW)



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## | The Digital Watermark Project “HolyGrail”



<https://www.bbc.com/news/av/business-50335737/could-invisible-barcodes-revolutionize-recycling>

Exchange Circular Economy

07.05.2020

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## ▶ PLASTIC BANK PARTNERSHIP

TURNING WASTE INTO OPPORTUNITIES WITH SOCIAL PLASTIC®



Plastic Bank aims to reduce ocean plastic and provide opportunities for people in poverty



After starting the partnership by building collection centers in Haiti, Henkel now expands its involvement to Egypt



Social Plastic® has been integrated in numerous products



### Background

For 25 years, the European Single Market has been ensuring the free movement of goods, capital, services and labor. The removal of internal barriers within Europe has fueled economic growth, generated investments, created jobs, facilitated the business of European companies and improved the quality, safety and availability of products for end-consumers while enhancing transparency of services or traceability of origins of products.

With more than 185 production sites worldwide and around 20 billion Euros in sales in 2019, Henkel is not only a European but also a global company. Nevertheless, Europe is the biggest market for Henkel, with over 50 production sites and about 20,000 employees, generating roughly half of the global sales.

In March 2020, the European Commission published its **European Industrial Strategy** together with the **Single Market Barriers Report**, which includes an Action Plan for better implementation and enforcement of the single market rules. The Commission wants the industry to remain competitive while going through an ecological and digital transition.

We fully agree with the proposal of the Single Market Barriers Report to address barriers, such as complex national rules as well as a lack of implementation and enforcement of EU rules. The EU needs a long-term vision for a globally competitive Single Market that serves as a basis for digital innovation and sustainable growth, while ensuring a global level playing field for competition.

However, **the integrity of the Single Market faces challenges**. Growing nationalism accompanied by anti-European and anti-globalization sentiments lead to public skepticism about the benefits of the Single Market. Such developments advance greater protectionism among Member States which in response is hindering competition by additional regulatory measures and leads consequently to a gradual disintegration of the Single Market framework. Hence, industry is facing a growing regulatory complexity driven by single national initiatives which clearly limits or reduces the full economic potential of the Single Market.

It is important to continuously work on the **removal of regulatory and market access barriers and prevent new barriers at national level**. Henkel is especially concerned about growing inequalities and a fragmentation within the EU market through:

- **Inconsistent implementation** and enforcement of European legislation in Member States;
- **Additional national regulatory action** such as labelling requirements or sales restrictions;
- **Retailers acting as regulators** and;
- **A lack of trust in the potential of digital consumer information**.



### **| Call for action**

To ensure the full functioning of the European Single Market in the future, Henkel calls on policy makers to:

- ***Safeguard the European Single Market***

For European companies to grow and be competitive at global scale, it needs a well-functioning Single Market. The European Union must take all necessary measures to **prevent its gradual fragmentation** and ensure that by removing barriers, the industry's license to operate is protected. The Single Market must ensure a level-playing field with equal rights and duties for all actors under the same regulatory roof. At the same time, **local and regional market variations**, reflecting **consumer product preferences** with local offers and demands or diverging purchase powers are a mirror of Europe's diversity that must not be standardized under the premise of the lowest price alone.

Henkel follows its approach of **quality and performance for all product categories** – regardless of the country or region where our products are offered. The selection of variants we offer in a certain country is influenced by various factors, e.g. consumer preferences as well as the overall product category assortment.

- ***Fully implement the Commission's "Better Regulation Agenda"***

Consistent and harmonized implementation of European legislation at Member State level is key. There is the risk that measures taken at national level differ from the legal requirements at EU level and therefore lead to a **fragmentation of the Single Market** (e.g. additional labelling and reporting, inadequate consumer protection measures, trade measures, dual quality standard allegations). The EU should focus on the correct implementation of existing legislation in all Member States. **The reduction of bureaucracy and burdensome rules must be prioritized.** The principle of "one-in-one-out", extensive impact assessment and public consultations shall function as an enabler of better regulation.

- ***Ensure the functioning of the Single Market online and offline***

For Henkel it is important to be able to meet the distinct consumer expectations across the Union, while at the same time remaining competitive. EU competition law should continue to ensure that there is no obligation to offer the same conditions or to sell products to any trader. This would lead to a loss of control over our products and a deterioration of the quality and reputation of some of the brands. It is important that there are **no restrictions to the principle of contractual freedom in an omnichannel world.**