

Press Release

December 14, 2020

Accelerating innovation and capturing new growth opportunities

Henkel breaks new ground in innovation and new business

Düsseldorf – To accelerate innovation and develop new business models, Henkel's consumer business units Beauty Care and Laundry & Home Care have established internal idea factory and incubator teams – think tanks that combine agile work approaches with the scale and expertise of a global company.

The teams will anticipate upcoming trends, identify new business models and services, and develop product concepts to capture additional growth opportunities to continuously expand the businesses. Key priorities are speed and agility. That is why the teams work as "entrepreneurs within the company", closely collaborating with internal and external partners. Independent and fast processes on the one hand and access to Henkel's global resources on the other hand will help the teams to develop successful brand and sales strategies.

The "Fritz Beauty Lab"

"Our market environment has become increasingly competitive and disruptive, and innovation speed has significantly accelerated. To step up to this new reality, we must anticipate trends before they start trending, identify new business models before they become big and innovate with high speed. That is why we created our own incubator, the 'Fritz Beauty Lab'," says Jens-Martin Schwärzler, Executive Vice President Henkel Beauty Care.

The "Fritz Beauty Lab", whose name is inspired by Henkel's founder Fritz Henkel, aims to identify attractive niches with a growth potential for existing brands or white spots to create completely new brands. The team works in a defined innovation funnel: inspired by trends, consumer needs and market insights, it creates incremental business concepts, which are rapidly prototyped and tested directly in the market. By leveraging the potential of e-commerce and online platforms, minimum viable products will be directly offered to the

consumers. This approach will accelerate the entire validation process. Once proven successful, the product is launched more broadly to determine the future extent of scalability.

Love Nature – innovations with a holistic sustainability approach

Love Nature GmbH is Henkel Laundry & Home Care's new sustainability idea factory, developing new business innovation. It will particularly focus on sustainable solutions starting in the field of laundry and homecare products, but also embrace new technologies and business models that go beyond. "Sustainability is a central pillar in our innovation strategy. With Love Nature we are going one step further to develop innovations with a holistic sustainability approach that make eco-friendly choices easier and more joyful for everyone," says Bruno Piacenza, Executive Vice President Henkel Laundry & Home Care. "Technologies and the demands of our consumers are changing at an unprecedented pace. With the new idea factory, we will pilot innovative and sometimes daring solutions while accelerating scalable new business models and holistic sustainability concepts."

Following the approach of developing prototypical, sustainable innovations to market maturity in a short period of time, the Love Nature team relies on intense co-creation with consumers, sustainability-minded influencers, and sustainability experts. Just recently, their first brand launch was announced: The Love Nature brand offers a range of products of washing, dish washing, and cleaning. The products are plant-based and certified by renowned labels such as the EU Ecolabel or ECARF. Its formulas contain high levels of ingredients of natural origin, and the products are available in a resource-saving and sustainable bottle fully made of recycled plastic. In addition, Love Nature offers products at refill stations in selected stores in Germany.

Innovation as main driver for competitive edge

Establishing the new Laundry & Home Care idea factory and Beauty Care incubator team is fully in line with [Henkel's strategic framework](#) to focus on impactful innovations, supported by increased investments, as a main competitive edge. This includes an enhanced innovation approach – e.g. by expanding the use of digital tools and data for faster and better insights and leveraging the potential of open innovation and idea crowdsourcing. Innovations and brands will be supported with consistent investments in core categories and regions. Therefore, Henkel will further step up its growth investments in advertising, digital and IT by 350 million euros compared to the year 2018.

About Henkel

Henkel operates globally with a well-balanced and diversified portfolio. The company holds leading positions with its three business units in both industrial and consumer businesses thanks to strong brands, innovations and technologies. Henkel Adhesive Technologies is the global leader in the adhesives market – across all industry segments worldwide. In its Laundry & Home Care and Beauty Care businesses, Henkel holds leading positions in many markets and categories around the world. Founded in 1876, Henkel looks back on more than 140 years of success. In 2019, Henkel reported sales of more than 20 billion euros and adjusted operating profit of more than 3.2 billion euros. Henkel employs more than 52,000 people globally – a passionate and highly diverse team, united by a strong company culture, a common purpose to create sustainable value, and shared values. As a recognized leader in sustainability, Henkel holds top positions in many international indices and rankings. Henkel's preferred shares are listed in the German stock index DAX. For more information, please visit www.henkel.com.

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