

























# We care. Our commitment to sustainability.

Sustainability Review 2012





# We care.

For us, 'care' is more than just part of our core business - it is a key value that demonstrates our responsibility to people and the environment.

We know that to continue being successful in an increasingly changing world, we need to take action. Today, consumers are looking to live more sustainable lifestyles, retailers are demanding their suppliers help them meet their own sustainability targets and the natural resources we once took for granted are running out.

At Beiersdorf, we embrace these challenges as opportunities.

# Who we are What we stand for **CEO Statement Our Strategy** At a glance **Working in Partnership Sustainability Management Products** Raw Materials

**Contents** 

Packaging

Sustainability Product Scorecard

Consumer Engagement

**Planet** 

2

10

15

19

23

Energy

People

CO<sub>2</sub> emissions

Waste & Water

Employee Health & Safety

Employee Engagement & Development

Social Responsibility

**GRI Summary Index** 

# **About the Review**

This review is designed to show you how we are managing sustainability, inside and outside Beiersdorf. You will see how our approach is built on a culture of transparency, honesty and continuous improvement.

We know that we will face challenges in our journey. But, by seeing these challenges as opportunities, we will learn and become more resilient to change.

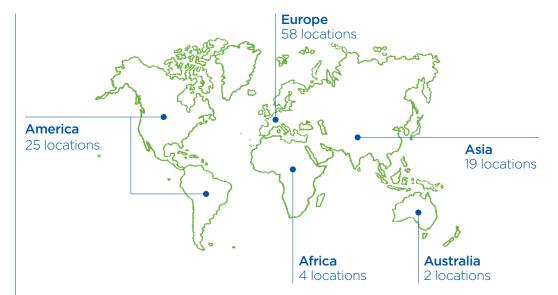


More information at www.beiersdorf.com/sustainability

# Who we are

Beiersdorf is an international skin care company, which owns world famous brands such as NIVEA.





Our successful international brand portfolio also includes Eucerin, La Prairie, Labello, 8x4, and Hansaplast. We have 130 years of skin care experience and are known for our innovative and high-quality products.

We have more than 150 affiliates around the world, and employ some 17,000 people. Our headquarters and R&D center are based in Hamburg, Germany.

Our total sales in the Consumer segment for 2012 amounted to €5,048 million, and we have been listed on the DAX since December 2008.

# What we stand for

We view sustainability holistically and see it as vital to our success.





### **Our values**

At Beiersdorf we care. We care for skin, we care for people and we care for the planet. Care is at the heart of Beiersdorf's values and expresses our responsibility and commitment to our employees, our consumers and to society in general.

# Our heritage

Sustainability has guided our behavior for the past 130 years: from being one of the first to set up a company kindergarten in Germany and offer free employee lunches through to championing animal testing alternatives and introducing refill pouches for our products back in the early 1990s.

### Our future

Today we are working to ensure that, in a rapidly changing world, we continue to be successful in a responsible way. We want to enable future generations to live better lives by maximizing our own sustainability efforts. What's more, we see this as an opportunity to inspire the people around us, develop stronger relationships with our employees, suppliers, customers and consumers and grow our business.

# **CEO Statement**



When it comes to care we have always taken a holistic approach — caring for skin, as well as for people and the environment around them.

## Holistic approach

With NIVEA, Eucerin and La Prairie we have three of the world's most successful global skin care brands for the mass, pharmacy and selective market. Our brands represent modern and innovative skin care and reliable quality. This is accompanied by a responsibility which we take seriously. When it comes to care we have always taken a holistic approach: caring for skin, as well as for people and the environment around them.

We are aware that the business landscape we survey today has changed beyond all recognition: In the past it was considered helpful to act in a responsible manner, today with scarcity of resources and ever increasing consumer and retailer demands it is vital to both business and society. For us sustainability is one of the drivers that we exploit in order to realize our goals, both social and business.

# Strategic implementation of our targets

Our 2020 ambitious commitments are designed to ensure that we are focused on the areas where we as a company have our greatest impact: Products, Planet, and People. In 2012 we focused on the company-wide implementation of our 'We care' strategy:

 We achieved considerable reductions for our NIVEA Body range. By decreasing packaging material for the newly designed bottle, we will save almost 350 tons of plastic a year.

- We extended our life-cycle analysis program to expand our knowledge of where and what the biggest impacts during a product's life are. Thus, allowing us to deliver products to the market which have a significantly reduced environmental footprint.
- In Mexico we are building a new plant according to LEED standard certification. This will result in a significant reduction of CO<sub>2</sub> emissions and water usage compared to an equivalent plant

   increasing our overall resource efficiency.

### Joint actions

Our sustainability efforts can only be successful if we can inspire our employees. Encouraging responsibility and individual engagement is the key. If every one of our almost 17,000 employees takes a small step towards sustainability, we as a company will generate a tremendous impact. This combined with our strategic approach will enable us to unleash the company's full potential and achieve our 2020 commitments.

In 2013 we will continue working on innovative and sustainable solutions for our consumers, the environment and society at large - together with our employees and our stakeholders.

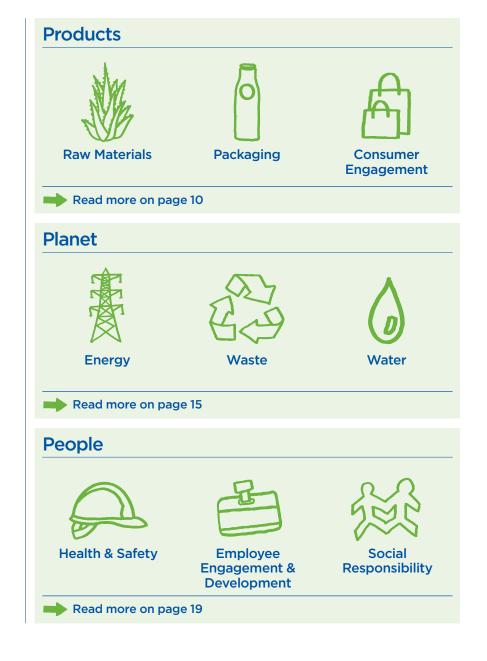
Stefan F. Heidenreich CEO

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# **Our Sustainability Strategy**

In an increasingly uncertain and fast-changing world, we can only be successful if we take action.

Our approach to sustainability focuses primarily on increasing our ability to respond to change and establishing a forward-looking culture. We have identified the issues that are important to our stakeholders and that contribute to the long-term success of our business. Our global sustainability strategy 'We care.' concentrates on specific focus areas divided into three fields of activity.





# At a Glance

# Our achievements today...

# Our commitments for tomorrow...

# **Products**



100%

Nearly 100% of our packaging materials are already recyclable.

Read more on page 12



By 2020 we aim to generate 50% of our sales from products with a significantly reduced environmental impact.

(Base year 2011)

# **Planet**



**38.3**%

reduction of direct CO<sub>2</sub> emissions per finished product. (Base year 2005)

Read more on page 17



By 2020 we aim to reduce our CO<sub>2</sub> emissions by 30% per product sold.

(Base year 2005)

# **People**



25,000

NIVEA has reached more than 25,000 children and their families through its cooperation with the children's development organization Plan International.

Read more on page 22



By 2020 we aim to reach and improve the lives of one million families.

(Base year 2013)

# Working in Partnership

At Beiersdorf we believe that working in partnership is essential to continuously improve our sustainability performance.



We promote sustainable palm oil cultivation practices through our membership in the **Roundtable on Sustainable Palm Oil** (RSPO). The RSPO has over 500 members, including palm oil producers, oil processing companies, oil traders, banks, investors, consumer goods companies and numerous NGOs. We are actively contributing to the goals of the RSPO by committing to ensure that our suppliers use sustainably sourced palm oil and palm kernel oil in the raw materials they supply to us by 2015.

Many of our products require an aerosol container; that's why we are an active member of the **European Aerosol Federation** (FEA). The FEA is a leading expert institution, which consults the industry on how to improve the use of aerosols. We assist the FEA in a number of ways, including revising publications such as their 'Guide on recycled post-consumer aerosol'.

### **Planet**

We have been an active member of the Aim Progress committee since 2010, operating under the aegis of the **European Brands Association** – Association des Industries de Marque (AIM).

Its goal is to further improve sustainability across the entire supply chain, including embedding conscientious purchasing principles. This initiative focuses on four areas: human rights and labor protection standards, health and safety, environmental management, and integrity in business practices.



# **People**

We are partnering with social institutions to improve the lives of one million families by 2020. In order to develop appropriate responses to the individual needs of local communities, we use the strengths and expertise of our partners to share competencies that benefit everyone. We also cooperate with **NGOs** and support them through volunteering, sponsorship, and monetary and material donations.

For more than 60 years, NIVEA has been successfully cooperating with **The German Lifesaving Association** (DLRG). The common goal of this partnership is to teach children how to behave sensibly in and around water and in the sun, while learning how to take responsibility for themselves and others.

# **Sustainability Management**

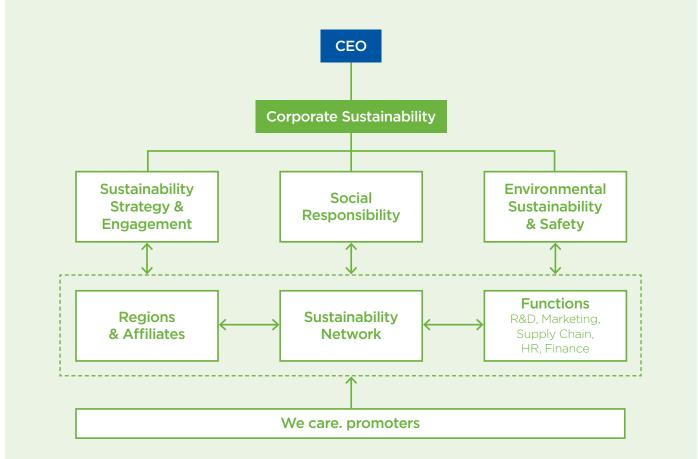
# At Beiersdorf we are all responsible for sustainability.

Having played an instrumental role in developing our sustainability strategy, the Executive Board is now also responsible for its execution. The Corporate Sustainability department oversees and monitors its company-wide implementation.

Our new strategy was designed to build on and streamline existing efforts, thus maximizing our impact across the organization. In parallel to this, new sustainability initiatives are being embedded into existing processes, such as innovation management. This ensures effective management and supports the achievement of our business targets.

Ultimately, for our strategy to succeed it needs to be understood and 'lived' by each and every employee. To ensure this, we are working with a global network of sustainability experts who act as local ambassadors for the strategy in our brands and operations.







We are an international research and development leader in the area of skin care, drawing on over 130 years of expertise.

With NIVEA, Eucerin and La Prairie we have three of the world's most successful global skin care brands for the mass, pharmacy and selective markets.

Our know-how and strength in innovation have always been the main drivers for our success. Now, our target is to continue providing high-quality, trustworthy products, whilst minimizing our environmental impact.



350

tons of plastic will be saved each year thanks to a 15% cut in packaging for our newly designed NIVEA Body range.

## **Raw Materials**

We believe that our high standards in selecting raw materials and ensuring the safety and effectiveness of our formulas are the main reasons why consumers trust our brands. We will continue to maintain these high standards whilst further reducing our environmental impact and dependency on scarce resources.

To achieve this we are incorporating sustainability criteria into our research, the development of new formulas and applications, and the procurement of raw materials.

We only use materials that have previously passed through a multi-stage selection process involving our experts across a number of specialist functions. Wherever possible, we seek to use naturally-inspired active ingredients in order to cement our position as a sustainable company. For example, we purchase the majority of our shea butter from a supplier who focuses on the empowerment and training of local women groups, and provides them with direct access to customers and, consequently, higher revenue.

### Florena takes the natural path

Best quality and natural ingredients have always been at the center of Florena's brand philosophy. All care products contain organically-grown ingredients from natural and renewable sources. Additionally, Florena does not use artificial dyes, mineral oils, silicones and PEGs (Polyethylene glycol) in its care products. In order to protect the habitat of ingredients like the Great Burdock fruit, Florena supports the commitment of landscape maintenance association 'Saaletal eV' which works to protect the important biodiversity of the region. By purchasing Great Burdock fruit from the region, we promote biodiversity and support conservation projects for rare plant species.



Florena's firming care line contains organic Great Burdock fruit.



Read more about raw materials www.beiersdorf.com/sustainability/products/raw materials



# **Packaging**

Packaging is essential to protect our formulas and to ensure that consumers enjoy a safe and attractive product. At the same time, we want to keep the environmental impact of our packaging as minimal as possible.

Since 2009 sustainability has been strategically anchored in our packaging development processes. Today nearly 100% of our packaging is recyclable. Wherever we can, we apply the principles of 'avoid, reduce, reuse and recycle' to all of our packaging innovations.

Our new NIVEA Body packaging perfectly illustrates how we work to incorporate sustainability into every step of the process. By re-designing our bottle, we will save 350 tons of plastic and 585 tons of  ${\rm CO_2}$  emissions each year. This is due to the fact that we can transport more bottles per pallet.



### **Sustainability Product Scorecard**

We have developed a sustainability product scorecard that will allow us to significantly improve the sustainability credentials of our products.

The scorecard factors in formula and packaging parameters such as the amount of non-fossil ingredients, the impact on water eco-toxicology, the reduction in packaging material, and the use of recycled materials among others. Following a pilot phase, the scorecard will be integrated into our innovation process. As an interim measure, we have developed a sustainability checklist – an easy to understand question catalog covering areas such as raw materials, packaging and production processes.





# Life-cycle analysis

To support the product scorecard, we have also started life-cycle analysis (LCA) pilots, in order to assess, identify and reduce the environmental impacts associated with all stages of a product's life-cycle.

Based on our learnings, we will seek to roll out the analysis across our product ranges. The results will also be used to further develop the sustainability product scorecard and to maximize our efforts towards achieving our 2020 commitments.

# **Consumer Engagement**

We believe that only by involving our consumers in our sustainability journey can we achieve more. We want to better understand their needs and expectations, while helping them lead more environmentally friendly and socially rewarding lives. We are therefore offering our consumers more sustainable products, actively engaging with them to promote sustainable living and getting them involved in our social initiatives.



Read more about consumer engagement www.beiersdorf.com/sustainability/products/consumer\_engagement



### **Austria**

# NIVEA Family Parties

For more than 10 years, NIVEA Austria has been supporting the SOS Children's Villages charity that works closely with disadvantaged families and offers them individual care and support.

In 2012 more than 250,000 people visited the ten events of the NIVEA Family Party Tour throughout Austria whose proceeds were donated to the charity. NIVEA and the visitors donated a total of €272,715 which directly helped 400 children and their families and guaranteed them follow-up care.





### Poland

# 100 Soccer Schools

In 2012 NIVEA celebrated the European Football Championship in Poland by offering professional soccer training for children.

Consumers voted for the winning locations online, where additional resources such as online training videos for parents were also available. This followed the '100 playgrounds for 100 years of NIVEA' project in 2011 when we funded the building of 100 playgrounds based on the votes and recommendations of local communities through our NIVEA website.

As a branded consumer goods company that operates globally, we know that the natural resources we need throughout our value chain are limited.

We make it our responsibility to minimize the resources we use in our operations.





# The 'Green IT' initiative

We are reducing our energy consumption and costs through our Green IT initiative. One of our key achievements in 2012 was the reduction of hardware servers in our Hamburg data center in Germany by over 30%.

Beiersdorf's affiliate Beiersdorf Shared Services (BSS) decreased IT power consumption through consolidation to virtual server platforms.

This reduced annual overheads by €100,000.

BSS is also working to replace older devices with new energy-saving models to reduce stand-by time and expand the shared use of devices such as printers. We also actively encourage our employees to use audio and video conferencing whenever possible to avoid carbon emissions through travel.

# **Energy**

We are constantly working to reduce our environmental impact and carbon emissions. This is why we invest in solutions to reduce the energy used in our production and distribution processes and, wherever technically feasible, we use more environmentally friendly, renewable resources.

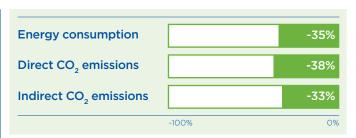
## Sustainable buildings

Beiersdorf is aiming for at least Gold level LEED certification (an international standard for green building design) in the planning of its new production center in Mexico. The new plant will use significantly less water, be much more energy-efficient than comparable structures and deploy renewable energy.

## **Energy efficient production**

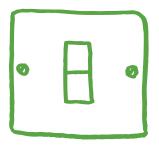
In 2012 our production facility in Berlin, Germany, reduced the steaming frequency for one of its continuous production lines. We are now able to achieve optimal levels of cleanliness without steaming, thus using less energy. We plan to extend this to other production lines in the future.

In Hamburg, Germany, we identified and eliminated leakages in compressed air systems to reduce energy consumption. Using a detection device, employees identified several leaks which when sealed resulted in savings of 600m<sup>3</sup>/h from July 2011 to October 2012.



Source: 16 production centers in 12 countries which represent about 95% of the global production volume.

Note: Per finished product (base year 2005)



**35**%

decrease in energy consumption per finished product



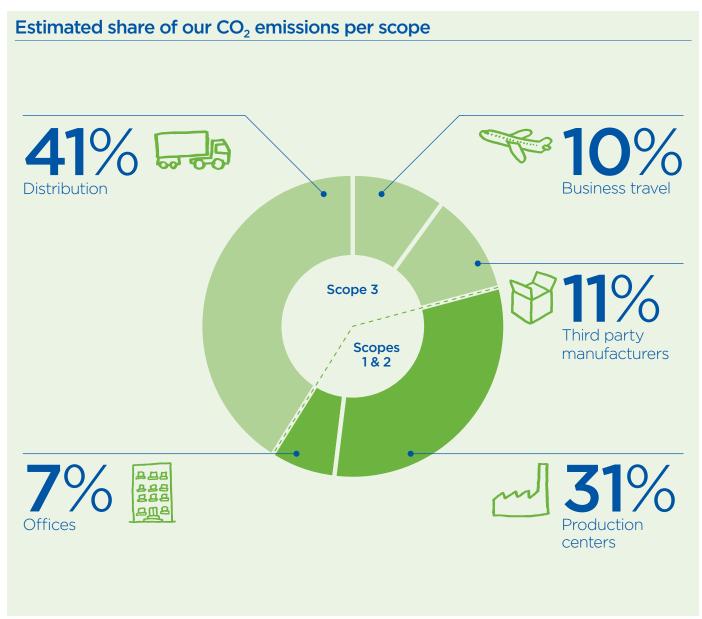
Read more on our energy solutions www.beiersdorf.com/sustainability/ planet/energy

## Broadening the scope of our CO<sub>2</sub> emissions

We have already achieved significant double-digit reductions in  $CO_2$  emissions at our production centers. To fulfill our 2020 commitment however, we have broadened our scope. In 2012 we collected  $CO_2$  data from our office facilities and third party manufacturers.

We're now expanding our data coverage to include transport, warehousing, company fleet, and business related travel. We've also started to rationalize our global data collection system to optimize our internal steering and external reporting.





### Waste & Water

We strive to keep material usage and process waste to a minimum whilst maintaining stability and quality. Wherever possible, we try to reuse treated wastewater or process water.

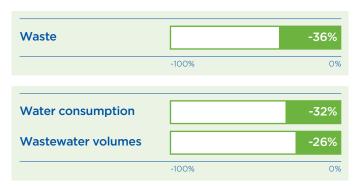
Our 'Total Productive Supply Chain' (TPSC) Program is our holistic improvement process within the supply chain, to reinforce competitiveness and continuously generate resource and process efficiencies covering our sustainability impacts.

### Release paper

In our Spanish production facility in Argentona, we developed a new way of handling siliconized release paper. Instead of being sent to landfill, the paper is now collected separately and sent to a recycling company in Austria, where it is turned into high-quality recycled paper products. In 2012 our other European production centers started to follow the Spanish lead. For example Beiersdorf Manufacturing Hamburg, our largest production site, sends 20 pallets to the Austrian recycling firm every two weeks – which adds up to 160 tons of waste per year. This is a small change, but it is has a huge impact on the environment.

### Water reduction in Mexico

In 2012 our Mexican production facility optimized its cleaning processes which resulted in a significant decrease in water and disinfectant usage. Using less water is also a key focus for our new Mexican production facility. The new building design has been created using the latest green building technology which will ensure increased water efficiency compared to the previous structure.



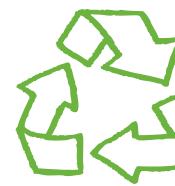
Source: 16 production centers in 12 countries which represent about 95% of the global production volume.

Note: Per finished product (base year 2005)

Read more on our waste solutions www.beiersdorf.com/sustainability/planet/waste

Read more on our water solutions www.beiersdorf.com/sustainability/planet/water

160
tonnes of waste saved by recycling release paper per year



Beiersdorf employs some 17,000 people worldwide. For us, the well-being, development and success of our employees is key to the growth of our business.

As a global corporate citizen, we also embrace the responsibility to have a positive impact on society.

250,000
visitors of the NIVEA Family Party Tour in Austria



# **Employee Health & Safety**

Caring for the health and safety of all employees is paramount. To proactively safeguard the physical health of our employees we have a company-wide 'Zero accidents' objective. This entails having up to date safety equipment in our production facilities, as well as providing regular training for our employees regarding occupational safety. To ensure this, we continuously monitor and review the working conditions and practices at our sites.

In 2012 our production facility in Brazil organized an internal campaign for accident prevention to promote safe behavior. The campaign focused on more than just safety in the workplace, and covered important health-related issues such as HIV/AIDS.

A pilot project, called 'GO-Kompakt' was initiated in 2012 at our largest production plant in Hamburg, Germany. Employees were given a day off to get a free check-up from our in-house doctor and participate in an interactive training day about health. This is to be followed by further monitoring health checks in the following six and twelve months.

Physical and mental health are equally important. Constant change and pressure to adapt have become a normal part of today's working environment and are handled differently by each individual. While change is often perceived as an opportunity, it can also de-stabilize some. In addition to organizational changes, pressures from people's private environment can cause strong reactions such as stress, mental fatigue or even burnout. This is why we have developed a catalog listing our support measures to help combat stress. These include cooperating with a medical facility, executive seminars on burnout prevention, and developing an occupational rehabilitation management program.

Our commitment to the health and safety of our own people extends to those of our suppliers. We have a binding Code of Conduct for our suppliers which ensures their compliance with international labor and environmental protection standards.





Zero
Number of accidents
we aim for in our
company-wide 'Zero
accidents' objective

# **Employee Engagement & Development**

It is our employees who create, implement and improve our sustainability initiatives by supporting our commitments through their every day work. In order for our sustainability strategy to be effective, our employees need to understand what sustainability means for them individually and professionally and how they can actively contribute.

## **Employee volunteering**

In the USA, the employee-led 'Beiersdorf Cares Committee' has been overseeing the affiliate's employee volunteering efforts since 2008. The committee has established a comprehensive partnership with the local United Way organization, which awarded Beiersdorf a Corporate Social Responsibility Award in 2012. One of the partnership activities is an annual charity campaign in support of local families and communities. In 2012, the employee participation rate was 100% for the second consecutive year and all financial donations made by employees were matched by Beiersdorf.





# We care.

Our 'We care' strategy integrates sustainability into our value chain and processes across the three focus areas: Products, Planet and People.

We know that our strategy will only reach its full potential when each and every employee within Beiersdorf implements and continues to develop it. After all, 'We care' is the sum total of many individual 'I care' commitments.

Sustainability isn't something that is left at work when you go home. Acting sustainably can be done anytime, anywhere: at home, on the way to work, on the weekend, or on vacation.

Our company-wide 'We care' engagement program focuses on informing our employees about our strategy and targets, actively involving them in the development process and inspiring them to act independently.

November 2012 saw the kick-off of our 'We care' engagement program. Around the world our employees were involved in various activities to mark the occasion. The idea was for the employees to inspire one another. Personal 'I care' messages were posted around the workplace so others could see and be inspired by the commitments of their colleagues. Employees could also make use of an online tool to measure their environmental footprint and make a pledge to reduce their impact.



# First-aid training for kids

In 2009 Hansaplast first joined forces with the French Red Cross to promote first-aid in everyday life.

Last year Hansaplast supported the 11th annual Red Cross summer roadshow through France. For two months a caravan travelled through France's 16 biggest cities promoting the Red Cross' work. Hansaplast offered first-aid training for kids at the events. Since 2009 consumers have been able to actively support the Red Cross by buying a special Hansaplast first-aid kit which was developed by the experts at Hansaplast and the Red Cross. The kit contains all the basic first-aid and wound-care products recommended for households. For every kit sold, €1.50 is donated to the French Red Cross in support of their work.

# **Social Responsibility**

Our goal is to deliver consistent strategic support to charitable and social organizations that benefit communities all over the world. The vast majority of Beiersdorf's social activities are initiated and executed by our brands and individual employees. In 2012 we strengthened the focus of our social responsibility themes and activities across our brands and will expand the role of employee volunteering in our social responsibility initiatives in the future.

# Supporting local communities in Brazil

In Brazil NIVEA partnered with the children's development organization Plan International to support a project which is part of the NGO's global campaign 'Because I am a Girl'. The aim of the project is to support local communities, especially young women and mothers, in the northern region of Codó, where the livelihoods of many families depend on the salaries of women working with babassu nut extraction. By optimizing local production facilities and coaching these women in management techniques, NIVEA and Plan International can improve the working conditions of 110 women and ensure economic stability for their families.

To promote the rights of girls throughout the world, the first ever International Day of the Girl Child – announced by the UN – was celebrated on 11 October 2012. Plan International was the main initiator, and NIVEA Brazil joined the celebrations in São Paulo.

### Expanding our 2020 commitment

Building on the recent success of our social commitment, we have expanded our ambitious commitment to reach and improve the lives of one million families by 2020. The focus on families builds on our company's social heritage and accurately reflects our brands' core values. By broadening our approach we will ensure that we effectively respond to the varied needs of families in local communities around the world.

In 2012 we carried out a wide range of activities to reach our goal, including projects on educational projects for children, projects to strengthen the rights of girls and women, youth mentoring programs, and neuro-dermatitis family training courses.



families' lives will be reached and improved under our ambitious commitment for 2020



Read more on our social engagement www.beiersdorf.com/sustainability/people/social\_responsibility

# **GRI Summary Index**

# Global Reporting Initiative: Beiersdorf's G3.1 Responses

### I. Beiersdorf — Profile

Indicator	GRI asks about	and Beiersdorf replies
1.1 to 1.2	Strategy and analysis	Page 4, 5, 6 and 7
2.1 to 2.10	Organizational profile	Page 2
3.1 to 3.13	Report parameters	Page 1
4.1 to 4.17	Governance, commitments and engagement	Page 8, 9 and 14

### II. Performance indicators

Indicator	GRI asks about	and Beiersdorf replies
EC1 to EC9	Economic performance	Page 2
EN 1 to EN 30	Environmental performance	Page 7, 10, 11, 12, 15, 16, 17 and 18
LA 1 to LA 14	Labor practices and decent work	Page 20
HR 1 to HR 11	Human Rights	Page 8
SO 1 to SO 10	Society-related performance	Page 8, 21 and 22
PR1 to PR9	Product responsibility	Page 8 and 14

Our GRI index contains all available data covering the 2012 calendar year. Economic indicators and information relating to our employees have been gathered through our internal reporting systems.

This year, we have made the distinction between production and office locations for our environmental performance indicators. 'Production' covers 16 locations in 12 countries and represents about 95% of our global production. 'Office locations' cover 18 countries and represent about 70% of our office-based operations worldwide. CO<sub>2</sub> emissions are calculated on the basis of the Greenhouse Gas Protocol guidelines and use CO<sub>2</sub> conversion factors of the International Energy Agency (IEA).

# What's your impact?

Take our online interactive quiz to calculate your environmental impact and see what you can do to reduce it.

www.myimpactontheplanet.com

